



**SPECIAL AUDIT OF THE INTERNATIONAL AND NATIONAL
FUNDS RECEIVED FOR REHABILITATION OF 2005
EARTHQUAKE AFFECTEES
(FOR THE PERIOD 2005 TO 2015)
OF
EARTHQUAKE RECONSTRUCTION & REHABILITATION
AUTHORITY**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statement
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AIR	Audit Inspection Report
AJK/AJ&K	Azad Jammu and Kashmir
ASTM	American Society for Testing and Materials
BCDP	Bagh City Development Project
BHU	Basic Health Unit
BOQ	Bill of Quantity
CDWP	Central Development Working Party
CE	Chief Engineer
Cft.	Cubic Feet
Co.	Company
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
CSR	Composite Schedule of Rates
Cu.m	Cubic meter
CWE	China International Water & Electric Company
CXB	China Xinjiang Beixin Construction & Engineering (Group) Co. Ltd.
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDR	Deputy Director Reconstruction
DG	Director General
DHQ	District Headquarter
DRAC	District Reconstruction Advisory Committee
Dia	Dia meter
DRU	District Reconstruction Unit
EAD	Economic Affairs Division
ECIL	Engineering Consultants International Pvt. Ltd.
ECNEC	Executive Committee of the National Economic Council
EEAP	Earthquake Emergency Assistance Project
EOT	Extension of time
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FIDIC	Fédération Internationale Des Ingénieurs-Conseils(French) International Federation of Consulting Engineers(English)
FTR	Federal Treasury Rules
GCC	General Conditions of Contract
GFR	General Financial Rules
GGMS	Government Girls Middle School
GGPS	Government Girls Primary School
GI	Galvanized Iron
GoP	Government of Pakistan
GPS	Government Primary School
H.Qs	Headquarters
IB	Instructions to Bidders
IDB	Islamic Development Bank
IPC	Interim Payment Certificate
JV	Joint Venture
KKH	Karakoram Highway
Km	Kilometer
KP	Khyber Pakhtunkhwa
LD	Liquidated Damages
LGSS	Light Gauge Steel Structure
Ltd.	Limited
LS	Lump Sum
MB	Measurement Book

MCC	Mumtaz Construction Company (Pvt.) Ltd.
MCDP	Muzaffarabad City Development Project
M&E	Monitoring and Evaluation
M/s	Messer
mm	Millimeter
Mzd	Muzaffarabad
NBCDP	New Balakot City Development Project
NESPAK	National Engineering Services Pakistan (Pvt.) Ltd.
NHA	National Highway Authority
NIDA	National Income Daily Account
No.	Number
NOC	No Objection Certificate
NWFP	North West Frontier Province
O.M.	Office Memorandum
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission form One
PC-IV	Planning Commission form Four
PCC	Particular Condition of the Contract
P&D	Planning & Development
PDP	Proposed Draft Para
PEC	Pakistan Engineering Council
PERRA	Provincial Earthquake Reconstruction and Rehabilitation Agency
PHED	Public Health Engineering Department
PLD	Personal Ledger Deposit Account
PM	Prime Minister / Program Manager
PMU	Project Management Unit
PMIU	Project Management Implementation Unit
PMT	Project Monitoring Team
POL	Petrol Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
PST	Project Supervision Team
Pvt.	Private
PWD	Public Works Department
Qty.	Quantity
RCC	Reinforced Cement Concrete
RCDP	Rawalakot City Development Project
RD	Road Distance
Rft.	Running feet
Rm	Running meter
RHC	Rural Health Centre
Rs	Rupees
SERRA	State Earthquake Reconstruction and Rehabilitation Agency
Sft.	Square feet
SFD	Saudi Fund for Development
SFD/IDB	Saudi Fund for Development/Islamic Development Bank
SFD&KF	Saudi Fund for Development and Kuwait Fund
SPC	Special Project Cell
Sq.m	Square meter
S.R.O	Statutory Regulatory Order
TOC	Taking Over Certificate
US	United States
VO	Variation Order
Vol	Volume
Vs.	Verses
XEN	Executive Engineer

PREFACE

The Auditor-General of Pakistan conducts audit subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The Special Audit of the International and National Funds received for rehabilitation of 2005 Earthquake affectees was conducted on the orders of Senate of Pakistan.

The Directorate General Audit, Disaster Management, Islamabad conducted "Special Audit of the International and National Funds received for rehabilitation of 2005 Earthquake affectees" for the period 2005 to 2015 with a view to report significant findings to stakeholders. The Special Audit Report covers both Performance and Financial Audits. Audit examined the economy, efficiency and effectiveness aspects of the Authority. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules and regulations in managing the affairs of ERRA. The Special Audit Report indicates specific actions that, if taken, will help the management to realize objectives.

The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973.

Dated:

(Rana Assad Amin)
Auditor-General of Pakistan

Executive Summary

The office of Director General Disaster Management Audit, took up the task of “Special Audit of the International and National Funds received for rehabilitation of 2005 Earthquake affectees” in pursuance of Senate Secretariat letter No.F.3(2)/2015-Com-II, dated 22nd September, 2015, followed by subsequent orders of the Auditor General of Pakistan to undertake the exercise. The aforementioned task covered a span of ten years from 2005 to 2015.

In order to effectively and efficiently complete this exhaustive and tedious task it was decided to identify different sectors where bulk of the funds were consumed and also the nature of the projects which were initiated, hence this report covers various sectors, such as: Transport, Education, Health etc. While also keeping focus on issues which have been regularly observed and reported by audit, such as: Consultancy, Contract Management, Fund management, etc.

The auditee was less than forthcoming with regard to provision of record and this caused impediments and delays in the expedient completion of task (details of which are elaborated in Para of Non-production of record), therefore this Directorate General had to rely on record already available from previous special, performance, and regulatory audits. The Financial Management Information System (FMIS) of ERRA has also shut-down since 2013, hence credibility of the data also could not be vouched. While remaining under these constraints the various irregularities, managerial lapses and violation of rules observed by audit have been highlighted with recommendations of remedial actions to be taken.

Various serious nature observations are furnished in this report, such as: Non-reporting of donations, Non-reconciliation with EAD, Non-completion of projects resulting in cost and time over-run, willful concealment of performance by ERRA from Senate and National Assembly, providing undue favors to contractors, inefficient monitoring of consultants, non-transparent award of contracts, non-formulation of PC-1's, splitting of expenditure to avoid approval of higher authority, charging operational expenditure to development fund, drawing irregular allowances, not having defined homogenous pay-scales, appointing and recruiting without following due process.

As the task covered a span of ten years and provision of record by ERRA was limited, in-spite of these hurdles audit has tried to efficiently cover every aspect regardless if the matter had been taken in previous audit reports, it is erstwhile to mention that audit reports of ERRA have not been subject to PAC scrutiny since 2006, hence recurring matters deemed of high risk have been incorporated in this report so the same can be highlighted, care has been taken not to point out issues which have been settled in previous DAC meetings.

Introduction:

The Director General Audit (Disaster Management), Islamabad conducted the “Special Audit of Earthquake Reconstruction and Rehabilitation Authority (ERRA)” on the direction of Senate Secretariat vide letter No. F.3 (2)/2015-Com-II dated 22nd September 2015 during the period from November 2015 to January 2016.

Earthquake Reconstruction and Rehabilitation Authority (ERRA)

The earthquake of 8th October, 2005 rendered over three million people homeless and virtually destroyed more than half a million houses 73,338 people dead and 128,304 severely injured. Pakistan has never been confronted with disaster of such magnitude affecting human, physical infrastructure and economic affairs. There was no precedent for dealing with a disaster of this magnitude and no such department was available to deal with such a calamity.

ERRA was established at the Federal level through an Ordinance issued on 24th October, 2005 afterward replaced with Act of Parliament. Accordingly, the Authority shall be responsible for all reconstruction, rehabilitation and Early Recovery Programs and projects in the affected areas. PERRA and SERRA are the implementing agencies at provincial and state level (AJK) and District Reconstruction Units (DRUs) at the District level. ERRA prepared sectorial strategies for each of the affected sectors to “Build Back Better” and to determine the losses.

(a) ERRA Headquarters:

At the Federal level the ERRA headquarters was initially located at the Prime Minister's Secretariat and is, responsible for: policy making, standard setting, overall coordination, strategic planning, monitoring, and providing a support structure for reconstruction from Federal to District level.

(b) Provincial/State Steering Committees:

The steering committees will act as the provincial/state focal point for all ERRA activities including on ground implementation of the Urban Development strategy, and approval of annual provincial / state urban reconstruction plans. It will ensure availability of information, personnel and resources, will review implementation progress at District and Provincial levels, and identify issues that may interfere with implementation of the approved ERRA Strategies.

(c) Provincial/State Earthquake Reconstruction and Rehabilitation Agency:

The Provincial Earthquake Reconstruction and Rehabilitation Agency (PERRA) in the KP and the State Earthquake Reconstruction and Rehabilitation Agency (SERRA) in the AJ&K work as a Secretariat for the respective Steering Committees. These agencies are ERRA’s counterpart offices at the provincial/State level and are responsible for: supervising, managing and coordinating all provincial/state reconstruction activities. PERRA/SERRA will coordinate and supervise district annual work plans for the reconstruction process. They will provide backstopping to the District Reconstruction Units. The PERRA/SERRA will prepare quarterly and

annual progress reports on all sectors of ERRA.

(d) District Reconstruction Advisory Committee (DRAC):

The District Reconstruction Advisory Committee will approve annual ERRA-funded reconstruction plan in the district, including reconstruction plans prepared by the District Reconstruction Unit, and forward it to PERRA/SERRA. It will ensure full cooperation and support to the District Reconstruction Unit from all concerned departments of the Provincial/State Government. The Committee will also conduct quarterly and annual performance reviews of the District Reconstruction Unit.

(e) District Reconstruction Unit (DRU):

Eight DRUs, one in each of the affected districts except Neelum in AJK, which is managed by DRU Muzaffarabad, are established within the Implementation Framework. The District Reconstruction Unit will act as the secretariat for the District Reconstruction Advisory Committee. It will be the lead agency for the actual on-ground implementation of the entire reconstruction and rehabilitation process including, (a) Needs identification (b) Annual Planning (c) Coordination (d) Financial Management and (e) Monitoring of all reconstruction activities assigned to the districts.

The Directorate General Audit (Disaster Management)

The Directorate General Audit (ERRA) was Established in September 2006 which is now re-designated as Directorate General Audit (Disaster Management) vide AGP office order No. 1714-Dir(A)/2-9/2015-II dated 13th November 2015. It is based in Islamabad and is headed by a Director General. The Directorate General conducts the audit of accounts of ERRA annually through its central and regional office at Abbottabad (KP). The sanctioned strength of the Directorate General is 65 and working strength is 50 officers/ officials.

The Regional office at Abbottabad carries the audit of accounts of DG PERRA KP and line departments of KP in receipt of ERRA funds. The formations are situated at Abbottabad, Mansehra, Battagram, Shangla and Kohistan. The Islamabad office conducts the audits of ERRA HQ, DG SERRA AJ&K and its line departments situated in the districts of Muzaffarabad, Neelum, Bagh and Rawalakot.

1. Audit Objectives

The main objectives of the audit were to:

- Review of fund management in terms of receipts and expenditures
- Review the ERRA's performance against intended objectives and targets
- Review of application of relevant rules, regulations and procedures in performance
- Review of achievement of "Build Back Better" Policy

2. Audit Scope and Methodology

2.1 Scope

The special audit of ERRA was conducted on the direction of Senate Secretariat and part of the Audit Plan for the year 2015-16. It included all the activities of ERRA from inception 2006 to June 2015. Specific focus was placed on evaluation of cash inflows and outflows.

2.2 Methodology

At first High Risk areas/issues were identified from the historical information (Previous audit of ERRA i.e. Regularity Audit, Financial Attest Audit, Performance Audit and special assignments) already available with this Directorate General. This activity was performed to efficiently and effectively complete the assignment.

Based on high risk areas identified, samples were selected to complete the assignment. Moreover, major sectors (i.e. Transport, Urban Planning, Health, and Education) were reviewed and sample projects were selected for in-depth audit. The criteria for selecting the samples were expenditure and performance (Time overrun and Cost overrun) for the last five years. The report is divided into four chapters (i) ERRA Fund Management, (ii) Overall performance of ERRA (iii) Issues of significant nature and (iv) Performance of key sectors.

Audit methodology further includes primary and secondary data collection through: comparative analysis, overall verification procedure, consultation of record, discussion with staff, and perusal of ERRA's Earthquake Reconstruction Monitor.

2.3 Audit limitations

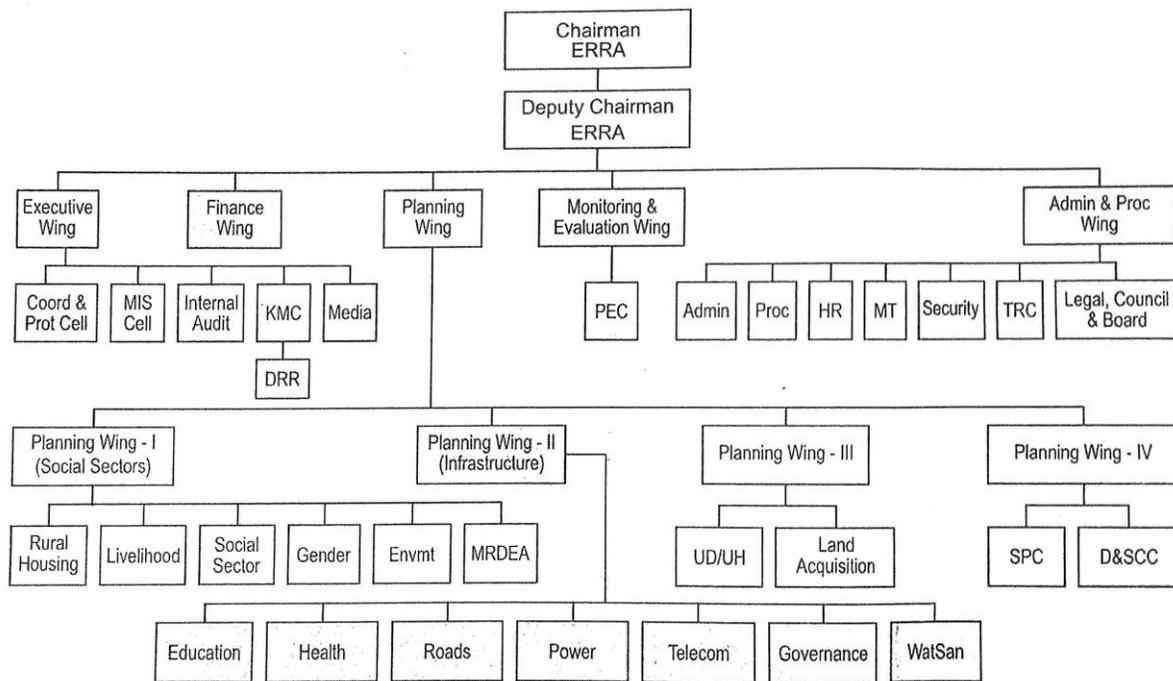
The assignment included all the reconstruction. Following were the limitations for conducting special audit of ERRA:

- Non-cooperative attitude of ERRA management and delay in provision of data (Annexure-A).
- Partial and incomplete data provided, while concealing of potentially key data which could have unearthed major lapses while producing only that data which would not leave the organization vulnerable to major audit observations. Such as, non-provision of Complete Payroll, performance evaluation mechanism of NESPAK, record relating to assets and access to PC-I review tracker, to name a few.

- Availability of record specifically since the entity was not forthcoming and most of the record was related to previous years.
- Time limitation with respect to scope of work which was based on 10 years.
- Physical verification in far-flung areas.
- Severe weather conditions in different districts of AJK & KP during audit execution.

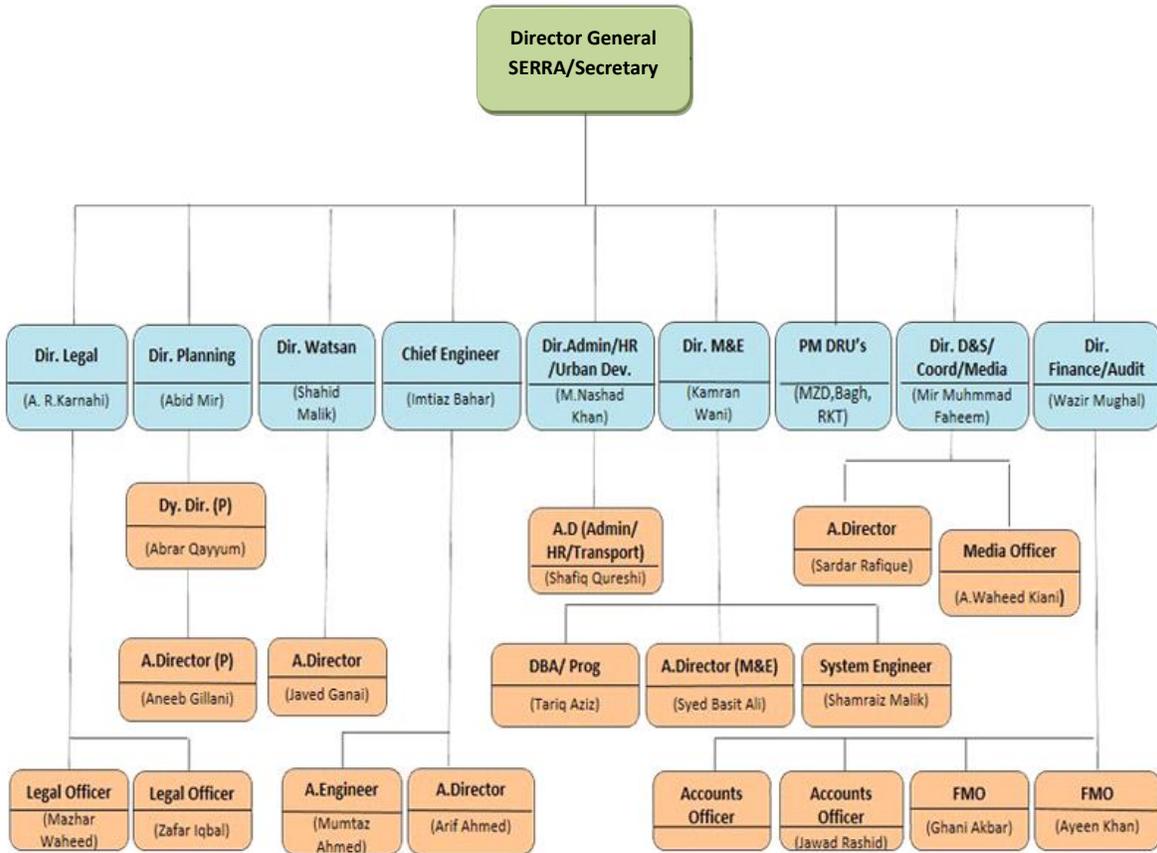
Functional Organization of ERRA

ERRA is headed by a Chairman appointed by the Federal Government who is responsible for the policy matters for such period and such terms and conditions as may be determined by the ERRA Council. Deputy Chairman, ERRA is appointed by the Federal Government who is responsible for the day to day administration of the Authority and may exercise such administrative and financial powers as delegated to him by the ERRA Council or the Board. Deputy Chairman is also the Principal Accounting Officer of ERRA. PERRA and SERRA are the implementing agencies at provincial and State level and District Reconstruction Units (DRUs) at the District level. It has been observed that PERRA and SERRA have not been depicted in the organogram whereas both organizations fall under the administrative and financial control of ERRA.

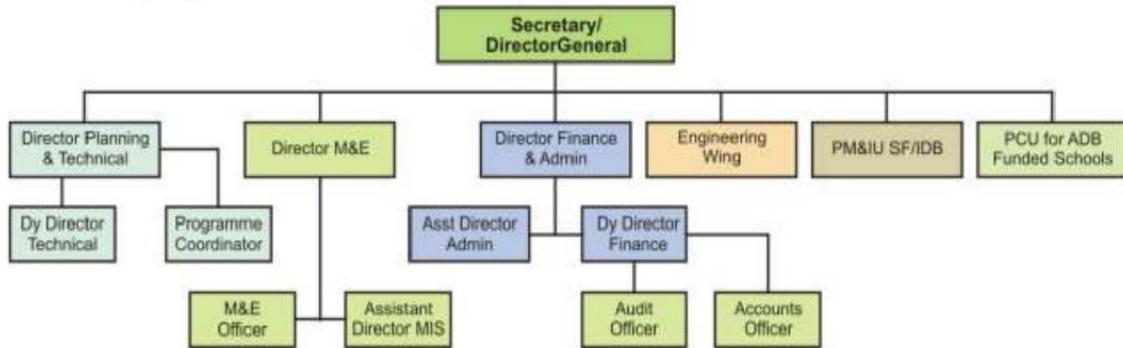


ERRA Organogram

SERRA Organogram (State Earthquake Reconstruction & Rehabilitation Agency)



PERRA Organogram
(Provincial Earthquake Reconstruction & Rehabilitation Agency)



Chapter 1: ERRA Fund Management

Sources of funds

There are three sources of inflow which are as under:

- **Government of Pakistan (GoP)**

Annual releases received by ERRA through Finance Division from Government of Pakistan's annual Budget.

- **Donor**

All money (loan, aid and grants) received by ERRA through Economic Affair Division (EAD) for reconstruction and rehabilitation activities. Main donors are World Bank, Asian Development Bank, Islamic Development Bank, International Development Association and French Development Agency etc.

- **Sponsor**

All work (rehabilitation and reconstructing activities) directly executed by different agencies. Main sponsors are World Health Organization, UNFPA, JICA, MSF, IBC Turkey, NGOs etc.

1.1 Analysis of Cash Inflow and Outflow

From the table depicted below it is observed that ERRA was unable to efficiently utilize the available cash as the cash inflow was always higher as compared to the cash outflow. Thus the repeated contention of ERRA of being under financial constraints comes in contrast with the reality.

Rupees in million

Description/ Years	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Opening Balance		20,752.00	6,217.374	3,509.909	1,561.741	6,136.675	7,898.792	5,708.926	6,505.431	7,738.357
Unspent Bal		2,421.501*	-	-	-	-	-	-	-	-
Cash In flow	40,745.00	8,110.289	15,189.870	17,772.028	27,579.764	18,085.608	11,466.025	9,068.778	10,979.403	5,676.953
Extra Budgetary Resource		2.739	1.916	(1.690)	392.613	(327.477)	1,171.191	20.097	-	-
PLD A/C	-	-	-	-	3,102.631	271.202	3,503.496		-	-
ERRAFUND	-	-	-	-				1,259.389	-	-
Sub Total	40,745.00	31,286.529	21,409.160	21,280.247	32,636.749	23,894.806	20,536.008	16,057.190	17,484.834	13,415.310
Cash Outflow	19,993.00	25,069.155	17,899.251	19,718.506	26,500.074	15,996.014	14,827.082	9,551.759	9,746.477	6,981.619
Closing Balance	20,752.00	6,217.374	3,509.909	1,561.741	6,136.675	7,898.792	5,708.926	6,505.431	7,738.357	6,433.691
Closing Balance ERRA	20,752.00	6,217.519	3,510	1,561.885	2,741.835	4,728.203	1,371.986	909.104	2,174.656	978.45
Net effect	-	(0.145)	(0.144)	(0.144)	3,394.84	3,170.59	4,336.94	5,596.33	5,563.70	5,455.24

1.1.1 Transfer of Funds to Personal Ledger Deposit Account (PLD)

Rule 10 (ii) of GFR Vol-I states that the expenditure should not be prima facie more than occasion demands.

Para 2 (vii) of Revised Procedure for Operation of Assignment Accounts of Federal Government issued vide Finance Division Notification No. SRO(1)/2008 dated 23-09-2008 states that the office holding assignment account will ensure that no money is drawn from Assignments accounts unless it is required for immediate disbursement. Moneys will not be drawn for depositing into chest or any bank account.

The management of ERRA transferred the unspent portion of the funds provided to them, into PLD account while treating it as expenditure, and gave an impression that they were utilizing the available funds.

Audit observed that in reality these funds remained in their PLD account and were not spent on development work, the table above clearly shows that every year the Cash inflows far exceeded the outflows, in spite of erroneous/wrong booking of transfers into PLD as expenses.

Audit is of the opinion that ERRA management transferred the year end available lapsable fund to Non-Lapsable account to avoid surrender of the funds back to Federal Consolidated Fund. The details is given below:

(Rupees in million)

Description/ Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Opening Balance	2.739	4.655	2.965	395.578	68.101	1,239.292
EB Receipts During the Year	4.609	14.359	241.509	7.649	139.277	20.097
Receipts During the year			3,394.984	46.951	1,192.389	
Prior Year Adjustment					(68.046)	
Transfer from PLA					3,503.496	
Subtotal Inflow	7.348	14.359	3,636.493	54.600	4,767.116	20.097
Inflow	7.348	19.014	3,639.458	450.178	4,835.217	1,259.389
Payments	2.693	16.049	141.249	110.875	3,461.488	
Transfer to PLD			3,102.631	271.202	-	
Extra Budgetary Resource Payment					134.437	
Transfer to ERRA fund account						1,259.389
Subtotal Outflow	2.693	16.049	3,243.880	382.077	3,595.925	-
Outflow	2.693	16.049	3,243.880	382.077	3,595.925	1,259.389
Closing Balance	4.655	2.965	395.578	68.101	1,239.292	-

The matter was pointed out to management on 22.07.2016 and the management stated that the same para was raised in AR 2011-12 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

1.2 Non-Reporting of Donations by ERRA

Para 3.2 of ERRA Operational Manual states that “All moneys consisting grant, loans, credit, grant and donations received by the Government and contributions of the Government meant for reconstruction and rehabilitation activity in the earthquake affected areas, shall be deposited in the Federal Consolidated Fund with the State Bank of Pakistan (SBP).”

Para 26 of the Accounting Procedure of ERRA states that “the receipts, if any, generated by the Authority shall be the receipts of the Government and shall be deposited in the Government Treasury”.

During a DAC meeting held on 27.12.2013 it was observed that ERRA expended an amount of Rs 715 million in excess of their allocated budget.

Audit issued requisition enquiring the detail of National and International donations received by ERRA since inception. In response ERRA vide their letter F.No.2-87/ERRA/Fin/Special Audit/2015-16/1546 dated 27.11.2015 shown the information regarding donations as Nil. The same status was reconfirmed by ERRA vide letter dated 16th December 2015.

Audit is of the opinion this is in contradiction with stance of ERRA already adopted during previous DAC meeting, that during certification audit for the year 2012-13 it was observed that ERRA expended an amount of Rs 715 million in excess of their allocated budget.

Audit contends that the current view point of ERRA negates their present stance that they have not received any kind of international and national donations directly. From the above it is quite evident that ERRA is concealing facts from audit, as well as, parliamentary authorities.

Audit is of the view that acceptance of donation direct from different sources was in violation of rules and procedures.

Audit is also of the view detail of such donations (cash and kind) be provided to Audit for verification and the same may be reconciled with AGPR and EAD.

The matter was pointed out to management on 22.07.2016.

The management in its reply stated that Finance Division allowed opening a separate bank account for receiving donations from the individual donors. Later on, ERRA fund was established in November 2012 with the approval of Finance Division & in said A/c No donations have been received in this account & same position was conveyed to Audit.

The reply of the management is not acceptable because:

- During certification audit for the year 2012-13 ERRA expended an amount of Rs 715 million in excess of their allocated budget. During DAC meeting on 27.12.2013, ERRA management had accepted that differential figures were met from the extra budgetary receipts and opening balances, which comprises the amounts of donations.

- ERRA received Rs 103.500 million donations from Brunai Darus Salam during the year 2015-16.

Audit recommends that a detailed investigation, by NAB or FIA to ascertain the fate of donations received by ERRA, be carried out.

1.3 Maintenance of Funds outside the Federal Consolidated Fund through Extra Budgetary Fund Account

Para 3.2 of ERRA Operational Manual states that All moneys consisting grant, loans, credit, grant and donations received by the Government and contributions of the Government meant for reconstruction and rehabilitation activity in the earthquake affected areas shall be deposited in the Federal Consolidate Fund with the State Bank of Pakistan (SBP).”

Para (ii) of Finance Division O.M. No. F.3(4)-DS(BR-II)/2008 dated 06.10.2008 states that “the existing Personal Ledger Accounts (PLAs)/Special Drawing Accounts (SDAs) would be replaced with the Assignment Account to be opened by Ministries, Divisions and Departments under FTR 170-B with effect from 1st October, 2008”.

Para (iv) of Finance Division O.M. No. F.3(4)-DS(BR-II)/2008 dated 06.10.2008 states that, “unspent cash balance, out of releases from Federal Consolidated Fund, lying either in PLAs/SDAs or in Commercial Banks shall be deposited back to Government Account, as provided under the FTR 170-B(10).”

The management of ERRA has been maintaining “Extra Budgetary Resource Fund Account” from year 2006 to 2013 besides a PLD account.

The detail is given below:

(Rupees in million)

Description/ Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Remarks
Opening Balance	2.739	4.655	2.965	395.578	68.101	1,239.292	
EB Receipts During the Year	4.609	14.359	241.509	7.649	139.277	20.097	
Receipts During the year			3,394.984	46.951	1,192.389		
Prior Year Adjustment					(68.046)		
Transfer from PLA					3,503.496		
Subtotal Inflow	7.348	14.359	3,636.493	54.600	4,767.116	20.097	8,500.013
Inflow	7.348	19.014	3,639.458	450.178	4,835.217	1,259.389	
Payments	2.693	16.049	141.249	110.875	3,461.488		
Transfer to PLD			3,102.631	271.202	-		
Extra Budgetary Resource Payment					134.437		
Transfer to ERRA fund account						1,259.389	
Subtotal Outflow	2.693	16.049	3,243.880	382.077	3,595.925	0	7,240.624
Outflow	2.693	16.049	3,243.880	382.077	3,595.925	1,259.389	
Closing Balance	4.655	2.965	395.578	68.101	1,239.292	-	

Audit observed as under:

- The provision for the Extra Budgetary Resource Fund Account is not available in the ERRA Accounting Procedure, ERRA Operational manual and ERRA Financial

Rules.

- ii. During the year 2006 to 2013 an amount of Rs 8,500.013 million was received in Extra Budgetary Fund account and ERRA expended an amount of Rs 7,240.624 million.
- iii. The balance amount of Rs 1,259.389 million was finally transferred to ERRA fund account in year 2013 which was created on the advice of Audit.
- iv. The sources of receipts in this account were not provided by ERRA.
- v. Since the details of transactions were never provided to audit, therefore detailed audit of the same was never conducted.
- vi. The balances of extra budgetary account were shown as a single line item in the Annual Financial Statement and their utilization was never subjected to scrutiny of audit.

Audit is of the opinion that:

- i. These receipts should have been part of Federal Consolidated Fund. However, ERRA management placed the same at their disposal over and above the budget provided to them.
- ii. Despite repeated requisitions details of the fund flow of Extra Budgetary Fund Account were not provided to audit. However, in DAC meeting dated 27.12.2013 ERRA had accepted that these receipts included donations etc.

The net inflow and outflow of Extra Budgetary Resource Fund account is given below:

		(Rupees in million)						
Net Inflow/Outflow	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
	2.739	1.916	(1.690)	392.613	(327.477)	1,171.191	20.097	1,259.389

The matter was pointed out to management on 22.7.2016.

The management stated that the same para was raised in AR 2011-12 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

1.4 Opening of Interest Bearing ERRA Fund Account without Permission of Finance and Non-Deposit of Interest Earned- Rs 163.208 million

Para 15(1) & (2) of ERRA Act 2011 states that, there shall be established a fund for reconstruction and rehabilitation to be known as ERRA fund which shall vest in and be utilized by the Authority to meet the expenses and carried out the objective of this Act. The fund consists of (a) such sums of the Federal Government may from time to time, allocate to it; and (b) all other sums or properties which may in any manner become payable to, or vest in, Authority.

Para-26 of Accounting Procedure of ERRA states that, the receipts, if any, generated by the Authority shall be the receipts of the Government and shall be deposited in the Government Treasury.

Finance Division letter No. F.2(2)-BR-II/2008-1594/12 dated 5th November 2012 states that, the approval for opening of ERRA Fund Account was allowed subject to the condition that all existing bank accounts may be closed after establishment of ERRA Fund Account.

The management of ERRA opened ERRA Fund Account (interest bearing) with National Bank of Pakistan, Foreign Office Br. Islamabad bearing No. 14-5 (NIDA) and deposited the balances of all its existing accounts in it. An amount of Rs 163.208 million was earned as profit till 30th June 2015.

Audit observed that as per Accounting Procedure, the profit of Rs 163.208 million earned had to be deposited into Government treasury.

The matter was pointed out to management on 22.07.2016 and the management stated that the same para was raised in AR 2011-12 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that approval of Finance Division regarding opening of interest bearing may be produced to Audit. Besides, profit of Rs 163.208 million earned may be deposited into Government treasury.

1.5 Non-Reconciliation with EAD

Para 20 of Revised Accounting Procedure on Foreign Aid Assignment Accounts states that, the controlling Ministries/ Divisions shall reconcile expenditure on account of Foreign Aid with AGPR and EAD on monthly basis.

The management of ERRA has booked third party payments in their books of accounts.

The details are as under:

(Rupees in million)									
Sectors/ Heads	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Third Party Payment booked by ERRA	0	394	16,159	5,437	3,216	6,701	3,538	5,050	2,920
Amount Reported by EAD	23,027	53,053	5,540	13,199	9,981	8,073	3,610	6,233	7,901
Difference	(23,027)	(52,658)	10,620	(7,762)	(6,765)	(1,373)	(72)	(1,183)	(4,981)

Audit observed as under:

- i. Under-reporting of amount booked under third party payments.
- ii. The difference reported by ERRA and EAD has been growing over the years.

- iii. Non-reconciliation made the whole accounting and budgeting process ineffective. In the absence of reconciliation audit cannot verify the authenticity of figures depicted in the Annual Financial Statements of ERRA.

Audit is of the opinion that non-reconciliation has led to understatement of the financial health of ERRA.

The matter was pointed out to management on 22.07.2016. The management stated that monthly figures of Foreign Aid disbursement of ERRA is reconciled regularly with concerned Debt Management wing of Economics Affairs Division (EAD). For FY 2013-14, EAD confirmed figures of Foreign Aid amounting to Rs 5,050.105 million and same was conveyed to Audit on 08.12.2015. Further, EAD&AGPR both offices confirmed the figures of Foreign Aid amounting to Rs 3,622.324 million for FY 2014-15 and same was conveyed to audit on 25.1.2016. It is pertinent to highlight here that audit conducted certification of all AFS of ERRA since inception of ERRA to FY 2014-15. Further, Audit conveyed some year wise Foreign Aid disbursement figures stating that these have been reported by EAD but same have never been owned by EAD as ERRA received information from concerned Debt Management Wing of EAD through official letter and EAD owns these letter & figures. Therefore, it is transpired that ERRA's figures are correct as per EAD's reconciliation statement.

The reply of the management is not acceptable as the management did not give any reply from the year 2006-07 to 2012-13. Further, the audit took the figures from the website of EAD which are authentic. It is also stated that EAD accepted the amount of Rs 7,901 million for the year 2014-15.

Audit recommends that reconciliation of ERRA accounts should be carried out on monthly basis with all concerned i.e. Economic Affairs Division and Ministry of Finance to reflect a clear picture, as per laid down rules and procedures.

1.6 Non-Adjustment of Advances

ERRA released funds as advance payments to the various line departments for execution of rehabilitation/ reconstruction works. Accordingly, the concerned departments were required to furnish detailed adjustment accounts duly supported with documentary evidences. Some sample violations highlighted by audit are as under:-

1.6.1 Non-Adjustment of Advances Granted to Line Departments – Rs 111.324 million

Rule-668 of FTR Vol-I states that, advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

The Management of ERRA made advance payments to following Departments/offices and line departments such as SCO, AJK Electricity Department, PHED etc. on the basis of estimates furnished by the departments for clearance of their sites for the financial years 2009-10 to 2013-14

amounting to Rs 111.324 million.

The Details are as under:

S. No.	Advance granted by	Amount (Rs in million)
1	MCDP	55.893
2	BCDP	3.878
3	NHA	49.768
4	RCDP	1.785
	Total	111.324

Audit observed that the respective departments have not furnish adjustment of the said advances.

Audit is of the view that due to non-furnishing adjustment accounts, a huge amount of Rs 111.324 million is un-adjusted since long.

The matter was pointed out to management on 22.07.2016.

The management did not reply.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

1.7 Payment of Field Offices Irregularly made by ERRA – Rs 159.036 million

As per Para 03 of PC-1 of Earthquake Emergency Assistance Project (EEAP) Transport Sector and Health Sector, ERRA is sponsoring agency and execution rests with the Chief Engineer EEAP AJ&K.

Further a contract agreement has also been drawn up with the contractor by the Chief Engineer (Reconstruction AJ&K).

The management of ERRA paid an amount of Rs 159.036 million to the contractors directly.

The details are as under:

Further the payment is violation of procedure as verification from the executor seems not done.

The details of payment made directly to the contractor are as under:

S. No.	Contractor	Description	Details	Amount Paid (Rs)
1	M/s Ismail Construction Company	Release of retention money	10,11,12,14 and 15-ADB/Health	8,186,611
2	M/s XB Metracon JV	Final Bill, CPC, 1 st IPC	ICB-1 Muzaffarabad to Athmuqam Road	60,753,383
3	M/s ECIL Pvt. Ltd.	IPC nos 75-78	-	20,000,000
4	M/s Shoukat Khan & Company	Arbitration award dated 22.02.2015	10 BHUs and 28 RHUs, lot -3	62,800,000
5	M/s Ittehad Engineering & Construction Pvt. Ltd.	IPC no 26	01-GoP/Health	7,296,160
Total				159,036,154

Audit observed that payments were made by ERRA for which no record is available at ERRA Headquarters as the payments were to be made by EEAP.

Audit is of the opinion that ERRA has transgressed into the authority of EEAP and made payments without availability of record.

The matter was pointed out to management on 22.07.2016.

The Management did not reply.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

1.8 Non-operation of Financial Management Systems (FMIS)

ERRA was using Financial Management Systems (FMIS) to promote efficiency, security of data management and comprehensive financial reporting. The core component of FMIS was to provide an integrated computerized financial package to enhance the effectiveness and transparency of public resource management by computerizing the budget management and accounting system for ERRA.

The scope and functionality of FMIS included accounting, budgeting, cash management, debt management and related core treasury systems. FMIS could also be expanded to procurement management, asset management, human resource and pay roll systems, pension and social security systems and other possible areas seen as supporting the core modules.

The management of ERRA closed the FMIS in 2013.

Audit observed as under:

- i. The Management stated the reason that system could not meet the requirement of ERRA's Financial Management.
- ii. It is incomprehensible how complete Financial Management System was not meeting the requirement of ERRA.
- iii. No other Financial System has been installed in place of FMIS.
- iv. ERRA is manually maintaining the financial record.

Audit is of the opinion that FMIS are used worldwide for transparent recording of accounting data and generating Financial Statements and the discontinuation of FMIS raises serious concerns regarding the use of fair and transparent software for recording of financial record.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that on the direction of Deputy Chairman ERRA, FMIS has been closed since 08.03.2013. Hence, no access could be given in the system.

The reply of management is not acceptable as the FMIS was closed on the basis that it is not compatible with the system. The management should have customized the FMIS with the system of ERRA, instead of closing the FMIS.

Audit holds that FMIS may be made functional by customizing and integrating with existing system of ERRA to improve the Financial Reporting.

Chapter 2: Overall Performance of ERRA

2.1 Achievement of Targets

Earthquake Reconstruction and Rehabilitation Authority (ERRA) launched 14,512 projects in various sector for the purpose of reconstruction and rehabilitation for the earthquake affected people of AJ&K and KP. These projects were related to different sectors mainly Education, Transport, Governance, WatSan, Environment etc.

The detail of district wise project allocation is given below:-

District wise project allocation		
District	Projects	Percentage
Abbottabad	1,249	9
Bagh	1,938	13
Battagram	1,313	9
Kohistan	787	5
Mansehra	2,698	19
Muzaffarabad	4,036	28
Neelum	404	3
Poonch	1,248	9
Shangla	839	6
Total	14,512	100

Area wise project allocation		
Area	Projects	Percentage
AJ&K	7,626	53
KPK	6,886	47
Total	14,512	100

The above table compares the overall area-wise allocation of the projects.

Source wise total and completed projects		
Funding source	Projects	Completed Projects
GoP	9,671	5,362
Donors	1,139	1,048
Sponsors	3,702	3,586
All	14,512	9,996

Projects were required to be executed and completed mainly through three funding source i.e. Government of Pakistan (GoP), donors and sponsors respectively. From the above table, it is observed that the progress achieved in the projects sponsored by the Donors' was 92% and the progress achieved in the projects funded by the Sponsors is 97%. Whereas, the progress so far achieved in the GoP funded projects is merely 55%.

Overall progress of projects						
Projects	Completed Projects	Percentage	Under construction	Percentage	Other	Percentage
9,671	5,362	55%	2,729	28%	1,580	16%
1,139	1,048	92%	72	6%	19	2%
3,702	3,586	97%	46	1%	70	2%
14,512	9,996	69%	2,847	20%	1,669	12%

The table above compares the number of projects at various stages of construction from 2005-2015.

2.1.1 Performance of ERRA relating to GoP Funded Projects

ERRA launched 14,512 projects in various sector for the purpose of reconstruction and rehabilitation in AJ&K and KP areas. Out of initiated projects, 9,671 projects taken up by GoP. These projects were required to be executed through annual budgetary grant.

Audit observed that completion of projects by sponsors and donors is much higher because, Sponsors independently implement the project and hand it over, once work has been completed and ERRA has minimal interference, while Donors constantly monitor the working of ERRA and require feedback and donor funds have a time limit which if breached the funds would lapse and further funding would cease.

Audit is of the opinion that due to weak monitoring and feedback mechanism, GoP funded projects are lagging behind and do not receive the desired focused attention of ERRA management.

Progress of GoP funded project						
Projects	Completed Projects	Percentage	Under construction	Percentage	Other	Percentage
9,671	5,362	55%	2,729	28%	1,580	16%

The table above compares the number of projects funded by Government of Pakistan (GoP) at various stages of construction from 2005-2015. The status of the GoP funded projects is very alarming that even after ten years the progress is only 56%. As depicted in table below, sufficient funds were available to complete the GoP funded projects in an efficient and timely manner, however, the above position of completed projects shows ERRA management did not utilize these funds in a proper manner and resulted in delayed completion of projects.

(Rs in million)

Sources	Years									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
GoP Account	28,490	150	9,295	14,203	18,195	13,142	4,623	5,298	5,929	2,793
Foreign Aid	12,255	7,960	5,893	3,568	9,384	4,943	6,842	3,770	5,050	3,622
Total	40,745	8,110	15,188	17,771	27,579	18,085	11,465	9,068	10,979	6,415

The matter was pointed out to management on 22.7.2016.

The management in its reply stated that designing, contracting and resident supervision of Donor and Sponsor funded project is done through ERRA, however funding and payment is done by donor and sponsor which is an essence to the construction projects. ERRA is lagging behind in completion of Government of Pakistan (GoP) funded projects due to the shortage and late receipt of funds from the Government. ERRA has the infrastructure to handle any number of projects provided guaranteed funds are made available by the Government as per annual work plan given by ERRA. As delay in completion of (GoP) funded projects is attributed to shortage and late receipt of funds from Government.

The reply of the management is not acceptable as ERRA had enough cash inflows in initial years of establishment of ERRA. The management of ERRA was unable to effectively utilize and manage the funds available.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

2.1.2 Performance of ERRA relating to Donor and Sponsors Funded Projects:

The role of donors and sponsors in reviving the different sectors of the earthquake affected areas has been substantive. By undertaking reconstruction of different sector facilities, organizations like the World Bank, Asian Development Bank, Islamic Development Bank, UNICEF, Swiss Development Cooperation, Japan International Cooperation Agency (JICA), Save the Children, etc. have contributed significantly to the progress achieved so far.

Progress of Donor funded project						
Projects	Completed Projects	Percentage	Under construction	Percentage	Other	Percentage
1,139	1,048	92%	72	6%	19	2%

The above table compares the number of projects funded by Donors at various stages of construction from 2005-2015.

Progress of Sponsor funded project						
Projects	Completed Projects	Percentage	Under construction	Percentage	Other	Percentage
3,702	3,586	97%	46	1%	70	2%

The above table compare the number of projects funded by different sponsor at various stages of construction from 2005-2015.

2.2 Non-compliance of Statutory Requirement

2.2.1 Willful Non-Compliance by ERRA, by not Providing Status of Development to Senate and National Assembly; in Violation of ERRA Act 2011

Article 5(i) of ERRA Act 2011 states that, “ERRA may perform the function to keep the two Houses of Majlis-e-Shoora (Parliament) informed of its activities through six monthly reports of its performance for discussion.”

Audit observed that six monthly performance reports of ERRA’s activities since promulgation of the Act was required to be submitted to the lower and upper houses of Parliament, and the same were requested from ERRA vide DG audit (DM) office letter No. Audit Plan/Spl. Audit/ERRA/2015-16/2405-07 dated 23rd February 2016 but no such reports were provided to Audit.

Audit is of the opinion that non-provision of said reports implies that ERRA did not disclose the performance to Parliaments required above. This was pre-requisite for the discussion in the parliament and for taking corrective measures/ feed-back /directions from the parliamentarians.

Audit holds that this is a serious lapse on the part of ERRA by concealing the progress from the elected members of the People. This further caused the elected members to be unaware of the achievements/ lags in the activities undertaken by ERRA. This also disrupted the process of ensuring the parliamentary control over the affairs of ERRA.

The matter was pointed out to management on 22.7.2016.

The management did not reply.

Audit recommends that the necessary reports may be submitted to both houses for requisite actions at their end and necessary action may be taken against the person(s) responsible for non-compliance of the statutory requirement.

2.2.2 Improper Inquiries for not Fixing Responsibilities against the Defaulters.

The PAC in its meeting dated 04.05.2016 and the DACs in their meetings dated 07.11.2013, 24.01.2014, 27.01.2014 19.02.2014, directed the management of ERRA to conduct the impartial and fair inquiries.

The management of ERRA conducted the inquires.

Audit observed that management of ERRA constituted different committees for conducting the inquiries but these inquiries *prima facie* do not seem impartial and fair.

Details of some cases are given below:

S. No.	Audit Report	Para No.	Subject	DAC decision	Recommendations of Inquiry Committee	Audit Comments
1	2013-14	4.2.4	Overpayment to the contractor –	The financial impact may be	No undue favour to the contractor has been	The recommendation

			Rs 3.920 million	worked out and responsibility fixed for payment not due.	established,	of committee is not justified as that financial impact had to be calculated which has not been done.
2	2013-14	4.2.6	Unauthorized payment on account of Price Adjustment – Rs 44.601 million	The escalation charges not due and paid be recovered and action be taken against the responsible for negligence.	No undue favour has been given to the contractor.	Recovery may be made and action may be taken against person(s) at fault.
3	2013-14	4.2.10	Undue payment to contractors for incomplete work – Rs 1.067 million	A certificate may be provided that no quality has been compromised in this particular case and responsibility be fixed for making payment on %age basis.	The Audit authorities should be approached for reconciliation for settlement of Para as transactions were in order in line with rules, clauses and sub clauses on the subject.	Certificate that no quality was compromised may be obtained from The Engineer and responsibility be fixed on person(s) at fault for advance payment
4	2013-14	4.2.13	Overpayment of Price adjustment – Rs 2.289 million	The escalation charges not due and paid be recovered and action be taken against the responsible for negligence.	The escalation paid to the contractor in EOT period is in order and not beyond contractual obligation.	Decision of DAC to be implemented in letter and spirit.
5	2013-14	4.2.14	Undue favour to contractor by making excess payment on account of earth work (106-A) – Rs 4.75 million	The matter may be investigated by ERRA and responsibility fixed for the payment not due.	Concerned staff may be warned to be careful in future. Apart from that no other irregularity/loss to state has been established during the investigation.	Documentary evidence regarding implementation of decision of inquiry committee may be provided to audit.
6	2013-14	4.2.15	Irregular payment made against the expired performance guarantee – Rs 17.247 million	The matter may be investigated by ERRA and responsibility fixed for making payment against the expired performance guarantee.	No financial loss to the Government is involved, Contractors have completed the works to the entire satisfaction of the Employer and the end users, hence relaxation given to the contractor by the Management regarding non-renewal of Performance Guarantee may be excused.	The committee directed the PAO that responsibility be fixed, take action and report to the committee/audit within 30 days. However, the management has not complied with the directive of the PAC
7	2013-14	4.2.16	Undue favour to contractor by making excess payment against	The matter may be investigated by ERRA and responsibility fixed	No financial loss to the Government is involved, overpaid amount has already been deducted	Documentary evidence regarding warning issued to the

			work not done – Rs 2.105 million	for the payment not due.	from the contractor’s bill, however an advance payment of Rs 2.105 million made to the contractor and later on, recovered during the currency of contract means an undue favour given to the Contractor, therefore, Chief Engineer Building / Reconstruction Division Neelum may be warned to remain careful in future while making the payment.	Chief Engineer may be provided to audit.
8	2013-14	4.2.17	Irregular payment to the contractor on account of escalation – Rs 4.911 million	The escalation charges not due and paid be recovered and action be taken against the responsible for negligence.	No recovery from the contractor is involved, hence the objection may be settled. However, the management may be warned to be very clear while notifying or issuing any instructions to the contractor having financial implications.	Recovery may be made and Documentary evidence regarding warning issued to the concerned staff may be provided to audit.
9	2013-14	4.2.21	Payment of secured advance to the contractor based upon unauthentic receipts Rs 26.196 million	ERRA to investigate the matter and fix the responsibility.	Concerned staff may be warned to be careful in future. Apart from that no loss to the state/ public exchequer has been established in the subject Inquiry.	The committee directed the PAO to hold another inquiry at his own level for fixing of responsibility and report to the committee within 45 days.
10	2013-14	4.2.23	Non-deposit of forfeited amount of bid security into Govt. treasury – Rs 1,500,000	The matter may be investigated within two weeks.	<p>i. All the field offices may be warned to follow the bidding instructions strictly so that procedural delays resulting in repercussions may be avoided.</p> <p>ii. In order to settle the issue, decision taken by the Deputy Chairman, ERRA in capacity of PAO, may be implemented by forfeiting 50% and paying balance 50% of the bid security to the contractor subject to the under taking by the bidder for un-conditional acceptance and to treat</p>	Findings of committee are inconsistent with the powers delegated to the Deputy Chairman. The matter may be probed again in the light of the decision of DAC.

					<p>this decision as “fait accomplie”.</p>	
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Audit is of the opinion that in none of the cases, the contractor or the management was ever held responsible / accountable for the loss / overpayment / irregular payments, even in certain cases the DAC decided to effect recovery from contractors but the management conducted inquiries to clear the cases which prove the management facilitated / absolved the contractors from recovery. In most of the cases, the recommendations indicate that the inquiries were conducted with a view to settle the Audit observations rather than with the focus of unearthing the facts and recovering the loss caused to the exchequer while fixing the responsibility on the person(s) at fault.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that all the inquiry committees are constituted under the approval of the Competent Authority headed by officer equivalent to Director General (B-20). Inquiries are conducted keeping in view audit point of view and accordingly analyses all the relevant record, facts and figures, nature and extent of violation of rules/ regulations, if any, in impartial and transparent manner and finalize their findings and recommendations impartially and recommend necessary action whenever the committee finds faults and losses on the part of auditee formation. All the inquiries since conducted are based on facts and no impartial inquiries have been conducted at ERRA so far.

Reply of the department is not acceptable as inquiry reports revealed not a single inquiry have been conducted in compliance of DAC decisions and in no case the charges have been proven on the contractor or their own employees. Therefore, audit is of the opinion that these and many other inquiries were conducted with a view point to safeguard the interest of contractors.

Audit recommends that fair and impartial inquiries in such cases may again be conducted and proper action be taken against the defaulters.

2.2.3 Non-Production of Record

Section 14 (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that any person or authority hindering the auditorial functions of the Auditor-General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person and as per Para 17 of GFR Vol-I, it is the duty of every departmental and controlling officer to see that the Auditor General is afforded all reasonable facilities in the discharge of his functions and furnished with the fullest possible information for which he may ask, for the preparation of any account or report, which it is his duty to prepare. No such information nor any books or other documents to which the Auditor General has a statutory right of access may be withheld.

Audit issued 60 numbers of requisitions for the production of information / record to ERRA, PERRA and SERRA from time to time. The information / record was required at different phases of audit i.e. planning, execution etc. The ERRA showed non-cooperative behavior in

provision of record. Most of the information / record required at the time of planning to assess the risk areas and select samples was provided so late that it lost its worth. Audit also issued a letter no. Audit Plan/Special Audit/ERRA/2015-16/2443 dated 07.04.2016 in which it was stated that the audit is at its closure stage and no further record will be accepted. Certain record was not produced till the close of Audit as detailed at Annexure-B. Further, the access to ERM provided to audit by ERRA was restricted and no financial cost of projects was accessible and neither was the updated cost of projects available to audit through this link, limiting audits access to such critical information is prima facie tantamount to concealment of record.

Due to Non-Production audit was unable to scrutinize some of the following major risk areas: FMIS procurement, Payroll data, Asset details, approved sanctioned strength, damage assessment report and cost regarding forestation, detail of land acquisition, third party validation reports, total number of PC-I's along with revisions and record for recruitment of contractual employees.

Audit holds that non-production of record is serious lapse on the part of management which affected the Audit findings. The matter needs to be probed to fix responsibility as per rules / regulations under intimation to audit.

The matter was pointed out to the management on 22.07.2016. The management in its reply stated that this office has always extended maximum cooperation to Audit Authorities and provided all the relevant record/ information as and when required by them. The record has been provided to Audit Team during the course of Audit. Subsequently a reconciliation meeting on the direction of Deputy Auditor General for provision of record was also arranged between Audit and Internal Audit Team on 16.03.2016 wherein External Audit agreed that out of total 215 requisitioned documents a record of 142 have been received to them which is equivalent of 67% of total demanded documents and the remaining documents were provided through correspondence as the Audit team could not intimate the closure date of Audit of the management.

Reply of the department is not acceptable as record of material nature was not provided. Further, the record requisitioned during the course of audit was not provided in time.

Audit holds that non-production of record is serious lapse on the part of management which affected the Audit findings. The responsibility may be fixed on the persons at fault as per rules / regulations under intimation to audit.

2.3 Monitoring and Evaluation

2.3.1 Poor Performance of Monitoring and Evaluation Wing

Para 1.3(e) of Operational Manual of ERRA states that, the Authority may take steps for monitoring and evaluation of the approved projects, program and schemes.

Para-3.33 of Guidelines for Project Management states that, the final stage of the project is its completion. The project is considered to be completed/ closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV.

Para 12.3 (4) of ERRA Financial Rules states that, the Deputy Chairman has full powers to approve the development projects, programs, schemes etc. is upto Rs 100 million.

The management of ERRA established a Monitoring and Evaluation (M&E) Wing in October 2007 to monitor the implementation and results of the reconstruction and rehabilitation efforts through a PC-I with a total cost of Rs 230.362 million. Prior to this, the M&E staff was recruited with the funding of ADB. The main purpose of the said PC-I was to make payments of salaries of incremental and contractual staff out of GoP funds. Subsequently the same PC-I was revised upto Rs 730.326 million and extension was approved up to 30th October 2014. In November 2014 the management of ERRA prepared two new PC-Is i.e. “Project Monitoring Team” (PMT) and “Project Supervision Team” (PST) with same aims and objectives with a total cost of Rs 196.056 million. ERRA expended an amount of Rs 824.338 million on salaries of staff and operational cost of M&E wing up to 31st December 2015 and Rs 52.88 million (Rs 35.12 million and Rs 17.76 million respectively) against new PC-Is during the financial year 2014-15.

Audit observed that:

- i. Monitoring & Evaluation was a core management function and should have been treated as an operational expenditure and to be paid out of Non-development funds.
- ii. The management defrayed the operational expenditure of M&E wing by preparing PC-Is duly approved from ERRA Board.
- iii. The main PC- I has been bifurcated into two small PC-Is with the same objectives and got approved from the Deputy Chairman just to retain/ accommodate the employees of M&E wing which is misuse of the authority.
- iv. The officers / officials appointed under PC-I of M&E were posted to different section / wings, whose pay comes to Rs 42.083 million (only for the financial year 2012-13
- v. The progress report of the M&E Wing revealed that out of total 14,512 projects 9,996 projects were completed and handed over upto 19th February 2016 which is 69% of the total projects, even after lapse of ten years.
- vi. The projects which were closed / finalized, no completion report i.e. PC-IV were prepared. Details are as under:

Overall progress of projects						
Projects	Completed Projects	Percentage	Under construction	Percentage	Other	Percentage
9,671	5,362	55%	2,729	28%	1,580	16%
1,139	1,048	92%	72	6%	19	2%
3,702	3,586	97%	46	1%	70	2%
14,512	9,996	69%	2,847	20%	1,669	12%

Audit is of the opinion that staff appointed was not required and were without any justification

The matter was pointed out to management on 22.7.2016.

The management did not reply.

Audit recommends that the matter may be investigated and responsibility be fixed on the person(s) at fault under intimation to audit.

2.4 Human Resource Management

After the devastating earthquake of 2005, ERRA was established to carry out the work of reconstruction & rehabilitation in affected areas through its implementing agencies (PERRA & SERRA), DRUs and line departments. HR wing was tasked to establish a human resource structure which is “thin but brainy”, in order to carry out the activities in timely and efficient manner.

During Special Audit, the following irregularities were observed in human resource management:

2.4.1 Implementation of Rules / Regulations without Concurrence of Concerned Divisions

Section 27 of ERRA Act, 2011 states that the Council may by notification in the official Gazette, make rules for carrying out the purpose of this Act.

Section 28 of ERRA Act, 2011 states that the Board may make regulations not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for carrying out the purposes of this Act.

Section 31 of ERRA Act 2011 states that the provisions of this Act shall have effect notwithstanding anything inconsistent contained in any other law for the time being in force and any such law, rule or regulation shall, to the extent of any inconsistency, cease to have effect from the date this Act comes into force.

ERRA framed “ERRA Employees’ Service Regulations, 2007” which relate to appointment/recruitment, Posting and Transfer, General Provisions, Pay & Allowances, Hiring of Residential Accommodation, Discipline, Leave, Travelling (Daily allowance rate and Ceiling for accommodation), use of Staff Cars, Medical Attendance, Delegation of Power and Repeal and Savings.

Audit observed as under:

- i. The ERRA Council has not notified any rules
- ii. ERRA Employees’ Service Regulations, 2007 had to be made after rules governing these regulations were first formed
- iii. These rules are inconsistent with the following laws, rules and regulations as issued by the government from time to time
 - a. Finance Division (Regulation Wing) U.O dated 03.12.2009 states that the rules/regulations of ERRA may be got cleared from the Establishment and Finance Divisions.
 - b. Finance Division D.O letter dated 17.12.2005 states that the matter of Transport, Mobile and POL may be taken up with Cabinet Division.
 - c. Cabinet Division letter dated 03.12.2007 states that officers of B.18 and B.19 are entitled to pick and drop facility only.

- d. Finance Division vide D.O letter dated 17.12.2005 informed that ceiling for hiring of a house will be admissible under the usual terms and conditions of deputation / secondment. However, relaxation as a special case may be accorded on a case to case basis.

Audit is of the opinion that ERRA Board has prepared regulations without ERRA Council notifying rules that had to govern the these Regulations. Further, the regulations framed by the Board are inconsistent with prevailing rules of the government.

The matter was reported to management on 22.07.2016.

The management replied that similar nature of Paras was raised in the Audit Report 2006.07 and Audit Report 2009.10 which was settled by PAC / DAC. It is clarified that ERRA is autonomous body and under section 27 of ERRA Act 2011, the Rule making powers rest with ERRA council which is legislative power delegated by the Parliament and under section 28 of ERRA Act 2011, ERRA Board is competent to make Regulation. Accordingly, ERRA service Regulations, 2007 were approved by the ERRA Board in its 6th meeting and duly endorsed by the Finance Division vide their letter dated 15.08.2012, as notified by ERRA vide letter dated 29.08.2012.

The reply of the department is not cogent as ERRA Council had not framed rules in term of ERRA Act 2011 for governing the regulations framed by the ERRA Board. Further, ERRA allowed facilities which are inconsistent with government rules and regulations.

Audit recommends that the ERRA Council may frame their rules for governing the regulations consistent with government rules, besides discontinuation of the fringe benefits granted, which are inconsistent with laws, rules and regulations of the government.

2.4.2 Overpayment on Account of Pay

Finance Division vide OM No.F.4(9)R-3/2008-499 dated 12.08.2008 introduced standard pay package for the project staff directly recruited for development project funded from PSDP.

Finance Division vide OM No. F.4 (20)R-3/2008-259 dated 27.9.2008 states that since the contract employees are not regular employees, therefore, extension in their previous contract will make them a fresh appointee each time whenever the contract is extended or revised.

The management of ERRA re-appointed officers alongwith increment in salary package fixed at the time of initial appointment (Annexure-C).

Audit observed that pay at extension was to be fixed as for initial appointment instead of pay with increments.

Audit is of the opinion that payment of salary with increment at re-appointment stands irregular.

The matter was reported to management on 22.07.2016.

The management replied that ERRA had adopted Standard Pay Package introduced vide Finance Division OM dated 12.08.2008 amended from time to time. Further, the increments granted were in line with Government order for PSDP funded employees.

The reply of the management is not satisfactory as Finance Division OM dated 27.09.2008 referred in the criteria clearly states that extension in contract will be fresh appointment. Therefore, pay was to be fixed accordingly.

Audit recommends that the management may workout the overpaid sum and get it recovered besides stopping the irregular particle forthwith.

2.4.3 Irregular withdrawal of Allowances / Utility Charges - Rs 89.831 million

Cabinet Division Memorandum No. 4-9/2013.Min-I dated 14.06.2013 states that the Prime Minister has approved the delinking of Public Affair Wing from the Prime Minister's Office and transferred it to the Parliament Affairs Division.

Cabinet Division vide their letter No. 4-13/2005-Min-I dated 29.04.2014 informed that ERRA has been established through Act as an autonomous/ body corporate. Hence ERRA is not part of the Prime Minister's Office. However for the purpose of coordination ERRA is administratively attached with the Prime Minister's Office. The authority has not been mentioned in the Schedule-II and III of Rules of Business, 1973 being not under administrative control of any Division of the Federal Secretariat.

ERRA paid an amount of Rs 89.831 million on account of PM Secretariat Allowance, Fuel Charges, Utility charges and Mobile subsidy.

The details are as under:

(Amount in Rupees)

S.#	Particular	2013.14	2014.15	Amount
1	PM Secretariat Allowance	35,362,041	33,299,713	68,661,754
2	Fuel allowance	6,428,592	5,442,177	11,870,769
3	Water Charges	163,519	158,999	322,518
4	Electricity Charges	2,253,357	2,453,789	4,707,146
5	Gas Charges	617,921	717,490	1,335,411
6	Mobile Subsidy	1,567,985	1,365,850	2,933,835
	Total	46,393,415	43,438,018	89,831,433

Audit observed that ERRA management paid an amount of Rs 89.831 million after de-linking from the Prime Minister's Office.

Audit is of the opinion that payment of PM Secretariat Allowance, Fuel Charges, Utility charges and Mobile subsidy Rs 89.831 million after delinking stands irregular.

The matter was reported to management on 22.07.2016.

The management replied that the clarification provided by the Cabinet Division on 29.04.2014, do not indicate any change in the status of ERRA, nor it relates to pay package of ERRA employees. Pay Packages of ERRA employees were initially approved by ERRA Council

in its first meeting. As desired by the Prime Minister the Pay Package was also examined by the Finance Division and their concurrence was conveyed vide DO letter No.F.1(6)R-3/2005-872 dated 17.12.2005. It is to mention that as per ERRA ordinance 2006 and ERRA act 2011, ERRA Council and Board are competent to make all rules and regulations of ERRA. It is further added that similar nature Para 2.3 of AR.2006/07 regarding provision of mobile subsidy has already been settled by the PAC in its meeting held on 15.12.2008.

The reply is not satisfactory as ERRA was established as part of Prime Minister Secretariat (Public). The wing was delinked vide Cabinet Division letter mentioned in the criteria. Further the Finance Division letter quoted in the reply is dated 17.12.2005 and before delinking. ERRA was delinked in June, 2013.

Audit recommends that the irregular practice may be stopped immediately and overpayment made be recovered under intimation to audit.

2.4.4 Irregular Appointment of Officers against Different Posts

Establishment Division O.M. No. 10/4/60-E.XIII, dated 3.6.1961 states that whenever any Ministry/ Division, or any authority under them propose to employ a released/retired military officer as a result of an application made to them direct (and not through the Ministry of Defence) the Ministry of Defence should be consulted by the Ministry/Division etc. concerned before such an officer is employed by them.

Further, the Finance Division vide its O.M. No. F.4 (9) R-3 / 2008-499 dated 12th August 2008 announced the Standard Pay Package for officers/staff directly recruited for the execution of Development Projects funded from PSDP from open market on contract basis subject to the condition that this pay package shall not be admissible to those who are re-employed/appointed on contract after their retirement. They may be allowed pay and allowance, as per provisions of the contract policy of the Establishment Division issued vide their O.M. No. F.10 / 52 / 95-R-2 dated 18th July 1996 as amended from time to time.

The management of ERRA appointed retired/serving military servant.

Details are at Annexure-D.

Audit observed as under:

- i. The contract appointments after retirement from military were made in violation of above instructions i.e. without consulting Ministry of Defence.
- ii. The officer at Serial No.02 (Director (AJK)) was appointed during LPR.
- iii. The officers appointed are being allowed lump sum pay package after retirement.

Audit is of the opinion that's these appointments and the payment of monthly emoluments is violation of the contract policy and loss to government exchequer.

The matter was reported to management on 22.7.2016.

The management did not respond.

Audit recommends that the irregular appointment without consultation of Ministry of Defence may be probed into besides allowing lump sum pay instead of pay and allowances as per contract policy of Establishment Division. Further, excess payment, if any, may also be recovered.

2.4.5 Irregular Appointments of Contract Employees Despite Ban on Appointments Rs 15.124 million

Finance Division O.M. No.F.4(6) / Exp-I / 2012 dated 27th July 2012 provides that there shall be no recruitment on contract basis and against contingent posts w.e.f. 1st July 2012.

The management of ERRA made appointments of the officers on contract basis after 1st July 2012 on the lump sum salary.

The detail of officers appointed is as under:

(Amount in Rupees)

S. No.	Name of Officers	Designation	Date of Appointment	Monthly Salary	Total paid up to 30.06.2014
1	Lt. Col. Ibrar Ismail	Dir. UD-KP	05.09.2012	103,500	2,173,500
2	Col. (R) Amir Mohsin	Adv. MIS	01.11.2012	130,000 up to 30.04.2013 149,000	2,866,000
3	Col (R) Imtiaz Ahmad	Civil Eng.	10.12.2012	115,000	2,185,000
4	Maj. (R) Shah Zaman Khan		25.02.2013	85,000	1,360,000
5	Atif Shoukat Khan	Civil Eng.	25.02.2013	75,000	1,200,000
6	Farukh Salim Khan	Civil Eng.	01.03.2013	75,000	1,200,000
7	Lt. Col. Tahir Pervaiz Dar	Civil Eng.	01.10.2012	115,000	2,070,000
8	Lt. Col. Muhammad Ijaz	Civil Eng.	19.09.2012	115,000	2,070,000
Total					15,124,500

Audit observed that these appointments made during period of ban.

Audit is of the opinion that the appointment during the period of ban was gross violation.

The matter was reported to management on 22.7.2016.

The management did not respond.

Audit recommends that matter may be investigated to fix individual responsibility for making these appointments during ban.

2.4.6 Irregular Expenditure on Appointment of Project Engineer and Associate Project Engineer without Possessing Required Experience - Rs 1.670 million

Minutes of Selection Committee for appointment of staff in PMU-NBCDP Mansehra provides qualification/experience for recruitment on the posts as under:

Post	Qualification	Experience
Project Engineer	MSc Civil Engineering	03 Years
	BSc Civil Engineering	05 Years
Associate Project Engineer	BSc Civil	02 years
	DAE Civil	05 years

The Management of ERRA appointed Mr. Muhammad Zeeshan as Project Engineer on 25.01.2012 and Mr. Farhad Ali as Associate Project Engineer on 12th January 2008 in PMU NBCDP Mansehra on contract basis.

Audit observed these officers did not have the required experience.

The details are as under:

Post	Qualification	Experience
Mr. Muhammad Zeeshan, Project Engineer	BSc Civil Engineering	No Practical Experience
Mr. Farhad Ali, Associate Project Engineer	BSc Civil	09 Months

Audit is of the opinion that appointment of Project Engineer and Associate Project Engineer in violation of the approved criteria and resulted into irregular payment of Rs 1.020 million (Rs 60,000 x 17) and Rs 650,000 (Rs 50,000 x 13 months) respectively.

The matter was pointed out to management on 22.7.2016 who replied that:

- i. The selection of Mr. Farhad Ali Associate Project Engineer was carried out by the Selection Committee on the basis of a prestigious institution from where he was qualified i.e. NUST. Moreover, the individual top the interview.
- ii. Mr. Muhammad Zeeshan was alternate reserved candidates recommended by the Selection Committee. Due to resignation of original candidate Mr. Zeeshan was appointed as Project Engineer with the approval of competent authority.

The selections of both the candidates were made by the notified Selection Committee which is authorized to select most suitable candidates from the available choices at that time, as deem appropriate.

The reply is not tenable as prescribed criteria was not observed and the experience was also not as per the prescribed criteria.

Further, the prescribed criteria did not mention the “prestigious institution” and if the toppers did not fulfill the criteria, the management did not have the authority to appoint them.

Audit therefore, recommends that irregular expenditure on appointment without fulfilment of approved criteria needs investigation and expenditure incurred may be recovered from the person(s) at fault.

2.4.7 Irregular Appointment of Non-technical Personnel at Engineering Posts – Rs 9.20 million

Pakistan Engineering Council letter dated 30.01.2012 states that no person shall, unless registered as an engineer or professional engineer, hold any post in an engineering organization where he has to perform professional engineering work(s) under section 27(5A) of Pakistan Engineering Council Act, 1976.

The management appointed officers against engineering posts.

The details are as under:

(Amount in Rupees)

Name of Employee	Designation	Qualification	Date of appointment	Monthly Pay	Amount
Lt. Col (R) Ibrar Ismail	Director (UD KP)/PD (NBCDP)	MSc (Social Sciences)	3 Sep. 2012	103,500	4,140,000
Mr. Muhammad Rashid	Asstt. Director (Building) / Associate Project Engineer	B. Tech	2May 2012	57,500	2,530,000
Mr.Rahan Manzoor	Asstt. Director/Associate Project Engineer	BSc (Computer Sciences)	14 May 2012	57,500	2,530,000
Total					9,200,000

Audit observed that these officers were appointed without holding prescribed qualification and registration with Pakistan Engineering Council

Audit is of the opinion that the appointment of the officers in violation of the above rule of PEC and policy issued by the Establishment Division vide their OM No. 6 / 2 / 2000-R-3 dated 6th May 2000 is irregular and resulted into an unauthorized payment of Rs 9.200 million.

The matter was reported to management on 22.7.2016.

The management replied that appointments made are in accordance with the required qualification as advertised in newspaper. The appointments are of semi technical / supervisory nature and not exclusively engineering posts. ERRA is not entirely an engineering organization, but it is constituted to implement reconstruction and rehabilitation programs through interfacing with government departments, donors/ sponsors and Consultants / Contractors etc. Civil Engineers appointed in ERRA are registered with Pakistan Engineering council. In this context, the individuals appointed under question are not required to be registered with PEC.

The reply is not tenable as posts pointed out in the Para related to Works Projects and the officers mainly concerned with the supervisory, monitoring role and non-technical appointees could not supervise as they did not possess the prescribed criteria for selection

Audit recommends that responsibility may be fixed for irregular appointment besides recovery effected from persons at fault.

Chapter 3: Issues of Significant Nature (High Risk)

3.1 Non-Disclosure Of Fixed Assets

Para 21 of ERRA's Accounting Procedure provides that ERRA shall prepare monthly accounts as well as statement of assets and liabilities annually.

GFR-155 states that a reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur.

Para-13.4.1.2 of NAM provides that the information required to be kept on the Fixed Assets Register for each asset besides other requirement also contain asset identification number.

The consolidated Annual Financial Statements of the ERRA from 2007-08 to 2014-15 are silent about the assets and liabilities.

Audit observed that matter regarding non-disclosure of assets and liabilities was highlighted to the management in financial attest and regulatory audits time and again but the same were not disclosed to date.

Audit is of the opinion that non-disclosure of assets may lead to misappropriation and embezzlement of Government and donor funds.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 07.10.2016 stated that according to para 21 of ERRA's Accounting Procedure, ERRA has to prepare Statement of Assets and Liabilities on annual basis instead of disclosure in Annual Financial Statement of ERRA. For Compliance, proper Fixed Assets Registers are being maintained by different wings of ERRA & same are produced to audit team during certification of ERRA's Accounts from time to time.

The reply is not acceptable as ERRA has to prepare statement of Assets and Liabilities which needs to be disclosed in annual Financial Statement. Besides no consolidated fixed asset registers were produced to audit.

Audit recommends that statement of Assets and Liabilities be prepared since 2007-08 and disclosed in Annual Financial Statements. Besides the matter may be investigated and responsibility may be fixed.

3.2 Non-Production of Record for Asset Management

Para 14 (2) and (3) of AGP Ordinance 2001 states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Further any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management did not provide the record/information pertaining to Special Study on Assets Management besides meetings/ requisitions.

Non-provision of record related to assets (Tangible & Intangible) raised serious doubts. This implies that ERRA is constantly concealing the record / information of assets.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that matter needs to be probed/investigated regarding non-provision and concealment of record pertaining to assets besides fixing responsibility against person at fault.

3.3 Issues related to Taxes

3.3.1 Non-deposit of Income Tax into Government Treasury – Rs 1,703.285 million

Section 160 of Income Tax Ordinance 2001 provides that, any tax that has been collected or purported to be collected or deducted or purported to be deducted or deducted or collected, collected, or purported to be deducted or collected shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed.

Section 161 (b) of Income Tax Ordinance 2001 provides that Where a person having collected tax or deducted tax fails to pay the tax to the Commissioner as required under section 160, the person shall be personally liable to pay the amount of tax to the Commissioner.

The management deducted an amount of Rs 1,703.285 million from different contractors as detailed under:

(Rs in million)	
Name of Entity	Total
SERRA	361.538
Deputy Director Reconstruction, Shangla	1.236
SFD/IDB, Abbottabad	47.632
SFD&KF AJK (OS-27)	133.325
Muzaffarabad City Development Project up to 31.01.2016	723.230
Bagh City Development Project up to 31.01.2016	338.910
Rawalakot City Development Project	97.414
Total	1,703.285

Audit observed that these amounts have not been deposited into Government treasury

Audit is of the opinion that due to non-deposit of income tax:

- i. Revenue of Government of Rs 1,703.285 million has been reduced.
- ii. Liability of the same amount has been generated by ERRA.
- iii. There was misuse of authority.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the case may be referred to tax authorities for further proceeding as per income tax rules. The authority should immediately deposit the deducted amount into treasury.

3.3.2 Non-deduction of Income tax – Rs 41.847 million

Section 161(1)(a) of Income Tax Ordinance 2001 provides where a person fails to collect tax or deduct tax from a payment, the person shall be personally liable to pay the amount of tax to the Commissioner.

- A. The management of ERRA made payments to the tune of Rs 418.228 million for the last four years.

(Rs in million)

S. No.	Audit Report	Para No.	Amount of tax
1	2012-13	3.2.6	11.688
2	2013-14	2.4.8	13.746
3	2014-15	3.2.42	11.761
		Total	37.195

B. EEAP transport paid an amount of Rs 77.537 million to a contractor M/s Shoukat Khan & Co during the year 2014-15 as mobilization advance.

Audit observed that in a number of cases income tax was not deducted/ deposited by different offices.

Audit is of the opinion that non-deduction of income tax was undue favour to the contractors which caused a loss of at least Rs 37.195 million to Government exchequer.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 19.10.2016 & 08.12.2016 stated as regard:

(A) The same para was raised in AR 2012-15 and the management requested to delete the para from special audit.

(B) The income tax was deducted from contractor as per actual work done and subsequently deposited into Govt. Treasury of income tax, AJK through cross cheque. The actual work done on both the packages was Rs 594.317 million and an amount of Rs 35.659 million was due as income tax against this Rs 35.906 million was deducted. Income Tax on both packages was calculated on actual work done amount as per standard procedure of Income Tax Ordinance 2001 which is correct and legitimate. However, any shortfall in deductions will be recovered from final bill of NCB-4A which is in process.

The reply of management in the first case is not tenable as the matter is still outstanding because no remedial action has been taken by the management so far.

The reply of the department in second case is also not acceptable as the department did not deduct the income tax on mobilization advance which was required to be deducted at the time of payment.

Audit recommends that recovery of income tax amounting to Rs 41.847 million (37.195+4.652) may be made immediately and deposited into Government Treasury under intimation to Audit. Further, a review of all payments should be made by internal audit ERRA to ensure that all due taxes have been deducted. Besides, disciplinary action may be taken against person (s) responsible for non-deduction of income tax.

3.4 Issues related to Consultancy

In order to carry out the reconstruction and rehabilitation of the areas affected by the earthquake, ERRA decided to engage the Consultants to provide engineering and consultancy services for civil work projects in earthquake affected areas of AJK & KP. To support the reconstruction activities of ERRA, initially a general consultancy contract was made by ERRA with the National Engineering Services Pakistan (NESPAK). In addition to NESPAK, ERRA also hired the services of other consultancy firms for specialized projects i.e. M/s The Architect, M/s ECIL, M/s ACE Arts, M/s Engineering Associates, M/s SAMPAK, M/s PEPAC etc. to provide consultancy services in different projects of transport, power, health and education sectors.

3.4.1 Irregular award and extension of consultancy contract to M/s NESPAK on single source basis and payment of Rs 3,380.985 million

Rule 2 (f) of PPRA 2004 states that “corrupt and fraudulent practices” includes the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty.

A contract for Consultancy Services was signed on the 26.04.2006 between ERRA and M/s NESPAK for providing General Consultancy Services to ERRA for Reconstruction and Rehabilitation of Earthquake Affected Areas.

Audit observed that:

- i. Transparency International raised allegations on the award of Consultancy Contract by ERRA to NESPAK in violation of Public Procurement Rule 2004. The allegation was accepted by ERRA, by saying that M/s NESPAK was awarded the Consultancy Contract for the Reconstruction works under the provision of Emergency in the PPR 2004. Secondly it was stated by ERRA vide its letter No. 1(1)/2006/Proc-1/ERRA (NESPAK) dated 10.09.2009 that this is a Time based Contract for a specific time period which is up-to April 2011.
- ii. The contract remained extending through modifications in the terms and conditions of contract and signing amendments No. 1, 2, 3 & 4 on 09.05.2008, 14.05.2009, 18.03.2011 and 01.07.2011 respectively. The contract price for the services under amendment No. 4 is Rs 2,212.5 million and its expiry date was extended for another 36 months from its effective date.
- iii. In addition to General Consultancy contract NESPAK was also awarded consultancy contract for construction 309 middle schools of EEAP education as

well as Kuwait Funded Colleges AJK on single source basis. ERRA paid an amount of Rs 3,380.985 million to NESPAK on account of Consultancy charges upto 31st December 2015.

Audit holds that the award of contract and its further extension has not only negated the ERRA version that contract awarded to NESPAK on single source basis is time based but also deprived the Government exchequer of benefits of open competition.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 19.10.2016 stated that the same para was raised in Special Consultancy Audit report for the year 2013-14 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management so far.

Audit recommended that an independent inquiry may be held with a view to fix responsibility on the person(s) at fault for depriving the ERRA of the benefits of free and open competition.

3.4.2 Sub-letting of projects by the contractors

Section 5 of ERRA Act 2011 provides that ERRA may perform the function and will take steps for monitoring and evaluation of the approved projects, programs and schemes.

FIDIC/PEC bidding documents provides that the contractor shall not sub-contract or assign whole or any part of works to any contractor without prior approval. Further The Engineer shall obtain the specific approval of the Employer before consenting to the sub-letting of any part of the whole work.

A contract for Consultancy Services was signed on the 26.04.2006 between ERRA and M/s NESPAK for providing General Consultancy Services to ERRA for Reconstruction and Rehabilitation of Earthquake Affected Areas.

Audit observed that NESPAK in its progress report for the months of October 2014 to September 2015 it was found that NESPAK has repeatedly pointed out that “Although NESPAK has no official documentation available regarding sub-letting of works, but it is a known fact which has affected the progress. Even in case of Urban Development works in AJK, the Chinese Contractors have unofficially sublet the projects to local parties who have no understanding of working on projects with Design Build Concept”.

Audit holds that this state of affairs depicts that despite ERRA having a large number of field staff in M&E wing and NESPAK at their disposal, could not ensure compliance regarding the sub-letting of works.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit is of the view that sub-letting of work negates the philosophy of ERRA to award the contract to high profile contractors having expertise in delivering quality services. This further entails that the primary contractor engaged himself in commission business rather than actual job assigned to him and deprived the Government from achieving the desired progress in terms of cost and quality.

Audit recommends the matter may be investigated and the responsibility may be fixed on the person (s) responsible.

3.4.3 Overpayment due to incorrect measurement by NESPAK - Rs 2.732million

Para 209(d) of CPWA code provides that it is mandatory upon the person taking the measurement to record the quantities clearly and accurately. The measurement taken in connection with a running contract on which work has been previously measured, he is further responsible for reference to the last set of measurement.

Amendment-4 to the consultancy contract dated 11.07.2011 between ERRA and NESPAK provides that the following rates were agreed for payment to the consultant (NESPAK) for the supervision / design vetting:

S. No.	Projects	Rates of payment of project cost
1	GoP/GDSP	4.5%
2	Kuwait Funded Colleges	4.5%
3	Design and price negotiation services	2%
4	Design vetting for city development works	1.5%
5	Design vetting for sponsors/ donors/ outsource consultants	0.75%

NESPAK measured / verified quantities of civil works against different items on the basis of which an amount of Rs 60.706 million was paid to the contractors.

Similarly, an amount of Rs 2.732 million was overpaid to NESPAK which resulted due to excess measurement of works. The detail is given below:

(Rs in million)				
Entity/ Project	PDP No.	Amount paid to contractors	Amount paid to NESPAK	Total overpaid amount
MCDP (2013-14)	607	4.786	0.215	5.001
MCDP (2013-14)	609	5.209	0.234	5.443
MCDP (2013-14)	614	24.362	1.096	25.458
NHA (2014-15)	665	2.249	0.101	2.350
XEN, PWD Buildings, Neelum (2014-15)	679	1.079	0.049	1.128
XEN, PWD Buildings, Bagh (2014-15)	719	0.239	0.011	0.250
MCDP (2014-15)	784	9.933	0.447	10.380
MCDP (2014-15)	786	10.735	0.483	11.218
SFD&KF 2014-15)	727	2.114	0.095	2.209
		60.706	2.732	63.438

Audit observed that the measured / verified quantities were later on reduced / deducted in subsequent IPCs of the contractor. Recording negative quantities in the measurement sheets revealed that initially certain quantities were recorded in the measurement sheets on hypothetical basis instead of actual measurements. This hypothetic measurement recording mechanism led to payment of Rs 63.438 million (Rs 60.706 to the contractors + Rs 2.732 to NESPAK).

Audit further observed that this hypothetic measurement recording mechanism led to overpayments both to Contractor as well as, NESPAK. The overpayment made to contractor was adjusted in the subsequent IPCs, where actual measurements were recorded. However, the overpayments made to NESPAK on the basis of hypothetical measurement recorded in earlier IPCs were not shown as adjusted in future payments of consultancy charges.

Audit is of the opinion that Audit could not verify the adjustment of consultancy charges on account of actual reduced claims paid subsequently.

Audit is also of the opinion that this is a common practice which is against the contract clauses and measurement procedures and it is evident that the measurements recorded in the measurement sheets are not trustworthy ab-initio.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends matter may be investigated to determine the financial impact of undue benefit given to the contractors and consultant besides exploring the aspects how payments were regulated through such a vague measurement record and responsibility be fixed against persons at fault.

3.4.4 Irregular payment of consultancy contracts without PC-I - Rs 3,533.074 million

Section 4.25, 4.26 and 4.27 of Manual for development projects of Planning Commission Minor Schemes provides that irrespective of sector, estimated to cost up to Rs 1.00 million should be prepared on the proforma contained in Annexure-II. Preparation of the project on the PC-I proforma is the pivotal phase of the project cycle. The maxim 'well begun is half done' is most appropriate for completing this phase. The Sponsoring Agency should be given or give itself adequate time to prepare a project. The time taken in the examination of a project would be in inverse proportion to the time taken in its preparation. Thanks to the effort, the project would in fact lend itself to smoother and speedier implementation. A hurriedly prepared project, on the contrary, would run a difficult course throughout the project period and be afflicted with time and cost overrun and may ultimately prove to be counter-productive. The PC-I should be supported with a feasibility study, survey and investigation and market survey report etc.

General consultancy contract was awarded to M/s NESPAK for the design work and supervision of ERRA projects. The management incurred expenditure of Rs 3,533.074 million

Audit observed that expenditure of Rs 3,533.074 million without any approved PC-1.

Audit holds that in contravention of the guidelines of planning commission, the award and execution of contracts and incurrence of expenditure is irregular.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 19.10.2016 stated that the same para was raised in Special Consultancy Audit report for the year 2013-14 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management so far.

Audit recommends that the matter may be investigated and responsibility may be fixed on the person(s) responsible.

3.4.5 Irregular payment to Consultant without completion of work Rs 74.846 million and overpayment of Rs. 25.820 million

ERRA made a contract for Engineering Consultancy Services for University of AJ&K and Government Girls Postgraduate College, Muzaffarabad (Saudi Fund) with Architects M/s Habib Fida Ali, Mushtaq and Bilal Karachi. The total price of the contract was 2.70% of the financial construction cost of project (50% for planning and designing & 50% for construction supervision). The cost of contract was calculated as Rs 85.142 million based on the estimated cost of the project i.e. Rs 42.571 million for planning and design and Rs 42.571 million for construction supervision. The contract award cost was tentative and was to be worked out and revised on final completion of the project.

The contract cost of projects was worked out as Rs 5,744.157 million accordingly consultancy contract cost was revised to Rs 155.092 million (2.7% of total cost).

The details are as under:

(Rs in million)

Consultant	Scheme	Invoice No.	Actual payment made for planning and design	Payment to be made	Excess amount
M/s The Architect	AJK University, Cahttar Class Campus Government Girls Postgraduate College, Muzaffarabad	1,2,3,4 & 1,2,3 528	42,571,460 25,820,059	42,571,460 -	- 25,820,059
Total			68,391,519	42,571,460	25,820,059

Audit observed that:

- i. The revision of consultancy cost was done at initial stage, whereas; the same was to be revised at the time of completion. The consultant did not provide the construction drawings of waste water treatment plant, water treatment plant/ sedimentation tank and landscaping. Construction drawing of Kashmir Studies provided by the Designer was

- not workable. Whereas; the Construction Drawings of workshop, overhead water tank, auditorium, Law Department, Hostel entrance steps and ramp, main entrance gate, ring road, parking area, storm water drain, external sewerage, external electrical & Telephone system, boundary wall and electrical/ plumbing related to building needs either revision or were without details.
- ii. The Chief Engineer PMIU for SFD&KF approached the consultant's Central Design Office Muzaffarabad vide letter No. SFD&KF/CE/2708-15/2015 dated 01.04.2015 for resolving design issues of university
 - iii. The Central Design Office Muzaffarabad vide letter No. CE/CDO/1030-36/2015 dated 09.04.2015 demanded initially an additional cost of Rs 1.500 million to remove the above defects in the designs.

Audit is of the opinion that:

- i. The additional payment of Rs 25.280 million was irregular.
- ii. The payment was made to consultant without completion of work.
- iii. ERRA had to bear additional financial burden due to negligence of consultant.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 19.10.2016 stated that the same para was raised in Special Consultancy Audit report for the year 2013-14 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter may be inquired and responsibility may be fixed for irregular revision of contract cost at the start of the project besides overpaid amount made to consultant as well payment made to the Central Design Office, AJK may also be recovered.

3.5 Contract Management

3.5.1 Infructuous expenditure on fabrication of girders - Rs 5.646 million

GFR-10 states that every public servant is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure from his own money.

The management paid an amount of Rs 5.646 million to the M/s Mumtaz Construction Co. on account of manufacturing of 8 Nos., 32 meters' span girders for bridge on Nallah Jinger, Access Road vide IPC No. 48.

Audit observed that subsequently the design of bridge was changed and span of the bridge was reduced from 32m to 16m. So, the already manufactured girders worth Rs 5.646 million became surplus/ useless.

Audit is of the opinion that unplanned/ ill-planned manufacturing of girders resulted into wasteful expenditure of Rs 5.646 million.

The matter was pointed out to management on 22.07.2016.

The management in its reply dated 19.10.2016 stated that the same para was raised in AR 2014-15 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management so far.

Audit recommends that the matter be investigated to fix the individual responsibility and make good the loss from the defaulter(s).

3.5.2 Non-Renewal of Performance Securities - Rs 294.951 million

Clause-10.1 and 10.2 of General Conditions of Contract states that the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate.

The management of ERRA did not to obtain valid performance securities from the contractors.

Audit observed that performance securities of the contracts as detailed in Annexure-E were expired and required to be renewed. The performance securities were neither renewed by the contractors nor encashed by the respective departments.

Audit holds that non-renewal of performance securities was undue favour to contractor and violation of contract agreement.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends action may be taken against the responsible for non-renewal of performance securities in-time or taking action for encashment under intimation to Audit.

3.5.3 Payment in-spite of expired guarantees - Rs 41.768 million

Clause-10.1 and 10.2 of General Conditions of Contract states that the contractor shall provide the employer a performance security within 28 days after the receipt of letter of acceptance. The security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract or till the issuance of defects liability certificate.

The management made payments amounting to Rs 41.768 million to different contractors during 2014-15.

Audit observed that performance securities as mentioned in Annexure-F had expired.

Audit holds that payment to contractors without obtaining renewed performance securities was irregular and undue favour to the contractors was extended.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the practice may be stopped forthwith besides matter may also be inquired and fix responsibility against person at fault for making payment to contractors without obtaining renewed performance securities.

3.5.4 Wasteful expenditure on earthwork due to termination of contracts – Rs 55.647 million

Para 10 (ii) of GFR Vol-I provides that the expenditure should not be prima facie more than the occasion demands. Further, Para 11 of GFR Vol-I states that each head of the department is responsible for enforcing financial order and strict economy at every step.

According to ERRRA Transport Strategy, Sr. No. 2.6.1.1, “the road network and allied structures in the earthquake affected areas will be built-back-better and upgraded to ensure improved and unhindered communication”.

Deputy Director Reconstruction (PERRA) Mansehra terminated six contracts of roads during January 2014 in addition three other contracts were recommended for termination due to stoppage of work/ poor performance of contractors. An amount of Rs 55.647 million was paid to contractors on account of excavation of maximum earthwork against BOQ.

The details as under:

S. No.	Name of Road	Name of contractor	Contract Cost	(Rs in million)	
				Earthwork	
				BOQ Amount	Amount Paid
1	Jareed Bazar to Nakkian Road	Raja Naik Muhammad & Co.	37.719	6.60	4.578
2	Kaith Serash Dandar Road	M/s Kala Dhaka Const: Co.	21.151	7.71	6.523
3	Palm GaliKhabbal Road 2.5Km	M/s Pakhal Construction	10.065	4.46	4.369
4	Paras to Suan Road 8 Km	M/s Wali Muhammad & Co.	50.165	6.600	1.745
5	Garhi Habibullah Buraj Road 3 Km	M/s Babar & Co.	21.305	13.96	12.860
6	Mangli Mittikot Road (6 Km)	M/s Haroon & Brothers	31.366	12.75	8.115
7	Galli Gada Road (4 Km)	M/s Mubarrak Rehman & Co.	26.055	8.872	6.24
8	Afzalabad Chiria Raod 4 Km	M/s Babar & Co.	26.694	6.963	4.320
9	Chattar Balimang Road 5 Km	M/s Haroon & Co.	30.991	8.179	6.897
Total					55.647

Audit observed that the earthwork was executed on pick and choose basis in isolation by setting aside the work schedule.

Audit is of the view that due to execution of earthwork alone, the interest of state was compromised as earthwork executed could only be protected with other allied components like sub-base, base and asphalt.

Audit holds that the entire payment on account of earthwork was wasteful, as these roads were planned for carpeting and non-execution of such work caused loss to Government exchequer.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the matter may be investigated to fix responsibility on the person(s) at fault and recovery be effected under intimation to audit.

3.5.5 Loss due to termination of contract without forfeiture of performance guarantee and re-award without risk and cost of defaulting contractor - Rs 4.234 million

Clause 49.4 of General conditions of the Contract states that in case of default on the part of contractor, the employer shall be entitled to employ and pay other persons to carry out the work which was liable to do by contractor at his own and then all cost shall be recovered from the contractor.

Deputy Director Reconstruction (PERRA) Mansehra terminated the contract of M/s Mian Arifullah Jan & Co for construction of GMS Gul Dheri (KFW-83) vide letter 2083/5-M dated 6th August 2013 due to stoppage of work by contractor. The contract was awarded for bid cost of Rs 14.490 million during March 2010 and Rs 8.580 million were paid to the contractor against 65% physical progress.

Audit observed that:

The performance guarantee for Rs 1.449 million was not forfeited.

The scheme was retendered for balance work and was awarded to M/s Ghulam Sadiq, Government contractor for Rs 8.704 million on 15th April 2014

The details are under:

(Rs in million)

Original contract cost	Work done on termination	Balance work left by defaulting contractor	Cost of new contract	Loss due to termination	Amount of Performance Guarantee not forfeited	Total loss
14.490	8.580	5.910	8.700	2.794	1.449	4.243

Audit is of the opinion that the contract was required to be awarded at risk and cost of previous contractor which was not done. Thus Government suffered loss of Rs 4.243 million.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that loss may be recovered from defaulting contractor besides investigation for non-forfeiture of performance guarantee may be carried out under intimation to audit.

3.5.6 Wasteful expenditure due to non-award of terminated contracts – Rs 9.378 million

Clause 63.1 of General Condition of the Contract (GCC) states that the employer may, after giving 14 days' notice to the Contractor, terminate the employment of the Contractor and may himself complete the Works or may employ any other contractor to complete the Works, provided further that in addition to the action taken by the Employer against the Contractor under this Clause, the Employer may also refer the case of default of the contractor to Pakistan Engineering Council (PEC) for punitive action.

The management terminated the contracts due to slow progress of work.

The physical and financial progress of the contract as shown in the progress report of NESPAK is as under:

(Rs in millions)

Formation Name	Package No.	Contractor Name	Data of award of contract	Name of facility	Contract Cost	Expenditure incurred	Termination date	Physical Progress
PWD Bagh	11	M/s Shoukat Khan & Co	27.08.2007		35.719	2.223	21.09.2011	11%
PWD Muzaffarabad	11	M/s Raja Ali Umar	16.05.2009	Adaptive Research Unit Ghari Dupatta	4.891	1.649	05.05.2014	88%
				Agromony Research Farm Ghari Dupatta		0.466		26%
PWD Muzaffarabad	H-8	M/s Raja Jaber & Co.	-	BHU Harijala Kalmanja	23.579	5.040	05.05.2014	35%
						9.378		

Audit observed that the contracts were terminated but the remaining work was not got completed / re-awarded to any other contractor at the risk & cost of the defaulter contractors. Further, the departments also did not refer the case of default of the contractors to Pakistan Engineering Council for punitive action as provided under clause 63.1 of Condition of Contract.

Audit holds that due to non-completion of work, the payments made to the contractors have gone waste and also resulted into loss to the Government exchequer.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the remaining works may be completed / re-awarded at the risk & cost of the defaulter contractors to avoid loss of expenditure already incurred on these projects.

3.5.7 Irregular payment on account of price adjustment – Rs 27.075 million

Para A-2 of Pakistan Engineering Council's standard procedure for price adjustment issued in March 2009 and adopted by ERRA vide letter No. 1(64) / IA / ERRA / EA / Vol-IV / 2009-10 / 592 dated 28th April 2011 provides that, "The price adjustment shall be applicable only for the contracts having contract price exceeding financial limit of PEC Contractors Registration Category C-5 as amended from time to time". The limit of C-5 Category at the time of award of Contracts was Rs 30 million.

The following contracts were awarded to different contractors and payment there against was made for Rs 27.075 million as price adjustment.

The details are as under:

(Rs in million)

S. No.	Name of Department	Package No.	Name of Contractor	Date of Award	Cost of Contract	Price Adjustment Paid
1	XEN Building/ Reconstruction Div, Bagh	H-68	M/s Haider& Co	04.02.2010	29.311	3.648
2	--do--	327	M/s Technocrat	09.03.2010	16.628	0.811
3	XEN PWD Buildings, Mzd	Edu-19	Abbaseen Associates	---	27.246	6.441
4	--do--	67-A	M/s. Raja Saqib Majeed	---	9.656	0.855
5	--do--	Edu-266	M/s. Shoukat Ali Turk	---	8.926	0.904
6	XEN PWD Buildings, Neelum	---	---	---		4.701
7	--do--	109-A	M/s Kh. Ghulam Lasani	26.01.2010	6.404	0.553
8	--do--	109-B	M/s Karamat Ali Gilani	15.01.2010	9.218	1.367
9	--do--	152	M/s Ejaz Qasim	14.02.2011	4.590	0.205
10	--do--	296	M/s Asad Brothers	30.06.2011	7.095	0.677
11	--do--	302-A	M/s Sardar Muhammad Yousaf	23.06.2011	17.439	1.994
12	--do--	82-G	M/s Haji Abdul Qayum	01.07.2010	13.132	0.715
13	--do--	297	M/s Sh. Abdrr Rasheed	01.07.2010	23.527	1.179
14	--do--	314	M/s Sardar Muhammad Yousaf	24.06.2010	18.493	0.687
15	--do--	292	M/s Vertex Business System	30.06.2011	9.448	1.908
16	--do--	34	M/s Oak Leaf	30.06.2010	20.362	0.430
						27.075

Audit observed that the limit of C-5 Category at the time of award of Contract was Rs 30 million.

Audit is of the opinion that the payment of price adjustment was undue as all the contracts were below the prescribed threshold.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the price adjustment not due may be recovered.

3.5.8 Inadmissible payment on account of price adjustment – Rs 478.002 million

Clause 13.8 of Particular Condition of Contract (PCC) Agreement states that the price adjustment shall not be applicable. The conditions also stipulate that PCC shall modify or supplement the General Condition of Contract. Whenever there is a conflict the provisions of PCC shall prevail over those in GCC.

The management the contractor was paid price adjustment.

The details are as under:

(Rs in million)				
S. No.	Contract No.	Project Name	Contractor	Price Adjustment paid
1.	ICB-I	Muzaffrabad- Athmuqam Road	M/s Xinjaing Beixin-Matracon (JV)	428.412
2.	ICB-3	Tain Cross -Dhirkot Road	M/s Frontier Works Organization	49.59
Total				478.002

Audit is of the opinion that price adjustment was paid without provision in contract agreement.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that the amount paid to the contractors beyond contractual obligation be recovered.

3.5.9 Undue payment of retention money - Rs 49.410 million

Clause 48 of the Contract Agreement states that the withheld retention money was payable in two installments 50% on the issuance of Taking over Certificate (TOC) and 50% on the satisfaction completion of maintenance period.

NHA, the executing agency, retained a sum of Rs 49.410 million against contracts of Alpuri-Basham (Lot I to IV) awarded to M/s A&M Company and M/s Muhammad Irshad & Company. Early release was made through Amendment-2 in the Contract Agreement dated 24th November 2011 which *inter alia* provides that retention money may be released subject to the

production of Bank Guarantees for the equivalent amount. Accordingly bank guarantees were obtained prior to making payment of retention money to the contractors.

Audit observed that the said bank guarantees were released without waiting for completion of the project and satisfactory completion of maintenance period.

Audit is of the opinion that undue favor was extended to the contractor.

The matter was pointed out to management on 22.07.2016.

The management stated that the same para was raised in AR 2013-14 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter may be investigated to fix responsibility on the person(s) at fault for releasing retention money or bank guarantees.

3.5.10 Loss due to non-obtaining of comprehensive insurance cover - Rs 16.033 million

Clause 13.1 of General Conditions of Contract (GCC) provides that the contractor shall provide insurance cover from the start date to the end of the defect liability period, for loss or damage to the works, plant, and material, equipment, property in connection with the contract and Personal injury or death.

The management of EEAP (T&C) Muzaffarabad lodged insurance claim Rs 16.033 for damage of the work done by M/s Design & Engineering System (JV). The insurance company refused to honor the claims on the plea that losses occurred during July-August 2010 were not covered under policy.

Audit observed that the contract was already terminated and department had no security in hand for such lapses. The left over work was re-awarded to M/s HAKAS who claimed Rs 6.437 million for reinstatement of existing surface (base/ sub base with base course material) for which Rs 28.464 million were paid to M/s Design & Engineering System (JV).

Audit is of the opinion that the refusal by insurance company regarding claim of Rs 16.033 million resulted into loss to the government regarding damages of works left by M/s Design & Engineering System (JV).

The matter was pointed out to management on 22.07.2016.

The management stated that the same para was raised in AR 2013-14 and requested to delete the para from special audit report.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that responsibility may be fixed against the person (s) at fault. The amount of Rs 16.033 million may be recovered from concerned and deposited into Government

Treasury. The Contractor at fault may also be black listed.

3.5.11 Loss due to non-imposition of liquidated damages – Rs 2,504.100 million

General Conditions of the respective Contracts state that the liquidated damages upto maximum 10% of contract price for delay in completion of work will be imposed.

ERRA and its line departments awarded different works to the various contractors with specific period for completion of work.

Audit observed that the contractors could not complete the work within stipulated period.

Audit is of the opinion that according to relevant clauses of bidding documents/ contract agreements, LD was required to be imposed and recovered from the contractors which were not done.

Audit holds that non-imposition of liquidated damages is undue financial benefit extended to the contractors and resulted loss to Government. The detail of projects pointed out by audit is given at Annexure-G.

The matter was pointed out to management on 22.07.2016.

In the reply dated 19.10.2016 the management stated that the same para was raised in AR 2011-15 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that responsibility may be fixed for non-imposition of liquidated damages and recovery may be made from concerned contractors under intimation to Audit.

3.5.12 Overpayment to the contractor - Rs 15.113 million

The substituted Technical Specifications item No. 701.1 provides that the Contractor shall provide and maintain at his own expense surveying instrument/ equipment as well as survey team to be used for conducting the necessary survey work in connection with checking or establishing line, level, control and quantification of different items of work”.

As per variation orders dated 30.06.2011 of contract NCB-04-A, an amount of Rs 60,000 was provided for 40 No. of pipes at a cost of Rs 1,500 each for item No.SIW-06 “Providing and fixing drainage pipe in bridge deck (150 mm dia G.I pipe) with steel grating”.

The management paid an amount of Rs 14.195 million to the contractor vide pay item No. SP701a and Sp701b in 20th IPC for West Bank Bypass Project, Muzaffarabad (Package-I).

The management paid Rs 1.020 million @ Rs 15,000 per pipe in another case (contract NCB-04-A Lohar Bella Bridge)

Audit observed a under:

- i. The payment made was not covered under the contract as the responsibility for

- the said work was totally shifted to the contractor at his own cost.
- ii. The agreed rate was misinterpreted and Rs Rs15000 instead of Rs 1,500 per pipe was paid (Rs 15,000 – Rs 1,500=Rs 13,500 x 68 No.).

Audit is of the opinion that the contractors were overpaid Rs 15.113million (Rs 14.195 million + Rs 918,000).

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends recovering the entire amount from the contractors concerned.

3.5.13 Loss to state due to sub-standard work – Rs 122.193 million

Clause 201.3.1 of technical specification Vol-IIA of contract agreement provides, where the required thickness of Sub Base is more than 15cm, the aggregate shall be spread and compacted in two or more layer of approximately equal thickness, but in any case the maximum compacted thickness of one layer shall not exceed 15cm. all subsequent layers shall be spread and compacted in a similar manner. As per clause 202.3.1 of technical specification Vol-II A of contract agreement, spreading and compaction of aggregate base course shall conform in all respect to the requirements specified under this heading in Item No. 201 Sub-Base (201.3.1).

XEN Highways Division, Bagh paid an amount of Rs 61.355 million to the contractor vide Bill No. 02 vide IPC No. 16 of “Reconstruction & Rehabilitation of Rawalakot to Harighal via Shujaabad Road - Package-2”.

The details are as under:

(Amount in Rs)					
Item No.	Description	Unit	Quantity	Rate	Amount
201	Granular Sub Base	cu.m	20,173.00	1,525	30,763,825
202	Aggregate Base	cu.m	15,219.55	2,010	30,591,296
Total					61,355,121

Audit observed that the contractor spread and compacted the sub base and base in a single layer of 25 cm and 20 cm thick respectively.

Audit is of the opinion that this was against the technical specifications, whereas the compaction was required to be done in two equal layers of 12.5 cm and 10 cm of each layer respectively. This would lead to erosion of all layers in a short period requiring re-work before the life of the project is complete.

Audit holds that due to non-observance of technical specifications, the contractor executed sub-standard work which is total wastage of financial resources of Rs 122.193 million (Rs 61,355,121 + Rs 60,838,094 for Prime Coat & Wearing Course).

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that a third party inquiry may be conducted to probe the matter fix the responsibility on the person(s) at fault for execution of sub-standard work and making the payment in contravention to laid down specifications.

3.5.14 Irregular purchase/execution of work – Rs 17.476 million

Clause 52.1 of the PCC provides that if the contract does not contain any rates or prices applicable to the extra or additional work, then suitable rates or prices applicable, based so far as may be reasonable on the contract rate and prices, shall be agreed, after due consultation with the employer, by the Engineer with the Contractor. Failing such agreement, the Engineer shall fix such rates and prices as are, in his opinion, appropriate.

Rule 12(1) of PPRA, 2004 states that if the value of goods/ services exceeds Rs 100,000; open bidding system may be adopted.

SFD&KF, Muzaffarabad awarded a contract for Package No. 2 to M/s Kingcrete Builders (Pvt.) Ltd. on 3rd March 2010 at a total cost of Rs 199.973 million. The date for completion of contract was 15th May 2011.

A Variation Order No. 1 amounting to Rs 17.476 million was approved on 8th April 2013.

Audit observed as under:

- i. The variation order was not based on material/ labour standards and the provisions for indirect cost.
- ii. Market rates of the same were not ascertained by obtaining the competitive quotations. The Engineer did not consult the Employer while approving the rates.
- iii. Most of the items were included in the drawings but were not included in the BOQ.

Audit holds that this act of management was against the contractual obligations, which implies that the consultant, while making the BOQ, deliberately omitted the items from the BOQ to benefit the contractor.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that matter may be investigated through an independent inquiry committee to ascertain how such a huge quantum of work was kept outside the bidding process, determine the competitiveness of the rates allowed, work out the differential cost impact and make good the same from the defaulter(s).

3.5.15 Unjustified expenditure on enhancement of road work under the guise of damages due to rain – Rs 41.774 million

GFR-10 states that every public servant is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in

respect of expenditure from his own money.

Section 6(e) of Earthquake Reconstruction and Rehabilitation Authority Act, 2011 provides that the Authority may approve individual projects, programs and schemes, within the scope of the approved umbrella program.

The contract cost of Pather Gali via Riali Road was enhanced to Rs 65.544 million from Rs 24.300 million upon recommendation of Deputy Director Reconstruction Abbottabad vide Chief Engineer (EQAA) Abbottabad letter No. 1478/14-A dated 15th May 2013.

Deputy Director Reconstruction Abbottabad awarded a contract for reconstruction of Pather Gali via Riali Road to M/s Zahir Shah & Bros on 25th November 2008 at cost of Rs 24.300 million. Work was commenced on 5th January 2009 and was required to be completed up to 4th January 2011. An amount of Rs 67.774 million was paid up to 30th June 2014 for reconstruction of said Road (8 Km) but the contractor could not complete the work in stipulated time.

Audit observed as under:

- i. The contractor could only manage to execute work of Rs 18.580 million (physical progress 55 %) till original date of completion i.e. 4th January 2011.
- ii. Extension for one year was granted till 17th May 2012 without observing contract clause 44 which inter-alia demands that it should be on specific grounds.
- iii. The contract cost was enhanced from Rs 24.300 million to Rs 65.546 million on 29th April 2013 as the consultant M/s NESPAK re-appropriated the BOQ of the road for damages caused by heavy rains.

Audit holds that the management re-appropriated the project cost by regrouping the variations. Prima facie it was a case of enhancement of scope of work in three fold approx. It is incomprehensible that damage work/ cost can never exceed from the original work/cost. But in the instant case, the damage work merely due to rain cause has been enhanced from Rs 24.300 million to Rs 65.546 million which is not understood.

Audit is of the opinion that this resulted into unjustified expenditure of Rs 41.774 million (Rs 67,773,847 – Rs 24,300,000). No detail of damages caused by rains was provided.

The matter was pointed out to management on 22.07.2016.

No reply of the management was received.

Audit recommends that unjustified expenditure due to enhancement of contract may be got investigated to fix responsibility on the person(s) at fault besides effecting recovery.

3.5.16 Unjustified payment due to irregular appointment of adjudicator / arbitrators - Rs 67.357 million

Clause 23.1 of contract agreement (NCB-4) states that the appointing authority for adjudicator shall be Chairman of Pakistan Engineering Council (PEC). The Adjudicator shall be appointed at the time of issuance of letter of acceptance.

Clause 24.1 states that if the contractor believes that the decision of Project Manager was wrongly taken should be referred to the Adjudicator within 14 days of notification of decision who shall give a decision within 28 days.

Clause 24.3 states that either party may refer decision of Adjudicator to an Arbitrator within 28 days of the Adjudicator decision.

Clause 24.4 states that any dispute between employer and contractor shall be referred to the Arbitrator in accordance with laws of employer country.

The management paid an amount of Rs 67.357 million to the contractor in consequence of Arbitrators' decision as detailed below:

Award# 1 Revised rate for "Random stone masonry with mortar is Rs 3,896 per Cu.m by Mr. Abdul Majid Khan resulted into overpayment of Rs 5.105 million (Annexure-H).

Award # 2 Engineer Syed Muhammad Khalid issued on 04.07.2015 as under:

- i. Payment of LD imposed by the consultant/employer Rs 27.537 million
- ii. Payment of claim for Rs 34.715 million to contractor

Audit observed that Arbitrator/adjudicator was appointed by ERRA instead of PEC and the process for dispute resolution as prescribed in contract clauses was also not observed.

Audit is of the opinion that undue favour was extended to the contractor.

The matter was pointed out to audit on 22.07.2016.

The management in its reply dated 08.12.2016 stated that:-

- i. In case of award No.1, Mr. Abdul Majid Khan was appointed as arbitrator by Hon'able High Court Mzd with consent of both parties. The arbitrator heard both the parties in six claims and issued award dated Nov. 14, 2012.
- ii. The clause No. ii & iii of claim No. 1 of contractor were rejected by the arbitrator except clause (i) interest on delay payment under contractor clause GCC 40.1 if applicable.
- iii. The arbitrator rejected claim No. 2, 4, 5, 6 of the contractor Rs 101.703 million except claim No. 03 enhancement in rate of stone masonry Rs 496 per cum given in favor of contractor.
- iv. The relevant copies of award along with the decision of court is attached.

- v. The case pertaining to award No. 02 of Rs 34.715 million is subjudice before Additional Distt. Judge Mzd for making rule of court.
- vi. In case of award No. 1, the employer got save Govt. money of Rs 101.703 million and the case of award No. 2 is subjudice in the court which would be decided to further proceed on the decision of the court.

The reply was not accepted as the documentary evidence in support of reply were not furnished to audit.

Audit recommends that the case is fit to be probed by a third party with a view to unearthing reasons for providing such benefit to contractor and initiating appropriate action against person for non-observance of contract procedure while recovering payment of Rs 67.357 million (Rs 27.537 million + Rs 34.715 million + Rs 5.105 million).

3.5.17 Excess payment on account of provisional sum in contract– Rs 28.80 million

Clause 36.1 of Introduction to Bidding (ITB) provides that during evaluation of price bids, the employer shall correct arithmetical errors on the following basis:

- a) where there are errors between the total of the amounts given under the column for the price breakdown and the amount given under the total price, the former shall prevail and the latter will be corrected accordingly;
- b) where there are errors between the total of the amounts of schedule Nos.01 to 04 and the amount given in schedule No.5 (Grand Summary) the former shall prevail and the latter will be corrected accordingly; and
- (c) if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to mathematical error, in which case the amount in figures shall prevail subject to a and b above.

The bidding documents as well as contract agreement provides that the amount of provisional sum was Rs 3.2 million.

M/s Winthrop Meridian quoted their bid price Rs 553.563 million including provisional sum (i.e. Rs 550.363 million bid value + Rs 3.20 million as provisional sum) for construction of schools.

Audit observed that while preparing the bid evaluation report the employer took the provisional sum as Rs 32.00 million instead of Rs 3.2 million.

Audit is of the opinion that the employer has increased the rate of provisional sum by Rs 28.80 million (Rs 32.00 million – Rs 3.2 million) claiming it as arithmetical.

Audit holds that increase in quoted contract cost / provisional sum without assigning any reason is unjustified.

The matter was pointed out to management on 22.07.2016.

The management stated that the same para was raised in EEAP project audit report for the year 2012-13 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that matter may be investigated through an independent inquiry committee to fix the responsibility on person(s) at fault.

3.6 Procurement

3.6.1 Irregular/ un-authorized purchase of Daewoo bus - Rs 6.625 million

Finance Division O.M. No: F.7 (2) Exp. IV/2011 dated 17th August 2011 states that, “there will be a ban on purchase of physical assets including all types of vehicles. Ban on purchase of vehicles will also be applicable to development expenditure.”

The austerity measures notified vide O.M. dated 17th August 2011 were continued for the financial year 2012-13 vide cabinet meeting held on 1st June, 2012.

ERRA paid an amount of Rs 6.625 million to M/s Daewoo Pak Motors (Pvt.) Ltd., Karachi for the procurement of Daewoo Bus (62+1seats) vide cheque No.7183571 dated 21st June 2013 out of the PC-I Capacity Building (Institutional Strengthening).

Audit observe that the purchase of bus despite ban on the purchase of vehicles was a violation of the Government instructions.

Audit is of the view that the non-adherence of Government instructions resulted into irregular expenditure.

The matter was pointed out to management on 22.07.2016.

The management stated that the same para was raised in AR 2013-14 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter may be got regularized from competent forum.

3.7 Misappropriation of trees

3.7.1 Non-deposit of sale proceeds of trees into Government treasury

Para-26 of Accounting Procedure of ERRA states that the receipts, if any, generated by the Authority shall be the receipts of the Government and shall be deposited in the Government Treasury.

GFR-10 states that every public servant is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of expenditure from his own money.

ERRA paid an amount of Rs 52.815 million on account of cutting of trees from different projects as detailed at Annexure-I.

Audit observed that the sale proceeds of trees were required to be deposited into Government treasury. Audit has observed in the 32 quoted instances, at annexure, not once were sale proceeds of these trees brought on record or any record

Audit is of the opinion that the sale proceeds of trees were not deposited into Government treasury and the chances of misappropriation of the timber obtained cannot be ruled out.

The matter was pointed out to management on 22.07.2016.

The management stated that the same para was raised in AR 2009-14 and requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management as no record of deposit of sale proceeds into the government treasury was made available.

Audit recommends that the matter may be investigated and sale proceeds of trees be deposited into government treasury.

Chapter4- Performance of Key Sectors:

4.1 Transport Sector

The objectives of ERRA transport strategy is to rehabilitate & reconstruct all roads & structures damaged or destroyed due to the Earthquake, to upgrade the roads & structures to higher standards if the investment is economically feasible and to restore/strengthen the capacity of relevant government departments, agencies & institutions by providing them staff, equipment and training for smooth execution of projects

Budget Estimates

The total tentative budget required for the rehabilitation and reconstruction of transport sector affected areas had been estimated as Rs 27,483.14 million.

Achievement and Targets

Earthquake Reconstruction and Rehabilitation Auditory (ERRA) launched 232 projects in transport and communication sector for the purpose of reconstruction and rehabilitation of road and bridges in AJ&K and KP.

The transport and communication projects were required to be executed and completed mainly through three funding sources i.e. Government of Pakistan (GOP), Donors and Sponsors as detailed below:

	Total Projects	Completed	%age	Under construction	%age	Tendering & Designing stage	%age
GOP	43	23	54	19	44	1	2
Donors	136	101	74	32	24	3	2
Sponsors	53	53	100	0	-	0	-
Grand Total	232	177	76	51	22	4	2

Source: ERRA Reconstructing Monitor (ERM), Accessed on 22.02.2016

The above table indicates that the progress of Donor's completed projects is 74% and the progress of Sponsor's completed projects is 100% whereas the progress of GOP funded projects is only 54%. The status of the GOP funded projects is very alarming that even after ten years the progress is only 54%.

4.1.1 Audit Paras

4.1.1.1 Payment of Rs 992.372 million in excess of approved PC-Is and Splitting of PC-I amounting to Rs 2,077.571 million

Para 14(2) of ERRA Operation Manual provides that the board may approve a project costing upto 500 million. If the cost of the project is more than Rs 500 million the Board may recommend it to ECNEC for approval.

The PAC vide letter No.F.10(1)/2015-PAC has conveyed their serious reservation regarding splitting of work to bring it under the financial powers of lower approving authority and

has directed that such practice will be dealt with severely and officers involved will be held responsible by the PAC.

EEAP AJK divided the work of construction of Muzaffarabad-Atmuqam 76 Km road into five PC-Is. The cost of the PC-Is was Rs 2,077.571 million and got approved from State Steering Committee / ERRA Board vide notifications dated 23.03.2008 and 05.04.2008. The work was advertised for International Competitive Bidding as a single contract and was awarded to M/s Xinjaing Beixin-Matracon (JV) for a cost of Rs 2,054 million.

The detail of PC-Is is as under:

(Rs. In million)

S. No.	PC-I	Cost
1.	Rehabilitation and Reconstruction of Muzaffarabad–Athmuqam Road in AJK Km 00+00 to Km15+00 (15Km)	420.496
2.	Rehabilitation and Reconstruction of Muzaffarabad–Athmuqam Road in AJK Km 15+00 to Km24+00 (9Km)	245.968
3.	Rehabilitation and Reconstruction of Muzaffarabad–Athmuqam Road in AJK Km 24+00 to Km36+00 (12Km)	322.195
4.	Rehabilitation and Reconstruction of Muzaffarabad–Athmuqam Road in AJK Km 36+00 to Km45+00 (9Km)	337.448
5.	Rehabilitation and Reconstruction of Muzaffarabad–Athmuqam Road in AJK Km 45+00 to Km76.606 +00 (31.606Km)	498.130
6.	Construction of bridges Muzaffarabad-athmuqam road Package-Lot 1:	120.307
7.	Construction of bridges Muzaffarabad-athmuqam road Package-Lot 2:	133.027
	Total	2077.571

Audit observed as under:

- i. An amount of Rs 3,069.943 million was paid to the contractor upto Closing Payment Certificate (CPC) against the approved PC-Is of Rs 2,077.571 million.
- ii. The work was split into small portion to avoid the approval of higher authorities.
- iii. The work was advertised and awarded as a single contract.

Audit is of the opinion that this resulted into payment of Rs 992.372 million over and above the approved cost. The amount is 47% above the approved PC-I and the approval of ECNEC was avoided by splitting the Work.

The matter was pointed out to management on 22.7.2016.

The management stated that the same para was raised in AR 2012-13 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the approval of ECNEC be obtained besides fixing the responsibility.

4.1.1.2 Payment on account of substandard work – Rs 25.760 million

Clause 4.1 of the contract agreement provides that the contractor shall execute and complete the works in accordance with the contract and with the engineer's instructions and shall remedy any defects in the works.

An amount of Rs25.760 million was paid to M/s Xinjiang Beixin Matracon (JV) for a quantity of 5,284.416 Cu.m @ Rs4,874.80/Cu.m for item No. V-6A (Plum Concrete).

Audit observed that the contractor used 40% stone instead of 30% in plum concrete as provided in the contract.

Audit is of the opinion that due to use of excess stone than the specified ratio, the management allowed payment of de-valued rate due to poor quality of work for 70% (Rs 4,874.80 per Cu.m) of the agreed rate instead of 100% rate (Rs 6,964 per Cu.m).

Audit is also of the opinion that the employer (EEAP) has accepted a substandard work by reducing the rates to 70% and the consultant has also not properly supervised the work at site, in doing so they have exposed the structure to risk of collapse and endangered the lives and property of the commuters.

The matter was pointed out to management on 22.7.2016.

The management stated that the same para was raised in AR 2012-13 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit therefore recommends that the matter needs to be probed into and quality may be ensured instead of compromising on substandard work.

A sample of projects was selected for scrutiny during special audit. The observations raised by audit are placed below. These projects included the following:

- NCB-04 & NCB-04A Construction of 05 Bridges in District Bagh AJK
- Kund Banna Road District Battagram

4.1.2 NCB-04 & NCB-04A Construction of 05 Bridges in District Bagh AJK

The project contains the Reconstruction of five major bridges on various roads of Bagh District which were completely damaged by the earthquake 2005. The bridges are to be reconstructed in reinforced cement concrete supported on concrete piles. Chief Engineer EEAP awarded the contract for rehabilitation & reconstruction of five bridges in District Bagh, AJ&K to M/s Shaukat Khan & Co. (NCB-4 & 4A) on 15.08.2008 at a cost of Rs 560.496 million (Rs 269.769 million + 290.727 million) against a PC-I cost of Rs 346.421 million. The contract was to be completed within 12 months (14.08.2009). The PC-I was revised to Rs 497.00 million with the approval of ERRA Board on 30.12.2010.

4.1.2.1 Wasteful expenditure due to defective work - Rs 147.830 million

Clause 31.1 & 33.2 of contract agreement (NCB-4A) states that the Project Manager (PM) shall check the contractor's work and notify the contractor of any defects that are found and every time notice of a defect is given, the contractor shall correct the notified defect within the length of time specified by the Project Manager's notice.

Para 02 & 04 of TORs to Consultancy Agreement of M/s ECIL stipulates that the consultant will prepare a detailed implementation schedule covering all stages of implementation process of each component from field survey and investigations to acceptance of finished work. In addition, the consultants will be responsible to serve as "The Engineer" within the provisions of the conditions of the construction contracts, and to provide day to day contract administration, construction supervision, and quality assurance. The consultant will be responsible for supervising all construction works. As "The Engineer" the consultant will administer the construction contracts and ensure that the contractual clauses for both quality and quantity of work are observed and the works are constructed in accordance with provisions of the construction contracts.

The management of EEAP paid an amount of Rs 147.830 Million on account of construction of Lohar Bella Bridge.

Audit observed as under:

- i. The Deputy Director General / Chief Engineer EEAP reported to the Chief Resident Engineer (EEAP) and to the contractor vide letter dated 09.12.2014 that the abutments and piles of the bridge have severely been damaged and concrete of the piles has been disintegrated and washed out after the flood. Resultantly, the bridge posed a high risk to the traffic.

- ii. Due to severe damages of abutments and piles of bridge the whole expenditure of Rs 147.830 million has been wasted.
- iii. The concrete mix ratio was compromised which was an apparent cause of these damages.

Audit is of the opinion that defective material was used and the exchequer was put to loss.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that the repair work was got rectified by the contractor as per design provided by consultant M/S ECIL for repair work of piles and thereafter a committee was constituted by employer on the request of CRE EEAP AJK for joint inspection of site. The committee visited the site on 24.06.2015 and furnished his report for further necessary action. The (Defect Liability Period) DLP certificate was issued by CRE under contract clause 54.1 for the completion of defective work. The defect liability certificate is issued to contractor after rectification and completion of defective works under contract clause 52.1 & 54.1.

The reply is not acceptable as the severe damages to abutments and piles of the bridge have resulted into compromised quality of construction of bridge and danger to the community utilizing the bridge. Further no documentary evidence in support of reply is provided

Audit recommends that a detailed third party inquiry be conducted for fixing responsibility and make good the loss caused to state.

4.1.2.2 Irregular award of new work through variation order - Rs 99.566 million

Para 11(3) (b) of ERRA Operational Manual states that the ERRA Board may approve a project costing upto Rs 500 million. If the cost of the project is more than Rs 500 million, the Board may recommend it to ECNEC for approval.

Para 9.2 of Guidelines for Project Management provides that during the implementation of project, if it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority.

Management of ERRA paid an amount of Rs. 558.182million on account of work done.

Audit observed as under:

- i. The management of EEAP prepared PC-I for construction of 05 bridges located in District Bagh, AJ&K and got approved from the ERRA Board on 05.04.2008 for Rs 346.621 million which was afterward revised to the cost of Rs 497.00 million during Board meeting held on 30.12.2010.
- ii. However, during execution of work it was noticed that approach roads has not been included in the initial PC-I.

- iii. Separate PC-I of Rs 99.566 million prepared and got approved from the (District Reconstruction Advisory Committee) DRAC, Bagh in its meeting held on 05.03.2011.
- iv. The work was awarded to the same contractor through variation orders.

Audit is of view that:

- i. The main component of the project has not been envisaged at the time of planning.
- ii. The Management had no authority to award new work through variation order to the same contractor.
- iii. This has been deliberately done to avoid approval of competent forum.

The matter was pointed out to the management on 22.07.2016.

The management in its reply dated 08.12.2016 stated that both contracts NCB-4 and NCB-4A were awarded to contractor after concurrence of donor i.e. ADB. The work was executed at site with approved revised PC-1 of major works and the PC-1 of approaches. The approved cost of both PC-1 was (497+99) = Rs 596 million. There was a chance of enhancement in the rates already given in original contract in case of tendering. The work on approaches was executed by the same contractor under contract clause 37.1 through variation order duly approved by the competent authority to meet the additional quantities. The increasing cost percentage of variation order for NCB-4 is 6.56% and for NCB-4A is 4.57% than original contract cost. The overall work is within both PC-1 and such was made with concurrence of ADB.

The reply of the management is not acceptable as approach road is a part and parcel of the main project which was required to be envisaged at the time of preparation of initial PC-I. The management while revising the PC-I excluded the approach road portion to avoid the approval of the higher forum.

Audit holds that the approval of the competent forum may be obtained as the cost of both PC-Is has been exceeded from Rs. 500 million to Rs. 596 million

4.1.2.3 Unauthorized payment on execution of items not provided in the contract agreement - Rs 50.073 million

Clause 37.1 of General Conditions of Contract states that all variations shall be included in updated programs produced by the contractor. In accordance with above clause, Variation Orders (Revised BOQ) dated 30th June 2011 containing certain quantities was got approved from the competent authority for contract NCB 4&4-A.

Management of EEAP paid an amount of Rs 50.073 million.

Audit observed that management of EEAP paid above mentioned amount on account of execution of items which were not provided in BOQ as well as in Variation Orders (Annexure-J).

Audit is of the view that payment against the items in excess or without provision in BOQ (contract agreement) / Revised BOQ is unauthorized.

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that variations were paid in final bills and closing payment certificate of NCB-4 and NCB-4A, the quantities and the rates were made as per contract agreement as below:

1. The variation in rates and the quantities not mentioned in original contract were got approved through variation orders.
2. Some of the quantities not provided in revised BOQ were paid on the basis of rates agreed in the initial contract.
3. There was some variation in the quantities of the final bill as compared to the revised BOQ for which the rates were either available in original contract or subsequently got approved in final variation order.
4. The Additional District Court Mzd endorsed the award for the enhancement in the rates of Stone Masonry @ 496/- Per Cu.M against the Arbitrator's decision and an amount of Rs 2.7 million was paid to contractor up to 23rd IPC for the contract NCB-4A (Two Major Bridges)

The reply of the management is not acceptable as the said work amounting to Rs 50.073 million was not included in the BOQ as well as in the Variation Order (revised BOQ). The contractor executed the work over and above the revised BOQ without any approval.

Audit recommends that the irregularity may be regularized from the competent authority.

4.1.2.4 Issue of premature completion certificate without actual completion and a loss due to non-imposition of liquidated damages charges - Rs 30.496 million

Clause 2.2 of General Condition of Contract (NCB-4A), if sectional completion is specified in the PCC, references in the GCC to the works, the completion date, and the intended completion date apply to any section of the works (other than references to the completion date and intended completion date for the whole of the works). Further, clause 2.2 of Particular Condition of the Contract stipulates that sectional completion is not applicable. Clause 46.1 of GCC read with PCC states that the contractor shall pay liquidated damages for the whole of works equal to 0.1% of the contract price per day upto maximum amount of 10% of the final contract price.

Management of ERRA paid Rs. 256,550,187 on account of work done to the contractor.

Audit observed that Contractor failed to complete the work within extended period for completion of contract i.e. 15.11.2013. However, M&E wing of ERRA designated as "The Engineer" issued completion certificate on 28.02.2014 showing completion date as 30.09.2013. The joint inspection report issued on 24.06.2015 revealed that the work pointed out in punch list was still not complete / unverifiable, as list of remaining work include major component of bridge such as approach road of 600 meters (costing Rs 7.492 million), cutting retaining walls and cross drainage structure amounting to Rs 25.00 million.

Audit is of the opinion that management of ERRA has issued completion certificate against the incomplete work to give favour to contractor to save him from imposition of liquidated damages.

The matter was pointed out to the management on 22.07.2016.

The management in its reply dated 8.12.2016 stated that the completion certificate was issued to contractor w.e.f. 30.9.2013. The work indicated in the punch list was rectified/completed by the contractor within extended time period of DLP. The DLP committee visited the site on 24.6.2015 and furnished its report. The payment of approach road (cutting, retaining, wall and cross drainage structures) Rs 22.943 million after rebate is made to the contractor as per executed work duly checked and verified by the Project Manager/the Engineer in final bill.

The reply of the management is not acceptable as the completion certificate was issued on 28.02.2014 showing the date of completion as 30.09.2013 whereas as per DLP certificate dated 07.07.2015, the date of completion of project is shown was 28.02.2014. This shows that contractor could not complete the work within the extended period i.e. 15.11.2013. Therefore, the completion certificate issued on 28.02.2014 stating the work stand completed on 30.09.2013 was a favor to the contractor to save him from the LD charges.

Audit recommends that L.D amounting to Rs 30.496 million (i.e. equal to 10% of the final contract price of Rs 304.959 million) may be imposed and recovered from the contractor besides a detailed third party inquiry be conducted for fixing responsibility.

4.1.2.5 Irregular waiver off liquidated damages – Rs 27.537 million

There is no provision for Dispute Resolving Committee. Revised PC-I of the project Rehabilitation and Reconstruction of 5 major bridges in District Bagh envisages revised date of completion up to 30th June 2011.

Management of ERRA made payment of Rs 558.182 million on account of work done for contract of NCB-4.

Audit observed as under:

- i. Record showed that the contractor could not complete the work within the approved time.
- ii. The consultant M/s ECIL was imposed LD amounting of Rs 27.537 million under clause 46.1 of the contract on 25th May 2013.
- iii. Subsequently the services of the consultant were discontinued and a “Dispute Resolving Committee” was constituted which waived off the liquidated damages by extending the time completion upto 12th December 2011.

Audit is of the opinion that the waiving off of LD was irregular on the following grounds:

- i. There was no provision for Dispute Resolving Committee therefore its decision is not covered in contract.

- ii. The extension of time upto 30.06.2011 was stipulated in the revised PC-I duly approved by the ERRA Board.
- iii. Therefore, extension of time by the lower authority was unjustified.

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that the LD was imposed by the Project Manger in final bill of NCB-4 of the contractor in April 2013 and accordingly the bill was passed by the client in minus status amounting to Rs (-42.736) including penal sum of Rs 27.537 million which was subsequently recovered from the same contractor in 23rd IPC of NCB-4A as per Govt. laws. The arbitration award was issued by the arbitrator on 4th July, 2015 for payment of Rs 34.714 million to contractor including waiving of LD. At present this award is in court of law i.e. “Additional District Judge Muzaffarabad” for proceedings under Arbitration Act. Hence, the matter is *sub-judice* before court.

The matter is *sub judice*, the decision of the court may be intimated to audit.

4.1.2.6 Doubtful expenditure on account of incomplete work - Rs 25.00 million

Clause 15.1 of General conditions of contract states that the contractor shall construct and install the works in accordance with the specification and drawings.

Management of ERRA has paid Rs. 25.00 million to the contractor for NCB-4A Lohar Bela Bridge.

Audit observed that as per punch list of project NCB-4A Lohar Bela Bridge, prepared by the Deputy Director M&E/XEN EEAP Cell SERRA issued on 28th February 2014, certain works have not been completed.

Audit further observed that the inspection report issued by the joint inspection committee constituted by the employer, the following major works out of the punch list, were not completed/rectified by the contractor:

- i. Stone masonry wall near approach slab (right bank) side of the bridge.
- ii. Payment of Rs 25 million against cutting, retaining wall and cross drainage structure.

Audit is of the view that the above mentioned work and payment is doubtful.

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that the stone masonry wall near approach slab left bank is completed and the right bank wall was not required as per site conditions and approved in VO-2 and till this IPC, no payment of right bank wall has been made. The executed quantities of approach road (Bill No. 2) are checked and verified by the Project Manager in the final bill Rs 22.943 million after rebates.

The reply of the management is not acceptable because as per punch list stone masonry wall near approach slab (right bank) was required to be constructed. However, no documentary evidence in support of reply has been provided to audit. Further, nothing has been produced regarding work of Rs 25 million.

Audit recommends that matter may be investigated and intimate the factual position with documentary evidence.

4.1.2.7 Irregular finalization of accounts without completion of work - Rs 7.528 million

Clause 15.1 of contract agreement states that the contractor shall construct and install the works in accordance with specification and drawings.

Further, clause 52.1 of the contract agreement stipulates that contractor should request to issue completion certificate of work. The Project Manager shall do so upon deciding the work is completed.

Management of ERRA paid an amount of Rs. 7.528 million to the contractor for NCB-4.

Audit observed that the management issued completion certificate and Defect Liability Certificate (DLC) for NCB-4 to the contractor w.e.f. 30th September 2013. Accordingly 24th and final bill was prepared which turned into minus. This final account showed that the component of approach road of contract of Malvani and Khawaja Rathnoi bridges amounting to Rs 7.528 million were not executed.

Audit is of the opinion that the finalization of work without its completion as per BOQ and specifications was irregular. However, retention money was released to the contractor without observing the forfeiture against the liability.

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that the payment was made to contractor as per the quantities checked and verified by the "Project Manager" within approved scope of work. The approaches of both bridges were constructed as per design and site requirement on both bridges at present are fully complete and operational. As per contract the provision of cost Rs 4.910 million was available to meet with the expenditure of approach roads of both bridges. The said cost Rs 4.910 million along with the increasing cost has been made to contractor by "the Engineer" under contract clause GCC 36.1 (a&b) of the agreement as per site requirements. The completion and DLP certificates were issued to contractor by the Project Manger under contract clause 52.1 and 54.1.

Reply of the management is not acceptable as the final bill did not indicate execution of approach roads. Further, no documentary evidence regarding construction of approach roads was provided with the reply.

Audit recommends that matter may be investigated to fix responsibility on the person(s) at fault for release of retention money and issuance of completion certificate against incomplete works. The results of the investigation may also be intimated to Audit.

4.1.2.8 Loss due to inadmissible payment of secured advance - Rs 7.046 million

Clause 48.2 of General Condition of Contract read with clause 48.1 of Particular Condition of the Contract (NCB-04 & 04A) stipulates that the contractor is to use the advance payment only to pay for equipment, plant, material, and mobilization expenses required specifically for execution of the contract. The contractor shall demonstrate that advance payment has been used in this way by supplying copies of the invoices or other documents to the project Manager. The advance payments shall be 15% of the accepted contract price and shall be paid to the contractor not later than 15 days of the signing of the contract agreement against an unconditional bank guarantee.

Management of ERRA has paid an amount of Rs 613.763 million on account of secured advance.

Audit observed that the management also paid an amount of Rs 77.537 million as 15% advance. In addition Rs 77.537 million the contractor was compensated through secured advances of Rs 613.763 million against material at site, over and above the contract provision.

Audit is of the opinion that there was no provision of secured advances in the contract.

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that the payment of secured advance was made to contractor as per the quantities checked and verified by the "Project Manager" in payment certificates. The maximum fund of ADB has been utilized in successful completion of the project without wastage of time and lapse of ADB funds.

The reply of the management is not acceptable because the secured advance was paid to the contractor over and above the contract provisions. An amount of Rs 558.182 million was paid to the contractor against the actual work done cost shown in final bill of NCB-4 and Pre final bill of NCB-4A (i.e. Rs 257.771 million + Rs 300.411 million respectively) which is less than the amount of secured advance by Rs 55.581 million which indicates that undue favour was extended to the contractor on cost of public exchequer.

Audit recommends that matter may be investigated at higher level and fix responsibility for extension of undue favor to the contractor beyond the contractual provisions. Besides, recovery of Rs 7.046 million (Annexure-K) from the contractor on account of interest (6%) on undue payments may be made.

4.1.2.9 Overpayment due to application of higher rates – Rs 5.589 million

EEAP letter dated 11th June 2011 states that the quantities mentioned in BOQ were revised and contractor was asked to complete the work at already quoted rates, which he agreed to perform.

Management of ERRA paid an amount of Rs. 5.589 million to the contractor.

Audit observed that a quantity of 571 Cu.m for item No.401a (III) “concrete class A-3 elevated” was provided in the original BOQ of Lohar Bela Bridge, which was afterward revised to 885 Cu.m through variation orders at the same cost vide above referred letter. However, in pre-final bill the quantity of 571 Cu.m was paid @ Rs11,500 per Cu.m whereas quantity of 402.554 Cu.m was paid @ Rs 25,385 per Cu.m as per revised rates by the Chief Engineer (employer) which resulted into excess payment of Rs 5.589 million (Rs 25,385 – Rs 11,500 = Rs 13,885 x 402.554 Cu.m)

Audit is of the opinion that when the contractor had initially agreed to complete the work on same rates, the payment through variation order on higher rates was irregular

The matter was pointed out to the management on 22nd July 2016.

The management in its reply dated 8th December 2016 stated that the payment to contractor on rates of BOQ already approved was made for the executed quantities of 571 Cu.M for item No. 401a (III) Concrete Class A3. The quantity of said item increased more than 25% i.e. 402.554 Cu.M on a new rate approved by the Competent Authority through variation order under provision of contract clause GCC 36.1 (a&b) and GCC 37.1 read with PCC. No violation in contract was made.

The reply of the management is not acceptable as the employer in its letter dated 11th June 2011 regarding request for modification variation order No. 1 has stated that contractor was asked to complete the work at his already quoted rates which he agreed to perform. Therefore, provision of higher rates to the contractor against the already accepted lower rate is irregular.

Audit recommends that overpayment amounting to Rs 5.589 million may be recovered from the contractor or the person(s) held responsible for making overpayment.

4.1.2.10 Overpayment due to adoption of irrational rates - Rs 2.250 million

Original BOQ (contract agreement NCB-4A) shows vide item No. 405 (4.2.1) 16 Nos. precast pre-stressed concrete 40 meters girders having a cost of Rs 1.500 million each were provided. The quantity was afterward reduced in revised BOQ to 12 Nos. precast pre-stressed concrete girders of 40 meters and added 04 No. of 25 meters girders of Rs 1.50 million in Bhount Chowk Bridges.

Management of ERRA paid an amount of Rs. 2.250 million to the contractor.

Audit observed that during preparation of revised BOQ / Variation Order the rates of Rs 1.50 million for each precast pre-stressed concrete 25 meters girders was paid, whereas, Rs 1.50 million was the rate of precast pre-stressed concrete 40 meters girders provided in the BOQ.

Audit is of the view that excess payment Rs 2.25 million (Rs 1,500,000 – Rs 937,500 = Rs 562,500 x 4 No.) was made.

The matter was pointed out to the management on 22.07.2016.

The management in its reply dated 08.12.2016 stated that the payment of girders as per site and design with length of 25 meters each was made according to approved VO-1 and revised PC-1 under due procedure.

The reply of the management is not acceptable because the rate for construction of 25 meters girder was to be derived on prorata basis because the BOQ did not include the rates of 25 meter girders.

Audit recommends that overpaid amount may be recovered from the contractor or the person(s) held responsible.

4.1.2.11 Irregular payment due to defective work - Rs 1.913 million

BOQ for the approach road of Harigal Bridge (NCB-4) shows that the work of approach road contained clearing grubbing, excavation, embankment, sub-grade, base course and wearing course. Since the BOQ is based on NHA specification, the specification clearly describes the procedure for constructing a road as stated above. The road structure is based on fully compacted embankment and sub-grade according to lines and grads shown on the drawings and subsequent work relating to sub base, base course and asphalt work are done only after having a fully compacted embankment and sub-grade.

Management of ERRA paid an amount of Rs 1.913 million.

Audit observed that clearing grubbing, excavation, preparation of embankment and sub-grade required for blacktopping of road work were not executed.

Audit holds that payment of Rs 1.913 million on account of base course, prime coat and bit Mac without execution of clearing grubbing, excavation, preparation of embankment and sub-grade was irregular and it is not understood how the road was constructed without completion of these preliminaries which form the essential mix of a paved road.

The matter was pointed out to the management on 22.07.2016.

The management in its reply dated 8th December 2016 stated that all the executed quantities of works at site are checked and verified by the “Project Manager” in the final bill of NCB-4. This bridge was to link two roads already constructed and approaches were made as per site conditions and design. Due to change in Scope of work these BOQ items were reduced as per actual execution.

The reply of the management is not acceptable because execution of work of base course, prime coat and bit Mac without execution of sub-grade, preparation of embankment, excavation is irregular.

Audit recommends the amount paid to the contractor may be recovered besides fixing the responsibility on the person(s) at fault.

4.1.2.12 Irregular Payment of Compensation – Rs 1.574 million

Section-31 of Land Acquisition Act 1894 provides that the payment of compensation on making an award under Section 11, the Collector shall tender payment of the compensation awarded by him to the persons interested entitled thereto according to the award, and shall pay it to them unless prevented by someone or more of the contingencies mentioned in the next subsection.

The management of EEAP paid an amount of Rs 1.574 million directly to affectees of package ICB-I on account of land acquisition.

Audit observed that above payment was a clear violation of the above mentioned rules. Further, the payment made directly to the affectees stands doubtful.

The matter was pointed out to the management on 22.07.2016.

The management in its reply dated 8th December 2016 stated that the payment was made to the affectees on account of structure and trees compensation with support of proper prepared estimates. The said compensation of Rs 1.574 million was checked and verified by the concerned Collector Land Acquisition and Forest Officer by identifying each compensation amount, names of the affectees and ownership documents of land and trees for payment to the affectees through EEAP projects as per instruction and visit of the donor i.e. ADB. The employer i.e. Chief Engineer EEAP through C&W Govt. of AJK constituted a committee for the direct payment to the affectees. The compensation was made by the employer directly to the affectees through cross cheques after obtaining acknowledgement in order to get full and final settlement in future time according to the approval of competent authority i.e. Chief Engineer EEAP. Through making the direct payment of compensation the Govt. got saved 15% Jabrana charges for more and difficult task of development within due time.

The reply of the management is not acceptable because making direct payments to the affectees without observing the provisions of Land Acquisition Act is irregular. It was not the duty of ERRA to save the Jabrana charges which had to be deposited into government treasury.

Audit recommends that responsibility may be fixed on person(s) at fault and the payments made, may be got verified through concerned Collector Land.

4.1.3 Kund Banna Road 20 km District Battagram

The Deputy Director Reconstruction Battagram awarded the contractor for Reconstruction & Rehabilitation of Kund Banna Road to M/s Haroon & Company for bid cost of Rs 384.998

million on 30.01.2010 with completion period of 550 days. The consultant M/s NESPAK provided Engineering Estimate of Rs 413.429 million and PERRA granted Administrative Approval for Rs 457.30 million on 05.03.2010 which was revised to Rs 706.850 million on 28.02.2013. An up-to-date payment of Rs 382.619 million has been made to contractor vide IPC No. 25 during January 2016. This road will connect the population of many villages along the road with main Karakorum Highway.

The work remained under inquiry by NAB from February 2014 to April 2015 regarding substandard construction. The inquiry was closed vide letter dated 07.03.2015 with the comments to complete the balance work at the earliest. However, no work has been started for the last 10 months after the closure of the NAB inquiry.

It is not out of place to mention here that the main bridge on Indus River, linking this road with KKH was washed away during floods of August 2010 which is still under construction which may take another 1 – 2 years for completion. No other direct link/access to road is available for transportation of construction material.

Examination of record revealed the following observations:

4.1.3.1 Non-obtaining of Technical Sanction for Rs 384.998 million

Rule 178(iii) of GFR Vol-I states that no work should be commenced or liability incurred until a properly detailed design and estimate has been sanctioned.

Para 56 of CPWD Code provides that a properly detailed estimate must be prepared for the sanction of competent authority this sanction is known as technical sanction to the estimate.

Deputy Director Battagram awarded a contract for reconstruction of Kund Banna Road to M/s Haroon for bid cost of Rs 384.998 million on 30.01.2010. The completion period was 550 days. The work on the project commenced on 15.02.2010.

Audit observed that the Technical Sanction was obtained after six months of start of work i.e. on 21.07.2010.

Audit is of the view Technical Sanction was required to be obtained prior to commencement of work which was not done.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that Technical Sanction was accorded initially but later on after the award of contract and revised PC-I as per site requirement was prepared and got approved from the concerned forum. Technical Sanction for the revised scope of work has already been granted by the competent authority and available.

Reply is not acceptable because as per rules grant of Technical Sanction was required before commencement of work. However, the record mentioned in reply was also not provided.

Audit holds that non-obtaining of Technical Sanction prior to commencement of work was against the rules and responsibility may be fixed for this violation of rules.

4.1.3.2 Irregular payment without confirmation of performance guarantee - Rs 18.901 million

GCC 10.1 provides the contractor shall obtain and provide to the Employer, Performance Guarantee within 28 days after the receipt of the Letter of Acceptance.

GCC 10.2 provides the Performance Security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract.

Contractor M/s Haroon submitted Performance Guarantee for Rs 38.500 million of M/s Adamjee Insurance Co. Ltd. on 26.01.2010 with validity period till 19.07.2012 and the management accepted the same.

Audit observed as under:

- i. The guarantee was neither confirmed nor revalidated from 19.07.2012 to 19.07.2013.
- ii. The payment of Rs 18.901 million (IPC No. 18 & 19) was made during this period.
- iii. The contractor revalidated guarantee from 19.07.2013 to 18.07.2014.
- iv. No guarantee was available from 18.07.2014 to 13.01.2015.
- v. On 14.01.2015, contractor provided another guarantee from United Insurance Company with validity period up to 13.01.2016. This Performance Guarantee has not been got revalidated since then.

Audit is of the view that non-obtaining of revalidated Performance Guarantees for the period w.e.f. 19.07.12 to 19.07.2013 (observation i) and 19.07.2014 to 13.01.2015 (observation iv) was irregular.

Audit is also of the view that non-confirmation of these guarantees and payment without valid performance guarantee was negligence on the part of concerned officials.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that 5% extra retention money was deducted from IPC No. 19 in lieu of performance guarantee.

Reply is not relevant because non-submission of validated performance guarantee for period w.e.f. 19.07.12 to 19.07.2013 and 19.07.2014 to 13.01.2015 was irregular. The management neither replied nor provided the record for extra retention of money.

Audit holds that matter may be investigated to fix responsibility for payment without valid performance guarantee and non-confirmation of these guarantees.

4.1.3.3 Non-obtaining of work schedule / revised work schedule from contractor to monitor the work activities

GCC 14.1 & 14.2 provides the contractor shall submit a programme within 14 days from the receipt of letter of acceptance showing description of arrangements and methods to be adopted for execution of works and a revised programme regarding the modification to such programme where the actual progress of the work does not conform to the programme to ensure completion of the work within the time of completion.

The management of Reconstruction PERRA Battagram paid an amount of Rs 382.619 million to M/s Haroon upto IPC No. 25 for construction of Kund Banna Road.

Audit observed that the contractor was required to submit work schedule showing timeline for execution and completion of work of Kund Banna road i.e. earthwork, base, surfacing, structure work and completion with handing over to the end user.

Audit is of the view that non-obtaining of work schedule / revised work schedule and updated work schedule was negligence on the part of consultant and management.

The matter was pointed out on 22.07.2016.

The management replied that the work schedule was effective when timely payment was ensured. The contractor would be asked to submit work schedule after clearance of his liability.

Reply is not acceptable because contract clauses were not adhered to and contractor was allowed to execute work at his will as nothing was available to monitor his activities at site.

Audit holds that inquiry may be carried out for fixing responsibility on account of non-obtaining of work schedule / revised work schedule under intimation to audit.

4.1.3.4 Undue favor to the contractor - Rs 7.700 million

Clause 60 of GCC provides the contractor shall submit to the Engineer after the end of each month six copies of IPCs in respect of (a) the value of the work executed, (b) any other item of BOQ, (c) material delivered at site (d) adjustment under clause 70 and (e) any sum entitled under contract.

Clause 60.2(Sr. No. 13 of appendix A) of bidding documents provides that the contractor was required to submit IPCs / running bills for minimum amount of 2% of contract cost.

The management of Reconstruction Battagram incurred an amount of Rs 382.619 million upto January 2016 for reconstruction of Kund Banna Road.

Audit observed as under:

The contractor M/s Haroon & Sons failed to comply with the clause of contract, carrying out work as per schedule and to submit monthly IPCs as evident from statement placed at Annexure-L.

The consultant and the management were required to monitor the execution of project as per contractual requirements.

The contractor was further required to submit monthly Interim Payment Certificate (IPC) for minimum work done valuing Rs 7.70 million (Rs 384.998 million x 2%).

The detail of these IPCs is as under:

IPC #	Date	Amount (Rs)
10	03.03.2011	3,695,643
11	01.04.2011	6,497,538
14	11.05.2011	4,677,065
15	06.07.2011	3,132,497
16	12.08.2011	6,179,055
18	12.10.2011	4,000,000
22	30.12.2011	5,236,900

The contractor failed to generate and submit IPCs for minimum prescribed amount which shows that work was less executed than the requirement and undue favor was extended to the contractor for non-adherence to the contract clauses.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that contractor could not meet his obligation under the contract due to his pending liabilities.

Reply is not tenable because contractor was bound to follow the conditions of contract. Pointed out matter belonged to year 2011 and no one monitored the execution of work as per contract clauses.

Audit holds that matter regarding non-observing the contract clauses may be investigated to fix the responsibility against the person(s) at fault.

4.1.3.5 Irregular increase in cost of contract - Rs 312.852 million

Rule 10(i) of GFR Vol-I states that 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.

GCC 51.2 provides that the contractor shall not make any variation without any instruction of the Engineer in writing.

The management of ERRA increased Earthwork to the tune of Rs 376.513 million and paid Rs 312.943 million up to IPC No. 25.

Audit observed that Earthwork was provided for Rs 136.082 million in BOQ of Kund Banna Road, which was against total contract cost of Rs 384.998 million. Total cost of contract was increased to 84% due to revision of PC-I which would further be increased in due course of time.

Audit is of the opinion that:

- i. Proper survey of site and design were not carried out for framing estimates prior to start of work resultantly earthwork was increased in multiple ratio of 176.68% ($376.513-136.082/136.082 \times 100$).
- ii. The contractor executed earthwork on entire length of this road without protection work. Resultantly huge slides were observed and a quantity of 67,903 Cu.m (101,348 Cu.m x 67 %) for slides was paid to contractor for Rs 42.10 million.
- iii. Huge increase in quantities of earthwork was due to poor estimation by the consultant before start of work and even on later stages and huge payment on account of land-slides resulted in abnormal increase in contract cost.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that earthwork was increased due to weak strata and active slide area.

Reply is not tenable because estimates were prepared without proper site survey which resulted in huge increase in earthwork.

Audit recommends that the matter may be investigated to fix the responsibility against the person(s) at fault.

4.1.3.6 Payment of price adjustment for bitumen – Rs 1.017 million

Standard Procedure and Formula for Price Adjustment , Part I (C) Procedure (5), except labour and POL provides that if any other adjustable item(s) is not used in a particular billing period then the ratio of current date price and base date price for that particular adjustable item(s) shall be considered as one.

The management of Reconstruction PERRA Battagram paid price adjustment of Rs 12.721 million upto IPC No. 21 for construction of Kund Banna Road.

Audit observed that the contractor M/s Haroon executed earthwork and structure work only but claimed price adjustment for bitumen also without using this material.

Audit is of the opinion that price adjustment of Rs 1.017 million (Rs 20,339,521 x 0.070/1.40) in IPC No. 20 (submitted during September 2011) was paid to contractor without use of bitumen. (This amount has been calculated for only IPC No. 20).

The matter was pointed out to the management on 22.07.2016.

Department replied that price adjustment for bitumen has been recovered in IPC No.27.

Reply is not tenable because no record of recovery was produced with reply.

Audit recommends that payment of price adjustment for bitumen (not utilized in road excavation work) may be calculated till the last IPC paid and recovery be effected.

4.1.3.7 Wasteful expenditure on sub base and non-carpeting of road Rs 383.900 million

NHA General Specification 201.3.3 provides immediately prior to the placing of first layer of base course the sub base layer (both under the traveled way and the shoulders) shall conform to the required level and shape. Prior to placing the succeeding layers of the material, the top surface of each layer shall be made sufficiently moist to ensure bond between the layers. The edges of edge slopes shall be bladed or otherwise dressed to conform to the lines and dimensions. No material or construction of the base shall be placed until the sub base has been approved by the Engineer.

The management of PERRA Battagram paid Rs 1.281 million to the contractor who executed a quantity of 2,463.75 cu.m of sub base during 2011.

Audit observed as under:

- i. No protection work i.e. prime coat and asphalt wearing course was carried out to protect the sub base for four years.
- ii. No blacktopping on any part of road was carried out till 31.12.2015 despite payment of an amount of Rs 312.942 million to contractor for earthwork out of total payment of Rs 382.619million.

Audit is of the view that expenditure incurred on sub base without carpeting and protection work has gone wasted.

The matter was pointed out to management on 22.7.2016.

The management in its reply stated that contractor is bound to rectify all defects in the surface prior to laying base-course.

Reply is not acceptable because no record regarding rectification of defective work carried out since 2011 till date was provided.

Audit holds that wasteful expenditure on sub base without carpeting and protection work may be investigated for fixation of responsibility on person(s) at fault.

4.1.3.8 Unauthorized payment due to non-deduction of available material and undue favor to contractor - Rs 20.490 million

NHA Specification 105.3 provides all material removed from excavation shall be used in the formation of embankment, sub grade, shoulders, and at such other places as directed, unless it is declared unsuitable and ordered to waste by the Engineer in writing.

The management awarded the contract for construction of Kund Banna Road to M/s Haroon & Company for bid cost of Rs 384.998 million on 30.01.2010.

Audit observed that:

- i. The contractor excavated common material (188,216 cum), hard rock (67,388 cum) and medium rock (211,371 cum) upto IPC No. 23 without soil classification and recovery schedule.
- ii. Contractor was allowed to utilize the Govt. funds to the extent due to non-recovery of usable material since 2010.
- iii. The soil classification was also kept on the minimum side i.e. 25% minimum recovery as per ERRA decision dated 05.05.2011.

Audit is of the opinion that available excavated material was required to be utilized in other items of work i.e. embankment, base/WBM and stone masonry which was not done.

The matter was pointed out to management on 22.7.2016. The department replied that recovery has been made.

The reply is not acceptable as no compliance / record was produced to ascertain the recovery.

Audit recommends that extension of undue favor to contractor for non-deduction for utilization of excavated material besides allowing minimum recovery may be investigated.

4.1.3.9 Payment without detailed measurements - Rs 50.168 million

Clause 56.1 of Conditions of Contract provides the Engineer shall, except as otherwise stated, ascertain and determine by measurement the values of the Works and Clause 57.1 states that the works shall be measured net, notwithstanding any general or local custom, except where otherwise provided for in the contract.

Rule 209(d) of CPWA code provides that it is mandatory upon the person taking the measurement to record the quantities clearly and accurately. The measurement taken in connection with a running contract on which work has been previously measured he is further responsible for reference to the last set of measurement.

The management paid the contractor Rs 50.168 million on account of earthwork vide IPC No. 3 dated 24.06.2010

Audit observed that payment was made without detailed measurement showing area where work was actually executed.

Audit is of the view that making such a huge payment without detailed measurement was doubtful. This shows that state of financial indiscipline and level of non-control / ill monitoring by PERRA, ERRA and supervision of consultant.

The matter was pointed out to management on 22.7.2016.

The management in its reply stated that payment has been made as per actual work done at site. Measurement sheets alongwith X-sections are attached.

The reply is not tenable because payment was required to be restricted/ made for actual work dully verified by joint measurement. No measurement record was provided with reply.

Audit holds that payment made to contractor without availability of detailed measurement may be investigated by third party and action taken against all responsible officials.

4.1.3.10 Non-obtaining of insurance from third party – Rs 2.00 million

Particular Condition of Contract clause 23 states that cost of Rs 2.00 million was provided for insurance of works from third party.

Clause 25.3 provides that if contractor fails to provide insurance policies than the employer may effect and keep in force such insurance and pay any premium as may be necessary and deduct the amount so paid from contractor.

Reconstruction PERRA Battagram paid an amount of Rs 382.619 million till December 2015 to the contractor vide IPC No. 25.

Audit observed as under:

- i. The works of the project for reconstruction of Kund Banna Road was required to be insured from third party.
- ii. The cost of this insurance was required to be borne by the contractor due to inbuilt cost of BOQ rates.

Audit is of the opinion that the insurance was neither asked by the department before making the payments nor deducted the same from the payments made to the contractor.

The matter was pointed out to management on 22.7.2016.

The management in its reply stated that insurance of work has been obtained from the contractor.

Reply is not acceptable because insurance was required before execution of work which has not been provided with reply or at the time of audit.

Audit holds that non-obtaining of insurance from third party either by contractor or management may be investigated and fix the responsibility against the person(s) at fault.

4.1.3.11 Non-imposition of liquidated damages - Rs 38.50 million

Clause 47.1 of conditions of contract states that Liquidated Damages @ 0.05 % of the contract price for each day subject to a maximum of 10% of contract price shall be imposed on contractor for delay in completion of works within stipulated time.

The management of ERRA awarded the Contract of Kund Banna Road on 30.01.2010 with completion period of 550 days i.e. 30.07.2011 to M/s Haroon.

Audit observed as under:

- i. The progress of contractor till January 2016 was shown 74% which lagged behind planned time.
- ii. The EOT was not granted till January 2016

Audit is of the opinion that LD for Rs 38.50 million (Rs 384.998 million x10%) was required to be imposed and recovered but no such action was initiated. This resulted into loss of Rs 38.50 million to Government.

The matter was pointed out to management on 22.7.2016.

The management in its reply stated that delay in completion is mainly due to pending liability of the contractor.

Reply is not acceptable because LD was required for abnormal delay as no EOT was obtained for delay.

Audit holds that non-imposition and recovery of LD may be investigated for taking action against the responsible officials and the LD be recovered as per rules.

4.2 Housing Sector

Urban Development Strategy Aim

The aim of the Urban Development strategy is to provide a comprehensive and holistic approach for the reconstruction and rehabilitation of the urban areas affected by the October 8, 2005 earthquake, to ensure a higher level of quality, functionality, and enhanced social services delivery that existed before the earthquake.

Objectives

- Rebuild to an enhanced level of functionality than existed before the earthquake.
- Ensure provision of improved social service delivery and cost effective utilities.
- Rebuild not just the physical infrastructure, but also the social infrastructure of the city. Moreover, rebuilding of infrastructure resistant to future disasters.
- Improve the quality of life of the residents, by complete master planning of earthquake affected urban area.
- Comprehensive and integrated development of urban areas, to convert these centers into engines of economic growth.
- Sustainable development through creation of livelihood opportunities, Social inclusion and environmental conservation.

4.2.1 Audit Paras

4.2.1.1 Excess Payment Due To Application Of Incorrect Rates - Rs 123.049 Million

Clause B-5 (i) of Umbrella Contract Agreement between ERRA and China Xinjiang Beixin Construction & Engineering (Group) Company, Limited (Package-I) and China International Water & Electric Corporation (Package-II) provides that contract price based on the design approved by the employer, rate analysis of each item provided in the BOQ shall be worked on the basis of prices of labour, material and equipment given in a mutually agreed Composite Schedule of Rates (CSR). 25% of this amount shall be added for Contractor's design, overhead costs and profit, and then Income Tax shall be added to the cost so obtained to determine the total cost of that item. Accordingly the Interim CSR June 2009 of AJ&K was mutually agreed for the prices of Labour, Material and Equipment.

The management of MCDP, Muzaffarabad awarded contracts for the construction of different facilities of city development to two Chinese companies.

Audit observed that the price of labour, materials and equipment which was supposed to be taken as per ICSR June 2009 was not done. Instead, higher rates were applied for these items.

Audit is of the opinion that adoption of incorrect and higher rates resulted in excess payment of Rs 123.049 million worked out on the basis of random selection of items of identical works as per attached Annexure-M.

The matter was pointed out to the management on 22nd July 2016 but no reply was received.

Audit recommends to probe into the matter for appropriate action and re-cast the BOQ as per principles laid down in the contract agreement of all the projects besides making recovery of excess amount paid so far.

4.2.1.2 Non-Recovery Of Design Cost - Rs 10.286 Million

Clause A-4 of umbrella contract signed with the China Xinjiang Beixin Construction & Engineering (Group) Company Ltd. provides that if some designs are available for individual projects then the contractor for the purpose of effective utilization of such design(s) and or any part thereof. Such design(s) shall be adequately compensated by the contractor subject to maximum of 2% (two percent) of the cost of the individual project.

The Programme Steering Committee in its 24th meeting held on 31st October 2013 approved following works for construction of schools buildings and retrofitting of Supreme Court of AJ&K through MCDP, Muzaffarabad. The minutes of the said meeting indicated that designs of the facilities were prepared by other than contractor.

The details are as follows:

(Amount in Rupees)

S. No.	Name of Contract	Design Prepared by	Amount of Contract
1	Govt. Girls High School Tariqabad	SS&A Associate	75,785,620
2	Govt. Boys High School Nurrul	SS&A Associate	80,082,942
3	Govt. Jinnah Pilot High School Lower Platte	SS&A Associate	114,302,320
4	Govt. Girls High School Lungarpura	SS&A Associate	95,159,870
5	Supreme Court	Central Design Office AJ&K	149,000,000
Total			514,330,752

Audit observed that the payment of design fee Rs 10.287 million (i.e. Rs 514,330,752 x 2%) was not recovered.

Audit is of the opinion that this resulted into overpayment to the contractor.

The matter was pointed out to the management on 22nd July 2016 but no reply was received.

Audit recommends that amount of Rs 10.287 million as design cost may be recovered from the contractor.

4.2.1.3 Excess Payment On Account Of Design Preparation - Rs 84.785 Million

Clause A-2 and 4.1 of GCC of Umbrella Contract provides that in consideration of the payments to be made by the employer to the contractor as hereinafter mentioned, contractor hereby covenants with the employer to complete all the designs and construction of the works as proposed by the employer and remedy any defects therein subject to maximum financial ceiling as

mentioned in the umbrella contract agreement. Further the design fee indicated vide clause A-3 is upto 2% of the cost of the Individual Project.

The management of MCDP, Muzaffarabad awarded contracts of city development projects to Chinese contractor at BOQ cost quoted by the contractors.

Audit observed that that design provided by the contractor did not fit with the site requirements and resulted in revision of contract amount for more than 01%.

The details are as under:

(Rs in million)

Contractor	S. No.	Name of Project/Facility	Original BOQ cost	Revised BOQ cost	Excess in cost	Excess (%age)	2% Design cost of original BOQ
China Xianjiang Beixin Construction & Engineering (Group) Co.	1	Tahlee Mandi Road	75.530	240.530	165.000	218.46	1.511
	2	College Road	86.517	120.126	33.609	38.85	1.730
	3	Tariqabad Bypass Road	442.252	549.780	107.5218	24.31	8.845
	4	Zero Point to Airport Road	304.807	445.763	140.956	46.24	6.096
	5	RCC Bridge Jalalabad	356.681	385.751	29.070	8.15	7.134
	6	Supreme Court Retrofitting	79.865	149.000	69.135	86.56	1.597
China International Water and Electric Corp.	1	Shopping Complex, Old Distt. Court	268.024	374.024	106.000	39.55	5.360
	2	Khurshid National Library	96.500	139.500	43.000	44.56	1.930
	3	Shopping Centre Bank Road	649.217	950.217	301.000	46.36	12.984
	4	Satellite Town, Thotha	401.381	600.343	198.962	49.57	8.028
	5	Muzaffarabad Club	256.976	322.976	66.000	25.68	5.140
	6	132 KVA Grid Station, Rampura,	514.475	549.020	34.545	6.71	10.290
	7	Prime Minister House, Mzd	400.150	529.545	129.395	32.34	8.003
	8	Water Treatment Plant Makri (Part-I)	306.854	462.673	155.819	50.78	6.137
			4239.229	5819.248	1580.0128	718.12	
Total							84.785

Audit is of the view that the payment of Rs 84.785 million made to the contractor for design preparation stands unauthorized as the designs provided were not as per sites requirement.

The matter was pointed out to the management on 22nd July 2016 but no reply was received.

Audit recommends that amount of Rs 84.785 million may be recovered from the contractors and deposited into Govt. treasury.

4.2.1.4 Over Payment Of House Compensation - Rs 8,300.45 Million

The Rural Housing Strategy of ERRA indicates that 1st tranche was to be released without inspection whereas 2nd and 3rd tranches were to be released after the verification of the constructed stages and after verifying that the reconstruction work was carried out according to the specified seismic resistant designs.

ERRA Council in its 9th meeting decided to make immediate payment of the remaining tranches of urban housing subsidy in Muzaffarabad, Bagh & Rawalakot for reconstruction of the

damaged houses. In pursuance of the Council's decision ERRA decided that 3rd tranche of the housing subsidy in urban area of AJK and 3rd and 4th installments in KP would be made after obtaining certificate from the concerned development authority.

Audit observed that ERRA paid an amount of Rs 8,300.45 million to Rural and Urban affectees as housing subsidy upto 3rd and tranche of 3rd tranche in the urban areas of AJK on the basis of undertaking by the affectees with the condition that all the construction drawings / plans were to be approved by the concerned development authorities.

The details are as under:

(Rs in million)

	No. of affectees	Rate of payment	Total amount paid	Remarks
Rural housing compensation	26,757	125,000	3,344.625	Affectees never started reconstruction or failed to comply with the required design specifications. Payment was made without physical ground check at all the stages of construction.
Urban housing compensation	28,319	175,000	4,955.825	Payments were made without obtaining any construction drawing duly approved from the development authorities or without any technical inspection carried out by the concerned authorities.
			8,300.45	

Audit is of the opinion that the payment was made without the verification of the constructed stages and after verifying that the reconstruction work was carried out according to the specified seismic resistant designs which was irregular.

The matter was pointed out to management on 22nd July 2016.

The management stated that the same para was raised in AR 2006-07 and the management requested to delete the para from special audit.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that:

1. Investigation may be held at higher level, responsibility fixed against the person(s) at fault for making overpayments and writing off the said amount.
2. The amount paid may be recovered where construction has been carried out without obtaining certificate from the concerned development authority or it is not compliant to the prescribed standards.

4.2.2 New Balakot City Development Project

On 8th Oct. 2005, a devastating earthquake struck Balakot City. The City being close to the epicenter was the hardest hit. Its 95% infrastructure, buildings and houses within municipal limits were destroyed.

As per the Seismic Hazard Micro-zonation Study and Landslides Review conducted by the international consultants, it was found that Balakot City area is bounded by active regional thrust on both sides and any disturbance to these 'Faults' could generate several earthquakes. Considering that the Government decided to relocate and resettle the town population living in Red Zone of Balakot City to a new seismically safer location called Bakriyal i.e. New Balakot City situated at a distance of 15 Km from Mansehra City while old Balakot City is 20 Km ahead.

The overall land earmarked for developing New Balakot City was around 15,599 Kanals including Forest, State and Private Lands. Out of this 11,436 Kanals and 19 Marlas has actually been finalized for the construction of New Balakot City at Bakriyal.

For the construction of New Balakot City, a contract was awarded to M/s Mumtaz Construction Company (MCC) in July 2007 with an initial cost of Rs 2,432.615 million. The completion date of the project was 6th July 2010. The cost of the contract was increased to Rs 4,401.207 million through amendments in contract and four variation orders. An amount of Rs 2,711.593 million was expended upto 31st Dec. 2015.

The major irregularities observed by Audit are given as under:

4.2.2.1 Planning Of A New City Without Any Feasibility Report

Para 2.3 of Project Management Guidelines issued by Planning Commission of Pakistan provides that it is mandatory that the projects of Infrastructure Sector and Production Sector costing Rs 300 million and above should undertake proper feasibility studies before the submission of PC-I.

The management of ERRA launched New Balakot City Development Project (NBCDP) at a cost of Rs 12,000 million.

Audit observed that "feasibility study" to examine each aspect of the project was not carried out.

Audit is of the opinion that the proposed project/site had to be analyzed from every perspective before actually selecting final site.

The matter was pointed out to management on 22nd July 2016.

The management stated that the same para was raised in Special Study of NBCDP and the management requested to delete the para from special audit report.

The reply of management is not tenable as no feasibility study was carried out and produced to Audit.

Audit recommends that matter regarding non-conducting feasibility study keeping in view the geological, social and political aspects may be investigated thoroughly on appropriate forum for fixing the responsibility on the persons at fault.

4.2.2.2 Award Of Contract Without Approval of PC-I - Rs 3,040.768 Million

Para 7 of Umbrella PC-I provides that for each project a separate PC-I shall be prepared and put up before the competent forum for approval before its actual execution.

ERRA awarded a contract for phase-I in July 2007 to M/s Mumtaz Construction Company on 18th May 2007 for Rs 2,433 million which was enhanced to Rs 3,040.768 million.

Audit observed as under:

- i. A separate PC-I for first phase (Package One) for Rs 3,483 million (Infrastructure development) was submitted to CDWP / ECNEC on 12.01.2009. The CDWP returned the PC-I on 8th June 2011 with the remarks for upgrading the cost estimates as per prevailing market rates to avoid further revision of PC-I.
- ii. However, the PC-I is not still approved from CDWP/ECNEC.
- iii. An amount of Rs 2,711.593 million on account of work done and escalation charges (upto IPC No. 75 and EPC No. 67 dated 06.04.2015) was incurred.

Audit is of the opinion that award of contract before preparation and approval of PC-I and incurrence of expenditure is a serious lapse on the part of the management.

The matter was pointed out to management on 22nd July 2016.

The management stated that the same para was raised in Special Study NBCDP and the management requested to delete the para from special audit report.

The reply of management is not tenable as the PC-I has not been approved as yet.

Audit recommends that the matter may be investigated with a view to fix responsibility for execution of work without approval of PC-I and incurrence of expenditure.

4.2.2.3 Expenditure on Account of Construction of New Balakot Town due to Ill Planning and Inefficient Execution of Work - Rs 4,211.593 Million

Section-4(2) of Land Acquisition Act 1894 provides that it shall be lawful for any officer, either generally or specially authorized by Government in this behalf, and for his servants and workmen, to set out the boundaries of the land proposed to be taken and the intended line of the work (if any) proposed to be made thereon; to mark such levels, boundaries and line by placing marks and cutting trenches.

Section-16 of the above Act provides that when the Collector has made an award under Section 11, he may take possession of the land, which shall thereupon vest absolutely in the Government, free from all encumbrances.

District Officer Revenue & Estate (DOR&E), Mansehra memorandum No. 378-85/Acq dated 19th May 2007 addressed to SMBR Peshawar indicates that land measuring 11,436 kanal and 19 marlas except build up property for the construction of New Balakot City was handed over to the then Program Engineer, DRU Mansehra on 18.05.2007. The total project area for the

development of city comes to 15,436 kanal and 19 marlas (11,436 kanal and 19 marlas private land + 4,000 Kanal forest land).

The management of ERRA awarded a contract to M/s Mumtaz Construction Company on 25th June 2007 for development works at a cost of Rs 2,432.615 million which was enhanced to Rs 4,401.207 million. ERRA paid an amount of Rs 2,711.593 million on account of work done and escalation charges (upto IPC No. 75 and EPC No. 67 dated 06.04. 2015).

Audit observed that the agenda item No. 7 of minutes of the ERRA council meeting dated 30.09. 2011 revealed that despite having received compensation and added incentives (allotment of free plots), residents of the acquired area refused to vacate the land leading to unabated law and order situation and suspension of development work from September 2009.

Audit is of the opinion that:

- i. The land acquired through acquiring agency was to be demarked and physical possession of the same was to be assured at the time of compensation payment and attestation of mutation to the concerned authority.
- ii. At the same time the possessed land was to be barricaded for all unauthorized entrants.
- iii. As per contract agreement, the employer was liable to hand over the peaceful possession of the site prior to commencement of the work.
- iv. The expenditure of Rs 2,711.593 million has been incurred on development work at about 20% of the project area which is about 62% of the enhanced cost (Rs 4,401.207 million).
- v. The cost of the project has been enhanced by 80.92% than the original cost of the project but no plot has been handed over to the affectees of Balakot. However, some plots to the affectees of New Balakot City Development Project Site have been allotted.
- vi. Due to non-execution of project in the most planned and sequential way, the entire expenditure defrayed on acquisition of land and development of the project Rs 4,211.593 million (Rs 1,500 million + Rs 2,711.593 million respectively) has gone waste.

The matter was pointed out to management on 22nd July 2016 but no reply was received.

Audit recommends that the matter may be investigated thoroughly for non-maintenance of the possession and ill planned execution of project and fix the individual responsibility on the person(s) at fault.

4.2.2.4 Undue Favour to The Contractor Due to Excessive Grant Of Mobilization Advance – Rs 91.223 Million

General Principles of Contract provided in GFR 19 (iv), Vol-I provides that the terms of contract once entered into should not be materially varied without the previous consent of the

competent authority. No payments to contractors by way of compensation, or otherwise, out-side the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.

Clause 52.3 of GCC read with PCC provides that if on the issue of the Taking-Over Certificate for the whole of the Works, it is found that there have been additions to or deductions from the Contract Price which taken together are in excess of 25 per cent of the "Effective Contract Price" there shall be added to or deducted from the Contract Price such further sums as may be agreed between the Contractor and the Engineer. Such sum shall be based only on the amount by which such additions or deductions shall be in excess of 25 per cent of the Effective Contract Price.

Clause-60.11 (a) of GCC provides admissibility of mobilization advance of 15% of the contract price to the contractor.

The contractor of New Balakot Town requested for the payment of mobilization advance amounting to Rs 122.000 million on 08.08.2007.

Audit observed as under:

- i. Mobilization advance was paid vide cheque No. 491653 dated 12.09.2007.
- ii. The contractor subsequently requested for further mobilization advance for enhanced work from Rs 3,040.768 million instead of Rs 2,432.615 million which was approved vide Amendment No. 2 issued on 03.11.2007
- iii. The contractor was paid remaining part of mobilization advance amounting to Rs 334.115 million vide cheque No. 539501 dated 10.12. 2007.

The details are as follows:

Description	Rs
Contract Amount	2,432,614,694
25% Variation Amount (additional work)	608,153,674
Total	3,040,768,368
15% Mobilization Advance admissible	456,115,255
Amount already Paid vide cheque No. 491653 dt. 12.09.2007	122,000,000
Balance paid vide cheque No. 539501 dt. 10.12.2007	334,115,255

Audit is of the opinion that:

- i. Clause 52.3 does not support this payment as the said clause is applicable at the time of issuance of taking-over certificate for the whole of the works
- ii. 25% increase in cost of contract through amendment and without notifying the additional work was irregular and undue favour to the contractor which resulted into excess payment of mobilization advance amounting to Rs 91.223 million {i.e. Rs 456.115 million (paid) – Rs 364.892 million (due)}.

The matter was pointed out to management on 22nd July 2016 but no reply was received.

Audit recommends that:

1. The matter may be investigated:
 - i. As to how the cost of contract was increased at initial stage.
 - ii. Excess mobilization advance amounting to Rs 91.223 million was paid in such an arbitrary way which jeopardized the sanctity of the tender and contract in total disregard of canons of openness and transparency.
2. The cost impact of excess amount of mobilization advance (Rs 91.233 million) paid to the contractor may be worked out and recovered from the person(s) held responsible.

4.2.2.5 Undue Favor To The Contractor Due To Award Of Additional Work Without Open Tenders - Rs 1,968.592 Million

Rule-12(2) of PPRA provides that “All procurement opportunities over one million rupees should be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu”.

General Principles of Contract provided in GFR 19 (iv), Vol-I provides that the terms of contract once entered into should not be materially varied without the previous consent of the competent authority. No payments to contractors by way of compensation, or otherwise, out-side the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the Ministry of Finance.

The management enhanced the contract price for Development works of New Balakot Town was enhanced to Rs 4,400.707 million through amendments and variation orders.

The details are as under:

(Amount in Rs)

DOC.REF	Date	Description	Amount
Original Contract	25.06.2007	Original Contract	2,432,614,694
Amendment No.2	03.11.2007	25% increase in original contract value	608,153,674
Revised Contract Award Cost (A)			3,040,768,368
Variation Order No.1	02.02.2011	Remedial work after resumption of work in October 2010	58,161,335
Variation Order No.2	15.09.2011	Access Road	89,721,068
Variation Order No.3	12.03.2012	Pump Room	3,655,186
Variation Order No.4	19.03.2012	Development of work in sector C (BATANG MERA)	1,208,901,034
Total VOs Cost (B)			1,360,438,623
Total Revised Contract amount (A+B)			4,401,206,991

Audit observed that by issuance of amendment and variation orders worth Rs 1,968.592 million the original contract price was enhanced by 81%.

Audit is of the opinion that the management was not authorized to enhance work.

The matter was pointed out to management on 22nd July 2016 but no reply was received.

Audit recommends that the matter may be investigated thoroughly with a view to ascertain how the safeguards provided in the GFR provisions have been violated besides fix responsibility on the person(s) at fault.

4.2.2.6 Undue Favor To The Contractor Due To Premature Release Of Retention Money - Rs 150.768 Million

GFR-19 provides that no payments to the contractor by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the rates may be authorized without the previous approval of the Ministry of Finance.

Clause No. 60.3 of General Conditions of Contract (GCC) awarded on 25th June 2007 for New Balakot City Development Project provides that:

- i. upon the issue of the Taking-Over Certificate (TOC) with respect to the whole of the works, one half of the Retention Money, or upon the issue of a TOC with respect to a section or part of the Permanent Works only such proportion thereof as the Engineer determines having regard to the relative value of such Section or part of the Permanent Works shall be certified by the Engineer for payment to the Contractor.
- ii. Upon the expiration of the Defect Liability Period for the works the other half of the Retention Money shall be certified by the Engineer for payment to the Contractor.

The management of ERRA issued two amendments No. 4 and 5 on 02.01.2010 and 15.11.2010 respectively.

The details are as under:

- i. In order to allow contractor to overcome the financial liquidity problems arising out of recent developments at the work site, the Employer agrees to reduce the rate of Retention Money from 10% as mentioned in Appendix 'A' to rate of 5% and release any amount deducted previously in excess of 5% from the contractor payment".
- ii. In order to allow the Contractor overcome the financial liquidity problems arising out of preceding development at work site, the Employer agrees to release the existing amount of Retention Money and deduct a sum @ 10% of Retention Money from the forthcoming bills of the Contractor.

The management of New Balakot City Development Project paid retention money amounting to Rs 150.768 million (vide cheque No. 651457 dated 27.10.2010 for Rs 71.222 million and cheque No. 771522 dated 15.11.2010 for Rs 75.00 million).

Audit observed that both the amendments have materially changed the contract besides the work done is insecure to the extent of defect liability period.

Audit is of the opinion that insecure and undue release of retention money was an undue favor to the contractor at the cost of public exchequer.

The matter was pointed out to management on 22nd July 2016.

The management stated that the same para was raised in AR 2014-15 and requested to delete the para from special audit report.

The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

Audit recommends that the matter be investigated for fixing the individual responsibility and making good the loss caused due to undue favour to the contractor for un-due release of retention money.

4.2.2.7 Overpayment To The Contractor Due To Non-Deduction Of Cost Of Material Obtained From Site - Rs 69.665 Million

Technical Specification # 2231(01)–General Excavation provides that all material removed from excavation shall be used in the formation of embankments or filling the relatively lower level areas, and at other such locations as directed, unless it is declared unsuitable or surplus by the Engineer/ Engineer’s Representative.

A contract regarding Development Works of New Balakot Town was awarded to M/s Mumtaz Construction Company on 18th May 2007. ERRA measured and paid for a quantity of 32,204.98 Cu.m stone works up to IPC # 75 in Bill # 2 & 3 of different IPCs. A quantity of 1,645,478.47 Cu.m hard rock was obtained from the site up to IPC No.75 during excavation (under bill No. 1 to 5, item No. 106, 202, 302, 402 and 502).

A quantity of 1,942,735.40 Cu.m soft material was obtained from the site up to IPC No.75 during excavation (under bill No. 1 to 5, item No. 105, 201, 301, 401 and 501). An amount of Rs 14.701 million (including price adjustment) was paid up to IPC # 75 for a quantity of 31,645.92 Cu.m sand bedding under water supply pipes and sewerage pipes.

Audit observed that the contractor used the excavated material (stone).

Audit is of the opinion that:

The contractor was over paid an amount of Rs 54.964 million as detailed in Annexure-N.

The contractor was over paid an amount of Rs 69.665 million (Rs 54.964 million + Rs 14.701 million) as detailed in Annexure-O.

The matter was pointed out to management on 22nd July 2016

The management stated that the same para was raised in AR 2014-15 and requested to delete the para from special audit report.

The reply of management is not tenable as amount pointed out has not yet been recovered and got verified.

Audit recommends that over payment of Rs 69.665 million being the cost of material obtained from the site may be recovered from the contractor or the person(s) held responsible.

4.3 Education Sector

Objectives

The objective of the ERRA toward education sector is to restore equitable access to higher quality education, teacher development, and capacity development of the district education offices for improved service delivery.

Capital cost, sources and utilization of funds:

In Reconstruction and Rehabilitation strategy of education sector the initial cost including Civil Work, Furniture items, other equipment Teacher Training and Technical Assistant, Rs 29,356.90 million were declared as Project Input and to be completed in three years i.e. 2006-07, 2007-08 and 2008-09, for which Annual Work Plan was chalked out. Funds amounting to Rs 25,792.500 million were allocated by ERRA out of one line budgets for reconstruction and rehabilitation through education sector up to June, 2012. The ERRA expended Rs 18,891.102 million during the period, which is 64.35% of the required input. The main sources of fund are GOP, ADB, World Bank, Saudi Fund and Kuwait Fund.

Achievement and Targets - Education Sector

Earthquake Reconstruction and Rehabilitation Auditory (ERRA) launched 5,701 projects in education sector for the purpose of reconstruction and rehabilitation of educational facilities in AJ&K and KP. These educational facilities related to reconstruction of primary school, middle school, secondary school, higher secondary school, college and university.

The educational facilities were required to be executed and completed mainly through three funding sources i.e. Government of Pakistan (GOP), Donors and Sponsors as detailed below:

	Total Projects	Completed	%age	Under construction	%age	Tendering & Designing stage	%age
GOP	3,782	1,143	30	1,431	38	1,208	32
Donors	709	672	95	24	3	13	2
Sponsors	1,210	1,112	92	31	3	67	5
Grand Total	5,701	2,927	51	1,486	26	1,288	23

Source: ERRA Reconstructing Monitor (ERM), Accessed on 22.02.2016

The above table indicates that the progress of Donor's completed projects is 95% and the progress of Sponsor's projects is 92% whereas the progress of GOP funded projects is only 30% which is lagging behind the sponsor and donor funded projects from the year 2005 to 2015.

4.3.1 Construction of King Abdullah University, Muzaffarabad

Saudi Fund for Development has pledged a grant of US \$50.000 Million which is to be utilized by the Government of Pakistan through ERRA for reconstruction of AJK university (King Abdullah University) Muzaffarabad campus. In this regard Memorandum of Agreement between the Government of Pakistan and Kingdom of Saudi Arabia was signed on 11.07.2006. The project of construction of King Abdullah University comprise of 14 academic blocks, 06 hostels and allied

buildings like mosque, library and auditorium with a cumulative area of 1,152,629 sft. was awarded to M/s /s SAMBU.SARCO (JV) on 11.05.2011 with a completion time of 36 months.

4.3.1.1 Undue Delays in Awards of Contract Resulted in Cost Overrun – Rs 1.495 billion

Clause.2.4 of Special Conditions of Consultancy Contract states that the period of completion of services for planning & designing phase shall be of a duration of six months w.e.f. the date of the signing of the contract agreement. The period of completion of services for construction phase shall be 30 months w.e.f. the date of award of work to the contractor. “Completion of Services” means completion of planning and designing phase i.e. topographic survey, geo-technical investigation, concept design development, preparation of detailed architectural structural design, cost estimates, PC.Is, tender documents.

The Government of Pakistan signed agreement with Government of Saudi Arabia for construction of education and health facilities on 11.07.2006, out of the total amount Rs 4,048.319 million was reserved for AJK University (King Abdullah University) campus, Muzaffarabad.

The detail of activities carried out by the management for utilization of grant allocated for the university is as under:

S. No.	Activity	Date	Time taken
1.	Donation agreement	11.07.2006	
2.	Appointment of consultant	15.11.2007	16 Months 4 Days
3.	Approval of project by ECNEC	21.01.2010	
4.	Invitation to Bid for award of contract	10.03.2010	
5.	Submission of tender documents	24.03.2010	28 Months 9 Days
6.	Date of opening of bids	03.06.2010	
7.	Letter of acceptance	28.02.2011	
8.	Contract agreement signed on	11.05.2011	
9.	Letter of commencement by the Engineer	16.05.2011	13 Months 23 Days
10.	Date of Completion as per contract agreement	15.05.2014	
11.	Current physical progress (January, 2016)	49.80%	

Audit observed that:

- i. The consultant appointed on 15.11.2007 has submitted the tender documents on 24.03.2010 i.e. after a period of 28 months instead of 06 months.
- ii. The position tabulated above also indicates that the management failed to appoint consultant/contractor in timely manner as they have taken 16 months for appointment of consultant after agreement with donor and 13 months for award of contract after submission of tender documents by the consultant

Audit is of the opinion that this delay in award led to cost overrun of Rs 1.495 billion, as PC.I prepared on the market rates of 2009 could not cover the contract cost. Further opportunities for earning revenue to Rs594.584 million (mentioned in the PC.I) was also not availed besides depriving the local population from the main education facility.

The matter was reported to the management on 22.07.2016. The management replied that design was to be verified / vetted by NESPAK and these conditions were not available in

consultancy agreement. Further, various stakeholders were involved; therefore huge time was taken in getting approval of design. It is further highlight that end user have taken considerable part of time in providing the user requirement and approving the conceptual plans/design & consultant has to revise the design again & again. After receipt of tender documents donor also taken time in giving final NOC of bidding documents. Bidders also filed court case on bid evaluation report which further delayed the project. NOC of donor for award of work took considerable time.

The reply is not cogent as management has addressed only two segment of the Para i.e. Designing and obtaining NOC. The design and consulting end users was a part of designing job, which was agreed to be completed during six months and the same was not done. Further expediting NOC from donors was the responsibility of the management through active correspondence, which does not come from the record. It is pertinent to mentioned that as per reply to Para 4.3.1.9 complete drawings are still not available.

Audit recommends that the matter may be probed into and responsibility may be fixed for loss of Rs 1.495 billion.

4.3.1.2 Non-Revision of PC-I - Rs 5,282.248 million

ECNEC's decision reproduced at Para 9.2 of Guidelines for Project Management, during the implementation of project states that if it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority. It is essential that the revised cost estimates are prepared in a realistic manner.

PC.I amounting to Rs 5,282.248 million approved from the competent forum (ECNEC), consists of two facilities AJK University (King Abdullah University) campus having construction cost of Rs 4,048.319 million and Rawalakot Campus having construction cost of Rs 1,233.929 million.

Audit observed that M/s SAMBU JV was awarded the contract for construction of AJK University (King Abdullah University) campus for a cost of Rs 5,544.188 million against the approved cost of Rs 4,048.319 million. The award of contract is 37% (Rs 1,495.87) over and above the approved PC.I cost mentioned for the project.

Audit is of the opinion the award at 37% higher rates was irregular and the management had to resort to revision of the PC-1 at the award stage.

The matter was reported to the management on 22.07.2016.

The management replied that PC.I were prepared & approved in year 2009 whereas bids were called in 2010. Award amount came on higher side due to increase in markets rates. However, it may please be noted that award cost will further increase due to price adjustment and the revised PC.I shall be got approved from the competent authority as soon as final completion cost of the project is ascertained.

The reply of the management is not cogent as revision till arrival of final cost is unjustified. Further, Para 2.9 of Guidelines for Project Management states that Project implementation agencies / departments should seek the approval of the competent authority as soon as they consider change in scope of work or revision in cost. Sponsoring agencies should also anticipate likely delays. They should also fix responsibility for the delays. Those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task.

Audit therefore, recommends that PC.I may be revised besides implementing Para 2.9 of Guidelines for Project Management in letter and spirit.

4.3.1.3 Irregular Payment of Price Adjustment – Rs 35.014 million

Clause 70.1 of Particular Condition of Contract states that the amount payable to the contractor shall be adjusted in respect of the rise or fall in the cost of labour, material and other inputs to the works. Further, clause 70(b) of Particular Condition of Contract states that the adjustment to the monthly statements in respect of changes in cost shall be determined from the formula.

The department paid an amount of Rs291.766 million to the contractor M/s SAMBU JV as price adjustment.

Audit observed that:

- i. Price Adjustment was paid to the contractor vide IPCs No.01 to 17 19, 21, 26 and 31 without observing the monthly statements required/actual work done in each month.
- ii. The department has paid price adjustment of Rs 14.590 million (Total price adjustment Rs 291.766 million x 5%) with index/bulletin of PSO instead of Attock Oil Refinery.
- iii. The department has paid Rs 20.424 million (Total price adjustment Rs 291.766 million x 7%) without approval of index of source by the engineer (consultant).

Audit is of the opinion that:

- i. Payment of price adjustment is violation of contract agreement resulted into excess payment.
- ii. The payment without index of source by the engineer stands irregular.

The matter reported to the management on 22.07.2016.

The management replied that Price adjustment was computed on monthly basis for IPC No.35 to 36, however, the consultant /contractor has been asked to compute the price adjustment for remaining IPCs on monthly basis. Further, Weightage & index for HSD is given Attock Oil refinery in contract agreement but monthly rates of Attock Oil refinery are not available and could not be verified, hence rates of PSO are used for computation purpose. Applicable index for PCC blocks have been approved by Ex-consultant “The Architect”.

The reply of the management is not cogent as calculation of price adjustment prior to 35th IPC is awaited. Further, applying rates of PSO for HSD is in contradiction to contract agreement. Furthermore, Basic rates of PCC blocks for only 02 months have been provided and the details of the rest of the period are missing.

Audit recommends that excess amount may be recovered and the matter of allowing payments without basic rates may be investigated.

4.3.1.4 Issuance of Variation Order for Soil Investigation –Rs 5.354 million

Clause 18.1 of Particular Conditions of the Contract states that the contractor shall investigate the bearing capacity through confirmatory geotechnical investigation and intimate the engineer for review of design, if require, all costs incurred in this regard be borne by the contractor and thereof shall be deemed to have been included in the total price quoted by the contractor.

ERRA has approved Variation Order No.4.B amounting to Rs13.122 million containing Rs5.354 million for soil investigation.

Audit observed that the cost of soil investigation is already included in the contract price. Further, NOC of donor for the V.O. issued has also not been made available.

Audit is of the opinion that payment under the V.O. stands unauthorized.

The matter reported to the management on 22.07.2016.

The management replied that confirmatory soil investigation remained dispute with contractor for last four years and finally competent authority ERRA constituted a committee to probe the matter, committee recommended following soil investigation is not admissible as the contractor has not given any notice in the light of GCC 53.1 & PCC 12.2. However, The Engineer may consider waiver of this notice as per contractor/or after getting approval from appropriate forum. The engineer has obtained waver from competent authority ERRA.

The reply of the department is not satisfactory as soil investigation is already included in the contract price. Audit therefore recommends that the excess amount may be recovered from the contractor under intimation to audit.

4.3.1.5 Irregular payment as compensation - Rs 4.664 million

Special Stipulations of Contract vide Serial No.06 and proposed construction schedule (Appendix E) of the contract agreement provides the time of completion of work as 36 months.

Special Stipulation of Contract vide Serial No.12 states that minimum amount of Interim Payment Certificates (Running Bills) is Rs.100 million.

The ERRA paid the contractor financial compensation of Rs 4.664 million on account of delay payment of IPCs.

Audit observed that the management had already compensated the contractor by accepting the IPCs of lesser amount than Rs100 million, agreed in the contract agreement.

Audit is of the opinion undue favour was extended to the contractor.

The matter reported to the management on 22.07.2016.

The management replied that acceptance of IPC below the minimum amount by the engineer, is his discretion as contract does not restricts him to not accept any such IPC. Moreover, the design of full scope was remained unavailable till to date, hence threshold of minimum amount was not applicable as contractor could not work on full scope of project. It is to highlight that there has been abnormal delay in payment of IPCs by the Donor which has very badly affected the cash flow of contractor, so in order to facilitate the contractor to maintain its cash flow, IPCs of lesser amount were accepted. As far as compensation on delay in payments is concerned, it may be noted that it is contractual right of the contractor as per provisions of clause 60.10 of the condition of contract to get 08% per annum on delay in payments behind the specified time in contract whereas price adjustment is allowed on work done against BOQ items as per provisions of clause 70 of CoC.

The reply is not cogent as the management has violated the contractual clause to benefit the contractor.

Audit recommends that contractor was already compensated through acceptance of lesser amount IPCs, which is violation of contractual clauses. Therefore, the payment on account of delay payments compensation stands unauthorized, which needs to be recovered.

4.3.1.6 Irregular Award of Contract in Violation of Pakistan Engineering Council by Laws – Rs 5,544 million

Para 04 of Pakistan Engineering Council Act, 1975 (V of 1976) states that a license granted by the Council shall entitle a licensee to perform an engineering work for client or employer. However, the client or employer may prescribe his own requirements over and above the requirements for license prescribed by the Council, particularly in respect of financial soundness, plant and equipment capability, previous experience, business management capabilities and specific expertise which in the opinion of a client or employer, is essential for the execution of the work. Further, clause IB.3 of instructions to bidders required that bidder are to be duly licensed by Pakistan Engineering Council in the category relevant to the value of work.

Advertisement 10.03.2010 vide Para 05 provides that tender documents may be obtained by eligible interested tenderers on submitting a written application on the original company letter pad along with a copy of PEC registration

The management of ERRA awarded to the M/s SAMBU (JV) for construction of King Abdullah University.

Audit observed that M/s SAMBU (JV) was not licensed by PEC at the time of bid evaluation on 03.06.2010, as the Joint Venture of M/s SAMBU.SARCO was registered on 07.06.2010 with registration No. EF-17.

Audit is of the opinion that the award of project to a firm not having a valid license of PEC is a violation of PEC by-laws and bidding documents and based on the above the bid of M/s SAMBU (JV) should have been technically disqualified.

The matter reported to the management on 22.07.2016.

The management replied that bids of M/s SAMBU (JV) were accepted conditionally subject to provision of registration with PEC before finalization of technical bid evaluation. M/s SAMBU (JV) has provided registration before opening of financial bid. Hence M/s SAMBU JV was considered qualified.

The reply is not cogent, as per advertisement the contractor had to submit application on original company letter pad along with a copy of PEC registration for obtaining tender documents. Hence, M/s SAMBU (JV) was not eligible at the time of provision of tender documents. The management was not authorized to conditionally accept the bid of the M/s SAMBU (JV).

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault.

4.3.1.7 Non-Imposition of Interim Liquidated Damages - Rs 277.2 million

Clause 47.3 of Particular Condition of Contract provides that the contractor has to carry out work at site according to approved program under clause which shall be submitted by the contractor to the Engineer for his consent and may have to be updated as per the requirement of the Engineer. If the contractor is found to be consistently behind the schedule in the two consecutive quarters, he is liable for recovery of interim liquidated damages at Half Rate as liquidated damages under clause (47.1) i.e. (0.1% for each day of delay to 10% of contracts price).

Special Stipulations under clause (43.1) and proposed construction schedule (Appendix E) of the contract agreement stipulates the time of completion of work as 36 months.

The management of ERRA made a payment of Rs 3,702 million for construction of King Abdullah University Chattar Kalas, Muzaffarabad.

Audit observed that contractor had failed to follow the approved work schedule and the work was delayed beyond the completion period i.e. 15.05.2014 and physical progress at the time of audit (2015) was only 50%.

Audit is of the view that liquidated damages at the rate of 5% (Rs 5,544 million) of contract price i.e. Rs 277.2 million had to be imposed at the contractor.

The matter reported to the management on 22.07.2016.

The management replied that interim liquidated damages were to be imposed on contractor if there is no default of employer / consultant, and the contract is constantly behind the schedule. However, it is documented that design of full scope remained unavailable and lead to employer / consultant default and in such scenario Liquidated Damages could not be imposed.

The reply of the department is not relevant as contractor had still not completed the work of buildings for which design was provided at start and management has accepted that design of full scope was unavailable.

Audit recommends an independent third party inquiry be conducted to ascertain as to how this work was carried out without the availability of design of full scope and responsibility may be fixed and liquidated damages may be recovered from the person (s) at fault.

4.3.1.8 Irregular Payment on Account of Prolongation Claim - Rs 167.965 million

Clause 6.3 & 6.4 of General Condition of Contract states that the contractor shall give notice to the Engineer whenever planning or execution of the works is likely to be delayed or disrupted unless any further drawing or instruction is issued by the Engineer within a reasonable time and, the contractor suffers delay and/or incurs costs then the Engineer shall, after due consultation with the Employer and the contractor, determine; any extension of time to which the contractor is entitled under clause 44, and the amount of such cost, which shall be added to the contract price, and shall notify to the contractor.

Instructions to Bidders, *inter alia*, provide:

1. Under Appendix-I to Bid, no subcontractor was mentioned by M/s SAMBU (JV) for execution of the project;
2. Under Appendix K to Bid, the contractor was required to depute the supervisory staff and labour as mentioned in the contract agreement;
3. Under Appendix G to Bid, contractor was required to mobilize the major equipment as mentioned in agreement for work commencement.

The management of ERRA made a payment of Rs 3,702 million for construction of King Abdullah University Chattar Kalas, Muzaffarabad.

Audit observed as under

- i. Contractor violated the contract agreement as detailed below:
 - a. The contractor has engaged sub-contractors on the project;
 - b. The contractor could not work in accordance with construction drawing (where provided) leading to delay in construction work schedule;
- ii. As per the Engineer "M/s The Architects" decision dated 10.10.2013 interim extension on certain buildings were approved and overall EOT has been rejected on the plea that contemporary record was not provided by M/s SAMBU (JV).
- iii. ERRA granted EOT alongwith prolongation claim of Rs167.965 million vide IPC No. 34 dated 1stSeptember 2015.
- iv. The contractor was paid without fulfilling the contractor obligation i.e. completion of buildings where drawings were provided.

Audit is of the opinion that the granted of EOT was not justified as consultant (under whose supervision the work was performed) was already rejected the EOT on the grounds that incomplete

record was provided in justification of EOT besides, certain violations of the contract agreement by the contractor. Therefore, audit holds that payment of prolongation claim of Rs 167.965 million was irregular.

The matter reported to the management on 22.07.2016.

The management replied that any extension of time given under contract provision has the cost effect unless the events are natural delay or overlapping delays. It is further highlighted that M/s Architects refused the extension of time claimed on the basis of delays in provision of drawings. Although it is proven fact that M/s Architects has delayed the provision of drawings which can also be witnessed that as of today, drawings are still pending. Provision of drawings has remained a severe issue and due to failure of M/s The Architects. ERRA has hired new consultant M/s Al-Teraz to address the design issues. M/s SAMBU JV was given extension of time (EOT.I) for the delays events of provision of drawings and relocation of Komikot Road. As these delays events were failure on part of ex consultant / employer, therefore prolongation claim was given to contractor as per provision of contract clauses. Hence no favor was given to contractor

The reply of the management is not cogent as delay for which the prolongation is claimed related to the period of “M/s The Architect” who refused it. The payment and EOT after expiry of contract agreement of M/s The Architect is a question mark on the transparency. The EOT and prolongation payment is unauthorized.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault besides recovery.

4.3.1.9 Unauthorized Payment on Account of Design – Rs 74.847 million

Appendix-C of contract agreement signed with the consultant provides the following firms as sub consultant:

M/s Habib Fida Ali, Karachi,
M/s Mushtaq & Bilal, Karachi,
M/s S. Mehboob & Company (MEP),
M/s SMK Associates Civil & Structure Engineers
M/s Timeline Consultant

The management of ERRA made a payment of Rs 74.846 million as Planning and Design fee to M/s The Architects against King Abdullah University Chattar Kalas, Muzaffarabad.

Audit observed as under:

- i. The electrical and plumbing works were performed by designers / persons other than agreed in the contract agreement i.e. M/s Y.S Associates and M/s K.P & Associates.
- ii. The drawings available are not signed by the lead partner.

Audit is of the opinion that the payment of Rs 74.847 million is irregular and therefore unauthorized.

The matter reported to the management on 22.07.2016.

The management replied that although in the contract agreement was signed with M/s The Architects but the Architect hired some sub consultant who has carried out the design, which was dully vetted by M/s NESPAK and found accurate. Hence we have not objected sub consultant. Further, it may please be noted that construction drawing are issued by site staff after duly signing and stamping.

The reply of the management is not cogent as the employer had to accept the drawings from only the consultants who were agreed in contract the agreement. Further, it does not come from the copies of sample drawing obtained by audit that these drawings have been verified by the NESPAK even it has not been verified by the main consultant.

Audit recommends that the matter may be investigated with a view to fix responsibility on the person(s) at fault

4.3.1.10 Sub-Contracting of Work by the Contractor M/s SAMBU (JV) of King Abdullah University, Muzaffarabad

Clause 4.1 of General Conditions of Contract Agreement stipulates that except where otherwise provided by the contract the contractor shall not subcontract any part of the work without the prior consent of the employer and as per clause (4.3) of the conditions, prior approval of Engineer shall be obtained for sub-contractor including resource available, key staff and past experience of the firm before according approval. In the event of dispute between sub-contractor and main contractor, the contractor shall indemnify the employer against such dispute and litigation.

The management of ERRA made a payment of Rs 3,702 million for construction of King Abdullah University Chattar Kalas, Muzaffarabad.

Audit observed as under:

- i. The contractor M/s SAMBU (JV) sub-let the work to sub-contractors which included M/s Wide Con, M/s Deshan, M/s. Pakhal etc.
- ii. No approval was granted by employer for engaging sub-contractor.
- iii. The contractor has also not provided any detail regarding sub-contracting in contract agreement vide appendix-I.

Audit is of the opinion this resulted into the violation of contract.

The matter reported to the management on 22.07.2016.

The management replied that issue of sub-contractor was come in notice of Employer when dispute arise between M/s SAMBU JV and sub-contractors. The employer has investigated the matter by issuing notices to M/s SAMBU JV. The contractor took stance that they are labor contractor. M/s Al-TERAZ new Saudi consultant has approached for investigation of matter. The

consultant replied that as the matter is in court of law with sub-contractor and work is continued so no action shall be taken till final decision of court.

The reply of the management reveals that the contractor has hired sub-contractors which were not allowed as per contract agreement.

Audit therefore recommends that necessary penalty in accordance with contract agreement may be imposed on contractor.

4.3.1.11 Un authorized expenditure on account of construction of non-strategic facility - Rs 192.253 million and US \$ 3 million

According to ERRA Education Strategy 216 middle Schools in District Muzaffarabad were damaged / destructed by earthquake. To reconstruct these schools 08 PC-1s were prepared and approved. Further as per ADB Aid Memoire Para 04 of Appendix 02 in education sector ADB will finance partly and completely damage government middle schools building.

ERRA has to carry out schemes duly included in the ERRA strategy and with approved PC-I. There is no room for recoupment of any expenditure incurred by any other organization either in the ERRA accounting procedure/ regulations.

As per Earthquake Reconstruction and Rehabilitation Authority Act, 2011 the Authority shall be responsible for all reconstruction, rehabilitation and early recovery programs and projects in the affected areas of the whole of Pakistan.

A) A contract for construction of 30 schools was awarded to M/s Shahzaman-PEB JV at a cost of Rs 519.952 million. During scrutiny of record it was observed that an amount of Rs 14.755 million (excluding retaining walls, boundary wall and provisional sum) as detailed below was incurred on construction of Army Public school (APS) Muzaffarabad.

S. No.	Description	unit	Rate	Quantity	Amount
1	Supply of selected portion of pre-fabricated structure (schedule-1)	Sft	US\$.16.5*	4639	6,339,036
1	Topographic survey(schedule-3)	each	60,000	01	60,000
2	Complete Design services(schedule-3)	Sft	US\$ 02*	4639	775,640
3	Dismantle/construction/installation (Schedule-04)	Sft	1,634	4639	7,580,126
Total					14,754,802

*US\$ 01=Rs.83.6

The school constructed was neither part of ERRA Strategy & PC-1 nor included in list of 30 schools awarded to the contractor. Further APS is a commercial/other than government owned entity. Incurrence of expenditure on a commercial entity and depriving the affected population is unauthorized, which needs to be investigated.

B) An amount of Rs 21.776 million was recouped by ERRA to Pakistan Scouts Cadet College (PSCC) Batrasi, a private body generating its own revenue with no funding from Government. The college had already carried out repair and reconstruction work of the said amount from its own

sources as well as through donations from various persons. This release of funds for work already done did not fall under ERRA rules/ policy.

Audit holds that recoupment of funds for work already done on schemes not included in Education Strategy / ERRA mandate may be investigated and recovered under intimation to audit.

C) Deputy Director Reconstruction (PERRA) Mansehra paid Rs 155.722 million for construction of Pakistan Scouts Cadet College Batrasi Mansehra as detailed below:

(Rs in million)			
Package No.	Name of facility	Bid cost	Expenditure (June 2014)
80-A	Kaghan House & RBN Block	101.840	130.629
80-B	Chinar House, Hospital unit & Office block	27.711	8.335
80-C	Principal House, Category IV residence & Shops, bank	31.540	16.758
Total		161.091	155.722

The above schemes were not included in ERRA Education Strategy. PC-I of these non-strategy schemes was approved by ERRA during 2008. The status of college is self-financing private institution as no government is involved in its management/ financing etc.

In view of the above, incurrence of such a huge amount of Rs 155.722 million on a private institution being non-strategy schemes is beyond the mandate of ERRA. This not only deprived the damaged schools of government sector identified for reconstruction through Education strategy but also placed extra burden on Government of Pakistan.

D) The Finance Division approved US \$ 2.5 million for the financial support and technical expertise for the affectees of earthquake which hit the city of VAN, Turkey from the budgetary provision of ERRA for the F.Y. 2011-12. A letter of intent (LOI) was signed between ERRA on behalf of Govt. of Pakistan and Prime Minister Disaster and Emergency Management (AFAD) on behalf of the Govt. of Turkey for the construction of 24 class rooms' school at an estimated cost of US \$ 2 million.

Later on, the Ambassador, Embassy of Pakistan, Turkey informed that the budget of US \$ 2 million is insufficient to build the proposed school of 24 class rooms as per the construction specifications of the Van Region and requested for allocation of additional one million US dollars for the project. Accordingly, a cheque No. 091229 dated 06.12.2012 amounting to US \$ 3 million (equal to Pak rupees 290,700,000) was handed over to the Turkish authorities.

Audit observed that the said amount was not reimbursed to ERRA by the Finance Division.

Audit is of the view that such activities outside Pakistan do not come under the purview of ERRA and should have been carried out through the relevant forum/ Ministry. Further, the amount paid from the ERRA funds should have been reimbursed to fulfill its obligations.

When pointed out to the management on 21st October 2013, the management in its reply dated 12th December 2013 appreciated the view point of Audit and stated that the matter has

already been taken up with the Finance Division for reimbursement of US \$ 3 million financial support made by ERRA to Turkey on behalf of Government of Pakistan.

The matter may be pursued with the Finance Division vigorously and progress be intimated to Audit.

The matter was pointed out to management on 22.7.2016 and the management stated that the same para was raised in EEAP Project audit report 2012-13 and the management requested to delete the para from special audit. The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

4.3.1.12 Un authorized expenditure on account of construction facilities beyond the scope – Rs 324.924 million

As per guidelines for project management of Planning Commission, Project implementation agencies/departments should seek the approval of the competent authority as soon as they consider change in scope of work or revision in cost.

During scrutiny of record it has been observed that construction of 33 schools was claimed and paid to M/s Shahzaman-PEB JV under contract No.1.8B. Out of these the schools detailed below from serial No.01 to 08 was neither included in PC-I nor awarded to the contractor on which an expenditure of Rs140.384 million has been incurred. Further schools mentioned at serial No.9 to 19 were not part of PC-Is on which an amount of Rs184.540 million has been spent for reconstruction.

S.No.	School	covered Area	Avg. Rate (Rs per Sft)	Amount (Rs)	Remarks
1	GMS Kapa Butt	4639	3,492.754	16,202,886	Not provided in PC-I / Award
2	GMS Utrasi	4655	3,492.754	16,258,770	Not provided in PC-I / Award
3	GMS Shawai	2254	3,492.754	7,872,668	Not provided in PC-I / Award
4	BMS Raj Putti	5231	3,492.754	18,270,596	Not provided in PC-I / Award
5	GMS BugnaKhairabad	7083	3,492.754	24,739,177	Not provided in PC-I / Award
6	GMS Pursacha	5231	3,492.754	18,270,596	Not provided in PC-I / Award
7	BMS Davi	5231	3,492.754	18,270,596	Not provided in PC-I / Award
8	BMS Sarar	5869	3,492.754	20,498,973	Not provided in PC-I / Award
9	GMS Alrha	5231	3,492.754	18,270,596	Not provided in PC-I
10	BMS Hassan Gallian	4639	3,492.754	16,202,886	Not provided in PC-I
11	BMS Sherwan	5231	3,492.754	18,270,596	Not provided in PC-I
12	GMS Hassan Abad	5231	3,492.754	18,270,596	Not provided in PC-I
13	BMS Dani Mahi Sahiba	4639	3,492.754	16,202,886	Not provided in PC-I
14	BMS Sand Bun	3455	3,492.754	12,067,465	Not provided in PC-I
15	GMS Gagu Tarcon	5261	3,492.754	18,375,379	Not provided in PC-I
16	GMS Kandar	4639	3,492.754	16,202,886	Not provided in PC-I
17	BMS PhagnalBandi	4639	3,492.754	16,202,886	Not provided in PC-I
18	GMS Rajwain	4639	3,492.754	16,202,886	Not provided in PC-I
19	BMS Kail Gran	5231	3,492.754	18,270,596	Not provided in PC-I
				324,923,919	

Total Cost=Rs 354,258,309+Rs 247,456,000 (US\$2,960,000*83.6)=601,714,309/172,275=3492.754

The matter of construction of schools neither included in PC-I nor in contract agreement needs to be justified as the scope of the work was change payment without revision of PC-I needs to be justified.

The matter was pointed out to management on 22.7.2016 and the management stated that the same para was raised in EEAP Project audit report 2012-13 and the management requested to delete the para from special audit. The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

4.3.1.13 Mis-management resulted into loss of Rs 112.230 million to state

In accordance with Rule 10 of GFR every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and the expenditure should not be prima facie more than the occasion demands.

During scrutiny of record it has been observed that contract for construction of 40 middle schools in District Bagh, AJK bearing No.1.2 has been awarded to M/s WINTROP-Meridian JV. The covered area of the schools is 203,130.82 sft. The contract was completed with a cost of Rs 577,154,042 on 11 December 2010. Hence per Sft. cost comes to Rs 2,841.292 per Sft. (Rs 577,154,042/203,130.82 Sft.). Another contract for construction of 30 Middle schools was concluded and signed with M/s Shahzaman PEB JV vide contract No.1.8 B on the same terms and conditions for material and erection. The covered area of the Middle Schools was 172,275 Sft. and the contract was completed for Rs 601.714 million (Rs 354,258,309 + Rs 247,456,000 (US\$2,960,000 x 83.6) with per Sft cost of Rs 3,492.754.

Comparison of rate of the two awards revealed that contractor who have supplied material from abroad resulted into excess expenditure of Rs 211.230 million $(172,275 \times 2,841.292) - (172,275 \times 3,492.754)$ on construction of facilities. As both the material was accepted by the department for construction of schools at the same time with same specification and tests required as per contract agreement. Hence utilization of imported material despite of the availability locally resulted into loss of Rs 112.230 to state in only contract. The matter needs to be justified and excess payment for all 07 contractors to whom privilege for utilization of imported material was allowed needs to be calculated and responsibility may be fix on the person(s) for encouraging import of material from abroad despite its availability locally with same specification.

The matter was pointed out to management on 22.7.2016 and the management stated that the same para was raised in EEAP Project audit report 2012-13 and the management requested to delete the para from special audit. The reply of management is not tenable as the matter is still outstanding because no remedial action has been taken by the management.

4.3.2 Construction of 124 schools of light gauge galvanized steel structure in District Battagram

Islamic Republic of Pakistan received Loan No. 2213 PAK (SF) - Grant No 0029, PAK (SF) from Asian Development Bank (ADB) for Earthquake Emergency Assistance Project

(EEAP) to be closed by end of December, 2011. ERRA decided to construct various schools of Light Gauge Galvanized Steel Structure (LGGSS) from these funds for immediate completion of the school buildings. In Battagram, construction of 121 LGGSS schools based on four lots. After inviting tenders for the turnkey basis, the contract for lot 1A (23 schools) and lot 1B (37-schools) was awarded to M/s Karkun Pvt. & Stone Guard (JV) for Rs 225.265 (m) and Rs 444.953 (m) respectively vide DD EEAP (Education) Battagram No. 151/1-W/ 8152 dated 17.09.2008. Similarly Lot-1C (36 schools) and Lot 1D (25 schools) were awarded to M/s AC&ACC PEB (JV) for bid cost of Rs 391.061 million and Rs 239.166 million. On 15.01.2009, the contract of M/s Karkun was terminated due to separation of Joint-Venture of the firm and work awarded to this firm was given to M/s AC & ACC PEB JV whose contracts increased from 36 to 59 schools and 25 to 62 schools respectively (total 121). Later on the number of schools was further enhanced to 124 for completion of which contractor was given 270 days while work was commenced on 02.02.2009.

However this project was not completed by close of 2015 after lapse of more than 07 years where EEAP Battagram was also closed during 2013.

A separate agreement for consultancy services including supervision of work as site engineer, responsibility for standard design and performance specification, tender evaluation, design and layout review / approval, other contract management was signed on 11.03.2008 with NESPAK for this project. But the consultant left the work incomplete during June 2012, without finalization of its accounts with the client and without handing over the assets back as per requirement of contract.

4.3.2.1 Non-preparation of PC-I of project of 124 schools - Rs 1,249.598 million

Para 11(3)d of ERRA Operational Manual 2008 provides that a project costing more than 500 million was required to be submitted to ECNEC for approval.

ERRA prepared 124 Pc-Is against each school for conventional construction.

On approving LGSS technology these existing PC-Is were processed for obtaining the administrative approval / revised administrative approval on 26.08.2008.

The details are as follows:

- i. 46, PC-Is for Rs 479.00 million, (Package No. 5 to 11 & 14) vide No. PERRA/AA/2011/770,
- ii. 61, PC-Is for Rs 610.00 million (Package No 1 to 5 & 11 to 14) vide No. PERRA/AA/2011/771, and
- iii. 17, PC-Is for Rs 161.434 million (Package No. 14 & 15) vide No. PERRA/AA/2011/772.

Audit observed as under

- a. Independent PC-I for all 124 LGSS schools of the project, costing Rs 1,249.598 million was not prepared to avoid approval of competent forum i.e. the ECNEC

- b. At one stage, 139 PC-1s were prepared while progress report of 136 schools was sent to PERRA off and on.
- c. All the schools were to be constructed through local currency as per approved original as well as revised PC-Is. None of these PC-Is contained any foreign component whereas a huge foreign currency of \$ 7,339,754 has been paid to contractor directly and through LCs.
- d. Soil investigation was carried out on 136 schools against 124 schools.
- e. Many school sites were changed during execution.
- f. IPCs were also not prepared on standard format to show the total work executed and current work done since previous measured work. It appears that this action was allowed intentionally to legitimize wrong doings by EEAP Education Battagram.
- g. GGPS Loy Kally included in this contract was already pledged to NGO (Care International) who constructed it through its resources.

Audit is of the opinion that 124/136 PC-1s were prepared merely to avoid the approval of ECNEC which is unlawful.

Audit is also of the opinion that foreign currency component was not part of any PC-1s but payment in foreign currency was made which was irregular and therefore unauthorized.

The matter was pointed out to management on 22.7.2016.

Department replied that ECNEC approval was not required as Government of Pakistan has already signed MoU with ADB inclusive of foreign component. PC-Is for 139 schools were prepared in small packages due to short time in closing of grant. Contract of M/s A&ACC was enhanced through change order in 26.06.2009 as per provision of contract agreement and with the concurrence of ADB without retender due to short time in closing of grant. Soil investigation was carried out for 136 schools and then curtailed to 124 schools according to fund commitment of ADB. The expenditure incurred for soil investigation on extra 12 schools amounting to Rs 2.026 million was recovered from the contractor in IPC No 84. The site of some schools was changed due to land issues and local disputes. The IPCs were prepared on standard format adopted for turnkey contract. All these schools existed prior to earthquake and ERRA reconstructed only existing damaged schools. The GGPS Sadien Mera was not included in 124 schools. No expenditure was incurred on Boray Muhammad Jan and GGPS Amar Shahabad from GoP Portfolio. Hence no duplication of expenditure was made on any school.

Reply is not tenable because approval of ECNEC was required being beyond power of ERRA board. No agreement of ADB with GoP was provided. No PC-I contained foreign exchange component.

Audit recommends that the matter may be investigated from third party for taking strict action against the defaulters beside regularization from the competent forum.

4.3.2.2 Irregular award of contract at higher rates than engineering estimates and 100% enhancement of contract - Rs 404.710 million

Rule 10 (ii) of GFR Vol - I states that the expenditure should not be prima facie more than the occasion demands

Rule 11 of GFR Vol - I states that each head of the Department is responsible for enforcing financial order and strict economy at every step.

M/s NESPAK, the consultant of the project, prepared estimates based on market rates and four (04) lots were tendered. Following bidders participated whose bids were evaluated and accepted against those estimates.

S #	Lot No.	Bidder	Date of tender	Engineering estimate (Rs)	Bidder price (Rs)	Difference (Rs)	Difference %
1	1-A	M/s Karkun JV	04.06.08	150,825,318	225,264,500	74,439,182	+49.35%
2	1-B	--do--	04.06.08	297,347,713	444,952,500	147,604,787	+49.64%
3	1-C	M/s AC&ACC JV	04.06.08	274,399,250	391,060,500	116,661,250	+42.56%
4	1-D	--do--	04.06.08	173,160,243	239,165,500	66,005,257	+38.12%
Total				895,732,524	1,300,443,000	404,710,476	45.18 %

Audit observed as under:

- The bids for higher percentage of 45.18% against engineering estimates based on market rates prepared by NESPAK i.e. 49.35%, 49.64%, 42.56% and 38.12% respectively in each case were accepted.
- The contracts of M/s A & ACC PEB JV were enhanced 100% through variation order instead of re-tendering, adding the contract of M/s Karkun.
- The turnkey contract cancelled from M/s Karkun for Lot 1A & 1B at cost of Rs 604.023 million (evaluated cost), was given to M/s AC & ACC PEB (JV) during 2009 increasing the amount of 02 contracts from Rs 630.226 million to Rs 1,234.249 million through variation order vide No. 6075/1-B-Edu dated 20.06.2009 which was further increased to Rs 1,249.598 million.

Audit is of the opinion that award of contract at higher rates than assessed by the consultant and enhancement of contract is irregular.

The matter was pointed out to management on 22.7.2016.

The department in its reply stated that the project was launched on turnkey contract basis. In this contract the design was carried out by the contractor after award of contract, therefore engineering estimates were not prepared at the time of bidding being turnkey project. Tentative budget estimates were prepared on prevailing market rates without considering overhead costs and contractor profit. The contract of Lot 1-A & 1-B could not be awarded due to dispute between JV partners. Therefore, due to short time of closing date of grant and with the concurrence of ADB the contract of M/s A&ACC was enhanced through change order on 20.06.2009 as per provision of contract agreement and in term of Rule 3.5 of ERRA Operational Manual, after annulment of award of M/s Karkun for contract 1-A & 1-B.

Reply is not tenable because work was awarded at higher rates as compared with market price. Contract was 100% enhanced by violating all rules/ regulations as management has accepted the audit observation.

Audit recommends that award of contract at higher rates and enhancement of contract against the rules may be investigated for fixation of responsibility.

4.3.2.3 Ambiguities in contract agreements

Rule 19(i) of GFR Vol-I states that the terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.

Deputy Director EEAP (Education) Battagram incurred Rs 1,234.424 million on construction of 124 schools of LGSS and an amount of Rs 54.104 million as operational cost.

Audit observed that the contracts signed in this project contained a variety of ambiguous clauses. Few examples are given as under:-

- a) Clear terms of contract for imported and local materials were not made. Schedule-I & II were also not differentiating the items / supplies. Contractor was asked to clarify the bid who submitted schedule-wise breakup on 18.08.2008 but that clarification was also ambiguous while no further clarification was sought.
- b) The original contract did not contain any provision regarding involvement of government in purchase process but as an afterthought ERRA agreed through amendment in contract to open LCs (bearing all costs by govt.) and to make payments in foreign currency. Here also no detail of import was shown while duties and taxes were paid for schedule- II items which were to be procured from local market.
- c) None of PC-Is provided any foreign component while schedule-I required import of plants and other items from abroad which was gross contradiction and against the rules.
- d) In contract, import was involved as mentioned in (b) above, but Government did not provide any foreign exchange cover / budget for this project.

Audit is of the opinion that undue favor has been provided to the contractor.

The matter was pointed out to management on 22.7.2016.

The department replied that terms and conditions of agreement were in line with ADB procurement guideline and FIDIC. Supply and payment of local and imported material was done as per contract. Letter of Credit (LC) was opened in accordance with ADB procurement guideline for import of material not locally available being new technology. Foreign currency component was part of contract between ADB & GoP and Government provided foreign exchange and budget for this project.

Reply is not tenable because PC-I and contract did not provide foreign currency component. Opening of LC was added in contract as afterthought. Contract between ADB and GoP and provision of foreign exchange/ budget by Government was not provided.

Audit recommends that that carrying out such ambiguous and against the rules contract may be investigated from a third party for taking action against the responsible persons.

4.3.2.4 Loss due to non-deposit of forfeited bid security of Rs 4.500 million

Section 45.2 (instructions to bidders) of bid documents states that the failure of successful bidder to submit performance security or sign the contract, shall constitute sufficient grounds for the annulments of the award and forfeiture of the bid money.

The contract of M/s Karkun Pvt. & Stone Guard (JV) awarded during September 2008.

Audit observed as under:

- i. The Chief Engineer (EQAA) Mansehra vide letter No. 4441/I-T Edu. dated 15.01.2009 intimated the contractor regarding annulment of award and forfeiture of bid security of Rs 4.500 million.
- ii. Intimation was not sent to bank for encashment till 16.02.2009 when M/s Karkun got stay order from Peshawar High Court.
- iii. The intimation to forfeit the guarantee was sent by Deputy Director EEAP on 18.02.2009 after a stay order, reflects undue favor to the contractor.

Audit is of the view that unjustified delay in forfeiture of bid security was done to provide adequate time to the contractor to get a stay order, leading to a loss to the government.

The matter was pointed out to management on 22.7.2016.

The department in its reply has stated that performance guarantee was not forfeited due to court case and would be finalized accordingly.

Reply is not tenable because performance guarantee was required to be forfeited timely but not done so. Contractor was allowed willfully to approach the court. The record relating to the court case, encashment of guarantees and their deposit into government treasury was not shown to audit.

Audit holds that loss to the government may be investigated for taking disciplinary action against the persons at fault.

4.3.2.5 Illegal payment of US \$ 7.340 million

For construction of 124 LGSS Schools, 124 PC-Is were prepared. None of these PC-Is contained any provision for foreign component. As such the entire amount of the project was to be paid in local currency.

ERRA paid an amount of US \$7,339,754 to contractor, through LCs and the mobilization advance in foreign currency.

The details are as follows:-

Item	Payment
Schedule I	6,222,258
Schedule III	570,796
Mob advance	546,700
Total US \$	7,339,754

Audit observed that none of these PC-Is contained any provision for foreign component.

Audit is of the view that making payment in foreign currency was irregular and therefore unauthorized.

The matter was pointed out to management on 22.7.2016.

The management stated that foreign currency component was part of agreement between ADB and GoP.

Reply is not acceptable because no such component was made part of contract. Agreement between ADB and GoP was also not provided.

Audit holds that matter may be investigated by third party for taking action under the law.

4.3.2.6 Overpayment against LCs due to excess import- US \$ 418,390 (Rs 34.00 million approx.)

Serial No.1 of ADB commitment letters dated 25.05.2009 vide provided that an amount of US \$ 3,136,500 & 1,713,600 respectively was agreed to be reimbursed to beneficiary under and in accordance with two Letters of Credit.

EEAP Education opened two LCs for import of 315,000 sft material under the commitment of ADB for 124 schools.

Audit observed as under:

- i. The contractor imported excess material of 28,317 sft than agreed in commitment and LCs.
- ii. ERRA vide letter No. 2-31/ ERRA /Fin / Budget /2009-10/980 dated 19.05.10 pointed out an excess amount of US \$ 481,390 equivalent to Rs 34.000 million (approx.) claimed by the contractor against two LCs.
- iii. PERRA was advised to restrict the payment of duties/taxes to the original LCs and resolve the issue of excess claim.

Audit is of the opinion that excess already identified was never reconciled and communicated to audit to ascertain that management has taken actions against the defaulters.

The matter was pointed out to management on 22.7.2016.

The management stated that US \$ 4.133(M) was paid against LCs of US \$ 4.559(M) and no excess payment was made. The payment of duties and taxes were also restricted to the original LC's and no excess payment was made.

Reply is not acceptable because excess payment was pointed out by department itself vide letter No. 2-31/ ERRA /Fin / Budget /2009-10/980 dated 19.05.10 after receipt of invoices from contractors. Thus audit cannot ascertain as to how much quantity was imported and how much payment was made against the quantity imported.

Audit holds that payment for excess imported material may be investigated for fixing of responsibility for overpayment and recovery be made.

4.3.2.7 Irregular payment (US \$ 1,977,400) for imported items not covered under schedule-I of contract – Rs 140.400 million

Schedule-I of bidding, plant (Pre-engineered structure including fixtures for its erection) provides that the item is described as “Supply of selected portion of prefabricated, steel structural parts and non-structural parts of the buildings including roofing, cladding, insulation, false ceiling with patent connections and accessories not locally available on covered area basis for single and double story structures.”

The management of ERRA paid an amount of \$ 1,977,400 for import of items.

The details of import of items are as under:

S. No.	Invoice No.	Item Name	Qty.	Amount (US \$)
1	PSAL/ERRA/1.1-47/06/10	Cladding & False Ceiling	160,000 Nos.	947,520
2	PSAL/ERRA/1.1-47/05/09	Self-drilling Screws	145,000 Nos.	16,300
3	PSAL/ERRA/1.1-47/03/09	Expansion bolts	20,000 Nos.	127,185
4	PSAL/ERRA/1.1-48/05/10	Cladding & False Ceiling	90,000 sft	592,196
5	PSAL/ERRA/1.8b/03/2010	Glass wool	2,500 rolls	61,152
6	PSAL/ERRA/1.1-47/04/09	Self-drilling screws	7,787,000 Pcs	233,048
				1,977,400

Audit observed that paid items were not covered under items of schedule-I in this contract. The rates quoted by contractor were based on covered area i.e. per sft of steel structure which include all accessories.

Audit is of the opinion that irregular payment of \$ 1.977 million on account of import of items not covered under contract was made for which contractor was responsible. The contractor was favored in such a way that all rules regulations, ethics, procedures, traditions and manners have been violated.

The matter was pointed out to management on 22.7.2016.

The management stated that the payment at S. No 1, 4, and 5 of the audit observation has not been made while the remaining items fall under schedule I of the contract. The accessories and connections is also the part of schedule 1, but shifted in separate shipments and payments was

made according to shipment of materials. Overall payment made to the contractor was within the limit of schedule 1 provision.

Statement of the department is misleading because payment was made for all items under schedule 1. These items were the responsibility of contractor besides this, duties and taxes were also paid by department for these imports.

Audit holds that irregular payment for import of items not covered under contract may be investigated to fix responsibility on the persons at fault besides recovery of overpayment and duties and taxes.

4.3.2.8 Unjustified payment of duties and taxes - Rs 3.739 million

According to Custom clearing agent (M/s Manzoor & Company) letters dated 29.06.2011 and 25.07.2011, EEAP Battagram was requested to arrange difference of duties for Rs 3.739 million (Rs 1,075,377 + Rs 2,663,472) due, because of non-acceptance of declared value of imported material by Custom authorities.

Deputy Director EEAP Battagram released an amount of Rs 3.739 million on 26.07.2011 for clearance of imported material.

Audit observed that Deputy Director EEAP Battagram was not authorized to make the payment of the contractor.

Audit is of the view that this amount should have been recovered from contractor which has not been done resultantly loss was given to government

The matter was pointed out to management on 22.7.2016.

The management stated that duties and taxes were paid for actual imported quantity which was not more than invoice.

Reply is not tenable because excess duties and taxes were paid for difference in invoices on the observations of custom authorities.

Audit holds that matter may be investigated to fix the responsibility against the defaulters besides effecting recovery.

4.3.2.9 Irregular payment of duties & taxes of Rs 166.695 million and overpayment of Rs 3.503 million due to difference in tax rate – Rs 170.198 million

Schedule-I, (Plant supplied from abroad) provided that pre-fabricated structural and structural parts of the buildings including roofing, cladding, insulation, false ceiling with their connections and accessories on covered area basis for single and double story was to be supplied from abroad.

Clause 14.2 of GCC provides that all the duties and taxes on goods imported under schedule-I will be borne by employer. These payments should be restricted to the items described in schedule-I of bid.

Schedule-II of the contract provides that (Plant supplied from within employer country) prefabricated structural and structural parts of the buildings including roofing, cladding, insulation, false ceiling with their connections and accessories on covered area basis for single and double story would be supplied from employer's country.

Deputy Director EEAP Battagram paid duties and taxes for various items not covered under Schedule-I of contract agreement for 124 LGSS schools.

The details are as under:

S. #	L.C. No.	Country name	Bill of lading	Invoice value (US \$)	Description	Qty.	Duties / taxes (Rs)
1	0387-40-ADB	Thailand	MKRBKKH10012A	592,196	Cladding and false ceiling	74,952 kg	27,621,333
2	0387-40-ADB 01-2009	Thailand	MKRBKKKH0012	888,302	--do--	112,429 kg	41,629,552
3	1010/10/02/0015	Bangladesh	SJYK002151	67,112	Glass wool	37,750 kg	2,256,937
4	1010/10/02/0021	Singapore	ASEKH1110365	16,300 11,302	Expansion bolt	20,000 pcs	675,504
5	1010/10/02/0013	Australia	80002014	44,160	Self-drilling screws	8,847 kg	2,189,196
6	0387-40-ADB-02/2009	China XINGANG	NGLASZ300	61,152	Glass wools 2500 rolls	29,500 kg	1,882,620
7	0387-40-ADB-02/01/2009	Singapore	VTTSE-80000994	233,048	Self-drilling screws	35 057 kg	10,908,736
8	1010/09/02/0021	Singapore	SGSING101900562	129,755	Self-drilling screws	35,000 pcs	6,075,064
Total							93,238,942

Audit observed as under:

- i. These items were required to be procured from local market, but were imported by contractor.
- ii. The LCs was opened in the name of M/s PEB Steel Alliance Dhaka Bangladesh and the store was to be supplied by this supplier under his invoice. In the instant case, some supply has been made from Thailand, some from Singapore, some from Australia and some items from China.
- iii. The payment was also shown made against LC/DD No. 1010/10/02/0015, 1010/10/02/0021, and 1010/10/02/0013 which was not clear.
- iv. Moreover the contractor vide letter dated 13.05.2010 asked that value of two earlier consignments worth Rs 73.456 million of January 2010 may be released to him. This amount was already paid by PERRA while in reply, the PERRA office vide letter No. PERRA/ FME/ A&ACC /10/727 dated 14.05.2010, intimated that this amount was over and above the LC limit, hence may be borne by contractor.
- v. The above table also shows that one item has been procured from two separate countries and different tax rates have been applied resulting excess expenditure borne by government of Pakistan as briefed hereunder:

S. No.	Name of country	Item Name	Invoice value (US \$)	Qty. (Kg)	Duties & taxes paid (Rs)	Tax rate per unit (Rs)	Diff: (Rs)	*Value of tax paid on higher rates (Rs)
1	Bangladesh	Glass wool	67,112	37 750	2,256,937	59.78	34.47	1,301,243
	China		61,152	75,000	1,898,337	25.31		
2	Australia	Self-drilling screws	44,159.80	8,847	2,189,196	247.45	62.81	2,201,905
	Singapore		233,049.27	35056.6	10,876,404	310.26		
Total								3,503,148

- Value of excess tax paid = (Difference of tax rate x higher tax paid qty.)

Audit is of the view that the freight charges paid in these cases were not shown to determine the exact overpayment made. This payment of taxes of Rs 166.695 million (Rs 93,238,942 + Rs 73,455,677) was against the rules. Rs 3.503 million has also been overpaid on account of difference in tax rates.

Audit is also of the view that this resulted into irregular payment on account of duties and taxes for goods imported but not covered under Schedule-I and concealment of record by DG PERRA office.

The matter was pointed out to management on 22.7.2016.

The management stated that no excess payment was made, duties and taxes were paid only for material imported under schedule-I. The contractor was not bound to purchase all material from specific country.

Reply is not acceptable because LC was opened for imports from Bangladesh and material was imported from countries other than Bangladesh. Secondly different taxes were paid for one item imported from two countries.

Audit holds that irregular payment of duties and taxes for goods imported but not covered under Schedule-I and concealment of record by DG PERRA office may be investigated to fix the responsibility on persons at fault beside recovery may be made good from the defaulters.

4.3.2.10 Irregular revalidation of guarantees provided by contractor - Rs 38.106 million and US \$ 273,350

GCC 32.1, provided that the contractor shall be responsible for the care and custody of the facilities or any part thereof until the date of completion of the facilities where the EEAP office was closed on 30-06-2013 and all transaction were required to be closed by that date.

As per letter No. PERRA/FME/NBP/LC/10/149 dated 24.05.2010 the LCs were extended upto 30.06.2010. The import of various items against these LCs was made on separate bank guarantees provided by the contractor.

Audit observed that the EEAP project has been closed during June 2013. Accordingly when the import was completed and the department was closed, all the guarantees would have been released or may have stood expired.

Audit is of the opinion that many guarantees of contractor are still being revalidated some upto 31.12.2016 and many prior to that date, for import from this vendor.

The local banks have been requested to confirm the guarantees on 04.03.2016 and they confirmed that those guarantees were still valid. A list of such available guarantees is placed at Annexure-P.

The matter was pointed out to management on 22.7.2016.

The management stated that most of bank guarantees have been released as projects have been completed and handed over to line department. Some guarantees were not released due to audit objection.

Reply is not tenable because retention money was required to be held till finalization of the project i.e. DLP but it was released in advance during 2011 without completion of project.

It is recommended that the matter may be inquired to dig out the facts and fixation of responsibility.

4.3.2.11 Non-availability of tests report of imported material

According to section 6(5) of Special Provisions of contract “all structural framing components shall conform to ASTM A-653 or equivalent hot dipped galvanized (G90 coating, complying with ASTM C955 and ASTM A653) with thickness and grade as required by structural design calculations (Minimum yield strength 550 MPa).

The management of Battagram paid US \$ 6.222 million for import of material under schedule-1 of the contract.

Audit demanded the Test report of imported steel frame structure was required to confirm the yield strength of material with the specification of the contract. However, the same was not produced to Audit despite various requests during this audit.

Due to non-provision of requisite test report, the quality of material could not be ascertained.

The matter was pointed out to management on 22.7.2016. The department in its reply stated that steel structure component has been used according to specification. The test report is available and will be produced to audit.

Reply is not tenable because no test report was provided during audit as well as with reply.

Audit recommends that inquiry may be made to fix responsibility for non-production of the test reports of imported material to ascertain the specification of work beside recovery on account of use of below specification material (if any).

4.3.2.12 Non-maintenance of inventory of imported material by employer –(US \$ 4.876 million) approximately Rs 347.00 million and non-utilization of surplus material

According to GCC 31.1 of contact agreement, ownership of the Plant (including spare parts) to be imported into the country where the Site is located shall be transferred to the Employer upon loading on to the mode of transport to be used to convey the Plant from the country of origin to that country.

M/s A&ACC JV the contractor imported material under schedule 1 & II of the contract which was stored at warehouse in Battagram and payment was made through two LCs opened by PERRA. The material was collected from Karachi Port by officials of the EEAP Battagram and transferred to warehouse.

It was also observed that:

- i. No inventory record was prepared and maintained either by the contractor, M/s NESPAK or Deputy Director EEAP (Education) Battagram
- ii. Contractor transferred material from Battagram to AJK illegally. Director Technical vide letter dated 09.07.2010 requested DCO Battagram for imposition of section 144 to ban the removal and shifting of material to AJK which was accordingly done.
- iii. M/s PEB has also joint venture in district Shangla for construction of light gauge schools in another contract awarded by Reconstruction PERRA.
- iv. Security charges for the said store are being paid regularly by PERRA since 2011. However, it is unknown who is bearing the warehousing cost.
- v. Contractor is still keeping the imported steel, glass wool and other accessories in store under his custody at Battagram without further utilization.
- vi. The material was shifted to Shangla for which the above stated inventories were not prepared intentionally

Audit is of the opinion that excess material was imported without determining the actual requirement which has gone waste. This purchase was made simply to provide benefit to the contractor / supplier.

The matter was pointed out to the management on 22.07.2016.

The department in its reply stated that proper inventory record of material received at Battagram was maintained. This material was used for 124 schools and excess material resulted thereof is still lying at Battagram warehouse.

Reply is not tenable because no inventory record was provided during audit as well as with reply of this Para.

Audit recommends that non-maintenance of inventory record through custody of material, excess decamped imported material lying useless at warehouse, payment of recurring cost of warehouse & security and transfer / use of material at other places may be inquired through third party for taking action under the law against responsible officials and recovery.

4.3.2.13 Wasteful expenditure on plumbing/ sanitation and internal electrification - Rs 12.236 million

Serial No. 15 of Section 6 Employer Requirements provided that plumbing works includes providing material and equipment and performing all the works necessary for the execution and completion including testing and commission of all systems of plumbing works. Contractor will get all water supply and drainage system including fitting and fixture approved by employer / project manager before installation.

Serial No. 16 of Section 6 Employer Requirements provides that electric works consist of all material and lighting fixtures, ceiling fans, exhaust fans etc. shall be procured and fixed inclusive of testing and commissioning duly approved before installation.

Moreover as per NESPAK letter No. 3023/3310/FS dated 26.04.2011, electrical fixtures was suggested not to be installed in 36 schools as instructed by Director (Tec) o/o Chief Engineer Abbottabad vide letter dated 05.03.2011, placed at Annexure-Q.

The management paid Rs 3.882 million for plumbing and sanitation works for 23 schools.

Deputy Director EEAP Battagram paid Rs 37.033 million during November & December 2011 for energization of 74 schools

Audit observed as under:

- i. Only 62 schools could be energized till January 2016 despite payment for 74 schools.
- ii. On the other hand an amount of Rs 8.354 million was incurred for internal electrification of remaining 50 schools (124-74) where external rectification is not possible during next 5 to 10 years. The consultant was further directed not to install wiring, tube lights, energy savors and illuminations shall be kept to minimum but it is surprising that this work has been done and payment also authorized.
- iii. The contractor provided two ceiling fans against provision of 4 ceiling fans in 68 schools till April 2011. Cost variation was required to be carried out to the effect to safeguard the government money but nothing was done in this regard.
- iv. in 23 schools no external water supply has been provided till January 2016.

Audit holds that expenditure on plumbing and sanitation without availability of external water supply has gone waste which could have been avoided through identification of these sites when survey was carried out. Non-energization of 12 schools despite payment already made during 2011 and installation of internal electrification despite stopping by the employer for schools where external electrification was not possible resulted into loss of Rs 8.354 million.

The matter was pointed out to management on 22.7.2016.

The management stated that internal water supply & electrification has been provided in all 124 schools, 65 schools out of 74 have been externally energized. Provincial government is planning to energize remaining 59 schools.

Reply is not tenable because 65 schools out of 124 schools could be energized so far whereas internal electrification has been completed in all 124 schools without availability of electricity, which would not be possible in next 10 years. Moreover, installing sanitary and water supply accessories without availability of water has not been replied.

It is recommended that matter may be investigated to fix responsibility at the persons at fault and recovery be made.

4.3.2.14 Use of un-approved imported material

M/s NESPAK vide letter No. 3023/3310/MAJ/267 dated 08.03.2010, intimated the contractor M/s AC&ACC Buildcore JV, the approval for use of imported material. M/s PEB was main partner and supplier from Bangladesh in the contract of 124-LGS schools which had provided details of items in Section 3 of the approved bid documents that he had at his disposal and were to be supplied by M/s PEB from Bangladesh.

Deputy Director EEAP Battagram allowed M/s AC&ACC Buildcore JV to use different material like screws, nuts and bolts which were imported from Singapore, Australia and Germany. Similarly, glass wool was imported through these LCs from a vendor of China.

Audit observed that the consultant M/s NESPAK had asked the contractor to provide the approval for use of such material supplied from unspecified countries.

Audit further observed that schedule-2 items were to be procured from local market.

Audit is of the opinion that purchase of material other than contractor country without approval of consultant was unauthorized. Also no approval was available on record and utilization of this material continued.

The matter was pointed out to management on 22.7.2016.

The management stated that different material like screw, nuts and bolts were imported from Singapore and Germany as the same were not available in Bangladesh. The contractor was bound to supply the material as per specification but was not mandatory to supply these materials from Bangladesh.

Reply is not plausible because approval for using material from other countries was not provided as the design was based on all inputs from Bangladesh and Contractor had not provided M/s NESPAK, The Consultant, the required approval for use of items other than the approved imported material.

Audit holds that an inquiry may be conducted for use of unauthorized / unapproved material and fix the responsibility on the person(s) at fault.

4.3.2.15 Non-retrieval of assets worth Rs 9.071million from NESPAK after expiry of contract since June 2012 and irregular retention of assets by EEAP Staff – Rs 7.220 million

Clause 3.10 of consultancy agreement of NESPAK provides that equipment, vehicles and material provided by client or purchased by consultant should be the property of the client. Consultant shall make available to the client advert of such equipment, vehicles and material and dispose of such in accordance with the client instructions.

Chief Engineer (EQAA) Mansehra signed a contract on 11.03.2008 for consultancy services with M/s NESPAK for Rs 60.00 million.

Audit observed that:

- i. The contract was terminated / expired during June 2012 and thereafter the remaining work was being performed by EEAP staff itself.
- ii. M/s NESPAK procured vehicles, furniture, computers etc. from consultancy agreement of EEAP Education Battagram and all such equipment, vehicles and instruments were required to be returned to client but not done till January 2016. The cost breakup of such assets is as under:

S. No.	Item Name	Qty.	Amount (Rs)
1	Suzuki Jimny Jeeps	05	5,340,000
2.	Toyota GLI Car	01	1,389,000
3.	Furniture	---	688,311
4.	Laptops / computers / printers	04	853,912
5.	Refrigerator	01	00
6	Sony TV 21"	01	00
7	Generator	01	540,000
8	Digital Camera	02	80,000
9	Mobile Phones	---	180,000
Total			9,071,223

- iii. Various items of closed office of Deputy Director EEAP (Education) Battagram were found under use of unauthorized persons who are no more on the strength of EEAP Education Battagram as below:

S. No.	Item Name	Qty.	Price (Rs)	User name
1	Toyota Hilux (4x4) Double Cabin	01	2,736,333	Mr. Altaf Hussain Deputy Director
2	Suzuki Jimny jeep (A-1010)	01	1,065,000 each	Mr. Shah Bilal Admn Officer ATD
		01		Mr. Iqbal Rasheed DDR ATD
		01		DG PERRA ATD Office
		01		No detail / status provided
3	Gas Heaters (Riani) No. 813	02	20,000	Mr. Altaf Hussain Deputy Director
4	Generator Honda EP 6500 5.5KVA	01	0	Mr. Altaf Hussain Deputy Director
5	Printer HP Laser Jet-1005	02	33,664	Mr. Altaf Hussain Deputy Director
6	Laptop PCQ With Core	01	85,000	Mr. Altaf Hussain Deputy Director
7	Dell Core i-3 screen 15" RAM 1 GB, HDD 500 Inspiration N 5010	01	---	Mr. Nizam-ud-Din AD DDR Btm
8	Laptop DELL Inspiration 1545	01	69,805	Mr. Hussain Ahmed Director (Tech)
9	Digital Camera 3X Optical Zoom + memory card	01	16,000	Mr. Nizam-ud-Din AD DDR Btm
10	Single seat sofa L shape	02	---	Mr. Altaf Hussain Deputy Director
Total			7,220,802	---

- iv. Certain furniture items have been shown handed over to ERRA but no handing / taking over was available.

Audit is of the opinion that assets worth Rs 16.292 million (Rs 9.071+ 7.221 million) was not retrieved from unauthorized users. The detail of liability of NESPAK was not provided to audit. The settlement of accounts was required to be carried out immediately after closure of contract but the same has not been done even after lapse of more than 3-1/2 years.

The matter was pointed out to management on 22.7.2016.

The management stated that EEAP was merged with engineering wing PERRA and its assets are being used there.

Department did not reply the observation about retention of assets by M/s NESPAK.

Audit recommends that non-retrieval of assets from NESPAK and EEAP staff as well as non-settlement of accounts of consultant may be investigated to fix responsibility on the persons at fault and assets be recovered under intimation to audit.

4.3.2.16 Release of retention money of contractor without completion of project (Rs 8.316 million and US \$ 19,033) – Rs 9.667 million

GCC 60.3(a) provides that upon the issue of the Taking-Over Certificate with respect to the whole of the Works, one half of the Retention Money, or upon the issue of a Taking-Over Certificate with respect to a Section or part of the Permanent works only such proportion thereof as the Engineer determines having regard to the relative value of such Section or part of the Permanent Works, shall be certified by the Engineer for payment to the Contractor.

EEAP Education Battagram, released portion of retention money worth Rs 8.316 million and US \$ 19,033 to the contractor M/s AC & ACC (JV) during December 2011.

Audit observed that retention money was released to the contractor before completion of 124 contracted schools as the project was actually completed during June 2014. On the other hand defect liability certificate has also not been issued till date of audit i.e. March 2016.

Audit is of the opinion that undue favor was extended to the contractor.

The matter was pointed out to management on 22.7.2016.

The management stated that retention money was released against completed projects.

Reply is not tenable because retention money was released without completion of projects in IPC No. 84 in violation of all rules and regulations.

Audit holds that release of retention money to the contractor without completion of project may be investigated and action be taken against the responsible persons.

4.3.2.17 Non-accountal of dismantled material of 136 schools - Rs 20.00 million

Section 6 vide Sr. No. 4 of Contract provides that dismantling of existing damaged structures (sub and super structures) and rubble removal at suitable locations and stacking of salvage material at suitably identified locations (property of the Education Department).

The Contractor dismantled / demolished schools for reconstruction under ADB grant for 124-light gauge schools in District Shangla and District Battagram.

Audit observed that dismantled material was not accounted for. However the detail / whereabouts of dismantled material of these buildings i.e. GI sheets, iron bars, stones, bricks etc. were not made known to audit

Audit is of the opinion that if average receipt form the material of demolished school remains Rs 150,000, total recovery would work out to be Rs 20.000 million. In this way Rs 20.000 million have not been accounted for anywhere, and cost of material to be deposited in government treasury.

The matter was pointed out to management on 22.7.2016.

The management stated that ERRA has carried out only the reconstruction and rehabilitation of damaged building whereas dismantling of existing buildings and its disposal of material is responsibility of the concerned Education Department before start of work.

Reply is not tenable because no record of dismantling by the contractor / taking over site from Education Department.

Audit recommends that cost of all dismantled material may be recovered from responsible persons.

4.3.2.18 Improper maintenance of accounts record during the currency of project and non-closure of accounts after completion

Serial No. 17(b) ix of Approved Accounting Procedure of ERRA provides that the implementing agencies shall reconcile their monthly expenditure with the respective accounts officer by 5th of the following month.

Serial No. 20 requires that proper accounts and other record relating to financial affairs shall be maintained.

Deputy Director EEAP (Edu) Battagram incurred an amount of Rs 1,204.027 million on construction of 124 LGSS schools in districts Battagram and Shangla.

Audit observed that:

- i. The cash book was neither prepared in required order nor signed / relevant certificates recorded by the Deputy Director & Divisional Accounts Officer.
- ii. No detail of amounts received was recorded.
- iii. No separate cash books for ADB grant and GoP share were maintained.

- iv. No reconciliation has ever been made with PERRA.
- v. The project has been completed while the accounts have not been closed till January 2016.

Audit is of the opinion that the improper maintenance of accounts record during the currency of project hindered about clear picture of all financial transactions made and non-closure of accounts after completion of project creates many doubts.

Audit is also of the view that misappropriation and frauds cannot be ruled out in the absence of proper accounting record.

The matter was pointed out to management on 22.7.2016.

The management stated that complete accounts record is properly maintained and available for audit verification.

Reply is not tenable because record was not maintained properly as was observed during audit. Responsibility of checking of record by PERRA and Internal Audit ERRA was lacking in this matter.

Audit recommends that inquiry may be conducted for fixing responsibility for this indiscipline and digging out the real position of accounts under intimation to audit.

4.3.2.19 Missing quantity of steel structure and non-determination of actual requirements of material – Rs 14.802 million (US \$ 205,581)

Rule GFR-148 provides that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

Deputy Director EEAP (Education) Battagram opened two LCs for the import of steel structure of 317,000 Sft for 124 schools. Total 285,398 Sft material was imported and schools have been shown completed.

Audit observed that:

- i. No actual requirement was determined by department and consultant.
- ii. The installation and balance material could not be ascertained because contractor also transferred material to AJK.
- iii. Commercial invoices show that 143,937 Sft (steel structure material) was imported but NESPAK letter No. 3023/33/KP/CD (2)/95 dated 15.07.2010 intimated delivery of a quantity of 131,844 Sft steel structure material to Battagram by the contractor. Thus difference of 12,093 Sft was missing.

- iv. Structure drawings were not provided to ascertain the actual requirement for the project.

Audit is of the opinion that recovery of excess payment was not made as In this transaction double payment i.e. both from EEAP Battagram and EEAP AJK cannot be ruled out. The department clarified that discrepant quantity is 5,404 Sft and not 12,093 Sft while US \$ 91,868 needs to be recovered/deducted from contractor. No further action / recovery of \$ 91,868 was forthcoming from record.

Audit is also of the opinion that actually the recovery is to be made for 12,093 Sft and not 5,404 Sft which works out to US \$ 205,581(12,093 Sft x US\$ 17).

The matter was pointed out to management on 22.7.2016.

The department replied that payment to contractor was made for material used for actual area of 285,398 sft. Inventory record was maintained and available. Contractor imported extra material due to complex procedure of import and to cover any extra requirement. Surplus material is in safe custody of department and cannot be used further.

Reply is not correct because no inventory record was provided whenever demanded. Excess material was imported through LCs. Cost was paid by government for material, as well as, duties and taxes. No proper requirement of the material was determined to avoid the extra import/expenditure.

Audit holds that matter may be investigated to fix responsibility on the persons at fault for non-determination of actual requirement before import of material besides recovery of loss due to missing quantity of steel structure.

4.3.2.20 Unauthorized payment on account of Demurrage Charges-Rs 7.586 million

Rule10 (i) of GFR Vol-I provides that 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.

Audit observed that:

- i. Management of EEAP Battagram paid Rs 4.00 million on account of demurrage charges imposed by the Karachi Port Authority due to non-clearance of material from port in time. The clearing agent, M/s Manzoor Ahmed & Co. vide his letter dated 16.06.2011 intimated Deputy Director EEAP, Battagram that he has lost/forgot the user ID and Password in the PACCS computer system of Custom House Karachi. Meanwhile the Custom authorities imposed demurrage charges due to this delay and non-use of ID/Password for two months which were paid by department.
- ii. Similarly ERRA has made payment of Rs 3.586 million to M/s United Business System on account of reimbursement of demurrage/ late clearing charges for material of prefab houses of Bagh.

Audit is of the opinion that demurrage charges were not required to be paid due to the fault of the contractor / clearing agent which resulted into unauthorized payment of demurrage charges. The reimbursement/payment of demurrage/ late clearing charges of Rs 7.586 million is loss to government due to negligence on the part of ERRA. Authorizing such payment by the EEAP and taking no notice by PERRA and the ERRA HQs shows *mala fide*.

The matter was pointed out to management on 22.7.2016.

The management stated that due to financial constraints in ERRA, the Demurrage Charges were imposed by Custom Authority due to non-payment of duties and taxes in time. Later on when the funds were released from ERRA for payment of duties and taxes, so Demurrage Charges were also paid to avoid the material lying on seaport from auction.

Reply is misleading because Demurrage Charges were paid due to loss of user ID & password by custom clearing agent.

Audit holds that matter may be investigated properly and fix the responsibility on the persons at fault beside recovery from the defaulters.

4.3.2.21 Non-deposit of Income Tax deducted at source from contractor bills (Rs 10.616 million and US \$ 24,297)

Section 160 etc. of Income Tax Ordinance 2001 provides that 6 % income tax is required to be deducted at source and deposited into government account.

Deputy Director EEAP (Education) Battagram deducted Income Tax of Rs 10.616 million and US \$ 24,297 from M/s AC&ACC JV bills from IPC No. 84 during December 2011.

Audit observed that the deducted tax was required to be deposited into treasury but not deposited into government treasury till January 2016.

Audit is of the opinion that government has been denied its due share in the taxes.

The matter was pointed out to management on 22.7.2016.

The management stated that due to financial constraints at ERRA level the fund could not be released due to which Income Tax deducted could not be remitted into Income Tax department. The fund demand has already been made to ERRA and on receipt of fund from ERRA, the actual Income Tax amount will be deposited in tax department.

Department admitted the stance of audit. Income Tax deducted during December 2011 has not been deposited till December 2016.

Audit recommends that matter may be investigated and legal proceeding may be initiated against responsible persons beside income tax along with default surcharges (12%) and penalty (10%) in term of Section 160; 161(1)(b); 161 (1B) and S. No 15 of Section 182 (1) of Income Tax Ordinance may deposited in to government Treasury under intimation of audit.

4.3.2.22 Irregular payment of mobilization advance without provision in contract agreement - Rs 62.007 million and US \$ 546,700

Rule 11 of GFR Vol-I provides that each head of the Department is responsible for enforcing financial order and strict economy at every step.

Rule 96 states that money should not be spent hastily or in ill-considered manner just because it is available.

Deputy Director EEAP Education Battagram paid mobilization advance of Rs 62.007 million and US \$ 546,700 to the contractor M/s AC&ACC Buildcore JV during 2009.

It was observed that no provision for grant of mobilization advance to contractor was available in the contract agreement while no such amendment was also found on record. Moreover recovery was made from the contractor in IPC No. 84 on 31.12.2011.

The matter was pointed out to management on 22.07.2016.

The management stated that 10% advance payment was made as per contract clause 12.1 which has been recovered up to IPC No 84.

Reply is not correct because IPC No. 84 clearly shows deduction of mobilization advance whereas the department is denying the grant of mobilization advance.

Audit holds that grant of mobilization advance without provision in contract agreement may be got inquired from third party for initiating legal proceedings.

4.3.2.23 Non-imposition and recovery of recommended liquidated damages - Rs 124.959 million

Contract clause 26-2 (Completion Time Guarantee) provides that if the contractor fails to attain completion of the facilities within Time for completion , the contractor shall pay to the Employer liquidated damages @ 0.5 % of contract price per week upto maximum 10 % of contract price.

Management of EEAP Batagam granted several extensions for completion of 124-light gauge steel structure school buildings under this project the contractor.

Audit observed that:

- i. ERRA vide its letter No. 8106/ FDO / AJK / ERRA / 521 /AJ&K dated 29.04.2013 fixed“30.05.2013” as closing date of EEAP Project which was binding for contractor.
- ii. The contractor, however, did not complete the schools within that time also.
- iii. LD was also recommended by DG PERRA, Chief Engineer, Deputy Director EEAP (Edu) and NESPAK as summarized below but till January 2016 no liquidated damages has been imposed and recovered.

S. No.	Reference	Recommendations
1	Minutes of meeting held in DG PERRA office Abbottabad dated 10.10.2009	DG PERRA directed for imposing maximum liquidated damages on contractor. 1 st Notice for termination of contract be issued by the employer.
2	NESPAK letter 3023 / KR / CD (04) / 71 Dated 15.10.09	Proposed L.D is being worked out and shall be submitted for approval of Client
3	NESPAK letter 3023/33/KR / CD2/48 Dated 10.02.2010	The progress of contractor reveals non-seriousness towards accomplishment of set targets by Deputy Chairman ERRA.
4	NESPAK letter No. 3023 / DR / CD (4) / 89 dated 08.03.2010	Seeing no serious efforts made so far by contractor, this office is left with no other option but to recommend required action as per relevant contract clause.
5	Deputy Director EEAP (Edu) Battagram office note dated 31.10.2011	Liquidated damages to the maximum of 10% shall be imposed.

Audit is of the opinion that liquidated damages Rs 124.959 million were required to be imposed and recovered from contractor which was not done despite instructions / recommendations and clear poor performance of the contractor.

The matter was pointed out to management on 22.7.2016.

The management stated that it was a foreign aided project, for which ADB had granted time extension upto June 2011 and the project was substantially completed during extended time. LD was never recommended by the Engineer nor approved by the employer. Therefore imposition of LD was not required.

Reply is not acceptable because LD was recommended time and again by the consultant / the Engineer M/s NESPAK as well as department itself.

Audit holds that liquidated damages of Rs 124.959 million may be recovered beside investigation for not imposing the recommended LD.

4.3.2.24 Non-obtaining of Insurance of works

Clause 34 of General Condition of Contract provides that the contractor shall at his expenses take out and maintain in effect, or cause to be taken out and maintained in effect, during the performance of the contract, the insurance set forth below:

- i. Cargo Insurance covering loss or damage occurring while in transit until arrival at site.
- ii. Installation all risk Insurance covering physical loss or damage to the facilities at the site occurring prior to completion of the facilities with extended maintenance coverage during the defect liability period.
- iii. Third party liability Insurance covering bodily injury or death suffered by third parties and loss of or damage to property.
- iv. Automobile liability insurance covering use of all vehicles used by the contractor or its subcontractors (whether or not owned by them) in connection with the supply and installation of the facilities.
- v. Worker's compensation in accordance with statutory requirements applicable in country where the facility is executed.

- vi. Employer's liability in accordance with statutory requirements applicable in country where the facility is executed.
- vii. Other insurance

The employer shall be named co-insured under all insurance policies except third party liability, worker's compensation and employer's liability insurance.

Deputy Director EEAP (Education) Battagram incurred Rs 1,234.424 million on construction of 124 schools of LGSS in districts Battagram and Shangla.

Audit observed that the works was required to be insured as cost of this insurance was required to be borne by the contractor due to inbuilt cost of BOQ rates. No such insurance was provided by the contractor.

Audit is of the opinion that undue favor was extended to the contractor.

The matter was pointed out to management on 22.7.2016.

The management stated that the insurance coverage of the project is required up to the completion of project. Now as the project has already been completed and handed over to line department without occurrence of any incident/ damage during the currency of the contract. However, some valid performance guarantees have not yet been released to the contractor to safe guard the project.

Reply is not tenable because insurance was an inbuilt item which was required to be obtained when due. Non-insurance of work was extension of undue benefit to contractor.

Responsibility for non-obtaining of insurance from contractor may be fixed and action under the rules be taken under intimation to audit.

4.4 Health Sector

Objectives

The objective of the ERRA toward health sector is to

- restore health care infrastructure through rationalized reconstruction of seismically safe & user friendly health infrastructure;
- To ensure availability of an integrated and essential services packages at different levels of health care delivery system covering preventative and curative service including rehabilitation program with improved access for the disabled;
- To strengthen the management and organizational system to revive and sustain health services; and
- To devise an institutions mechanism in the health sector to operationalize a rapid effective emergency and disaster response whenever required.

Capital cost, sources and utilization of funds:

In Reconstruction and Rehabilitation strategy of health sector the initial cost including Civil Work, Furniture items, Equipment, and Technical Assistant, Rs. 18,330.750 million were declared as Project Input and to be completed in three years i.e. 2006-07, 2007-08 and 2008-09, for which Annual Work Plan was chalked out. Funds amounting to Rs 25,792,500 million were allocated by ERRA out of one line budgets for reconstruction and rehabilitation through Health sector up to June, 2013. The ERRA expended Rs 18,891.102 million, which is 64.35 % of the required input, during the period. The main sources of fund are GoP, ADB, IDB, Saudi Fund and Kuwait Fund.

Achievement and Targets - Health Sector

Earthquake Reconstruction and Rehabilitation Auditory (ERRA) launched 306 projects in health sector for the purpose of reconstruction and rehabilitation of health facilities in AJ&K and KP. These health facilities related to reconstruction of Basic Health Units (BHU), Rural Health Centre (RHC), Tehsil Headquarter (THQ) Hospital, District Headquarter (DHQ) Hospitals, Health offices etc.

The health facilities were required to be executed and completed mainly through three funding sources i.e. Government of Pakistan (GOP), Donors and Sponsors as detailed below:

	Total Projects	Completed	%age	Under construction	%age	Tendering & Designing stage	%age
GOP	135	42	31	51	38	42	31
Donors	48	38	79	10	21	-	-
Sponsors	123	117	95	3	3	3	2
Grand Total	306	197	64	64	21	45	15

Source: ERRA Reconstructing Monitor (ERM), Accessed on 22.02.2016

The above table indicates that the progress of Donor's completed projects is 79% and the progress of Sponsor's completed projects is 95% whereas the progress of GOP funded projects is

only 31%. The status of the GOP funded projects is very alarming that even after ten years the progress is only 31%.

4.4.1 Rehabilitation of Ayub Medical Institution Abbottabad

Ayub Medical Institute (AMI) Abbottabad spread over approximately 200 acres of land, comprising of Ayub Medical College, Dentistry unit, 1000 bedded tertiary care hospital Ayub Teaching Hospital (ATH), School of Nursing and Paramedical Institute. Besides these essentials, the complex also provides hostelling and boarding facilities to students, doctors, nurses and ancillary staff. Earthquake of October 8, 2005 heavily damaged this institute. Saudi Fund for Development provided amount of 30.00 million Saudi Riyals for rehabilitation of this institute through a contract agreement between Government of Pakistan and Kingdom of Saudi Arabia. The rehabilitation work of this Complex has been assigned to the Chief Engineer, Project Management Implementation Unit (SFD/IDB). The PMIU is working under Director General PERRA Abbottabad, a subordinate unit of ERRA.

4.4.1.1 Splitting of PC-Is to avoid approval of competent forum- Rs 1,108.188 million

Clause 14 (4) of ERRA Operational Manual 2006 provides that a project costing more than Rs 500 million will require approval of the ECNEC.

Chief Engineer PMIU (SFD/IDB) Abbottabad prepared different PC-Is for rehabilitation of Ayub Medical Institute Abbottabad, at different occasions and finally the following PC-Is were got approved alongwith Administrative Approvals (AA) from the competent authority:

(Rs in million)

S. No	Name of Package	Description	Amount of PC-Is/AA	Date of approval of AA
1	1-A	Repair, Retrofitting and re-construction of AMI College	296.002	June,2009
2	1-B	Repair and Retrofitting of 06 Nursing Blocks of ATH	337.691	June,2009
3	1-C(D)	Construction of D-Type flats at AMI	237.017	Sep, 2011
4	1-C(E)	Construction of E-Type flats at AMI	237.478	Sep, 2011
Total			1,108.188	

Audit observed that first two packages were advertised during October 2009. The packages at Sr. No 3 & 4 were published during 2014. These packages have been awarded to various contractors.

The details are as under:

(Rs in million)

S. No.	Package Description	Name of Contractor	PC 1 Cost	Amount of Contract	Date of award
1	1-A: Repair, Retrofitting and re-construction of Ayub Medical College	M/s Ascent	296.002	81.427	28.10.2010
2	1-B: Repair and Retrofitting of 06 Nursing Blocks	Raja Adalat Khan	337.691	90.296	02.11.2010
3	1-C(D): Construction of D-Type flats at AMI	M/s Urfan Khan	237.017	229.08	27.10.2014
4	1-C(E): Construction of E-Type flats at AMI	Raja Adalat Khan	237.478	242.33	29.09.2014

Audit is of the opinion that change in amount of tender and the amount of contract shows that the PC-Is were incorrectly estimated / prepared or the contracts were made without seeing the requirement of the institution for which no justification was available on record with PMIU. It is further added that the Technical Sanction required for above mentioned works was not shown to audit with the plea that the same was not obtained.

The matter was pointed out to management on 22.7.2016 but no reply was received.

It is recommended that disciplinary action against the responsible officials may be taken for violation of rules besides provision of Technical Sanction required for above mentioned works.

4.4.1.2 Loss on account of award of work to 2nd bidder - Rs 6.846 million

Clause 19 (B) (xiv, xv) of ERRA Accounting Manual 2008, provides that tender evaluation shall be completed within 3 days and Work shall be awarded to the bidder within 17 days after opening of the tenders.

Chief Engineer PMIU (SFD/IDB) Abbottabad awarded the work for repair, retrofitting and reconstruction of Ayub Medical College Abbottabad, package 1-A to M/s Ascent for a cost of Rs 81.427 million on 28.10.2010 with a completion period of one year.

Audit observed that:

- i. The advertisement of tender published in newspaper of package No.1-A was demanded from management vide requisition No. 02 dated 02.02.2016.
- ii. Technical bid was opened on 28.10.2009 in which 08 bidders participated where 02 bidders were found eligible whose financial bids were opened on 25.02.2010.
- iii. However a period of six months from 25.02.2010 to 27.08.2010 was taken in bid evaluation of these two bidders.
- iv. The lowest bidder M/s Raja Adalat Khan quoted bid price of Rs 74.581 million while the 2nd bidder quoted Rs 81.427 million.
- v. Contract was not awarded to lowest bidder as he declined the request of employer to extend his bid validity and refused to carry out the work on his quoted rates at such belated stage. Accordingly, the package 1-A was awarded to 2nd bidder M/s Ascent, for Rs 81.427 million (with one year completion period) on 28.10.2010.

Audit is of the opinion that the delay in bid evaluation resulted into loss of Rs 6.84 million (Rs 81.427 - Rs 74.581) to Government before start of the project

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that copy of advertisement of tender published in newspaper is enclosed. The M & E wing ERRA had stopped the evaluation process due to change in scope of work. The 1st bidder refused to execute the work and the work was awarded to 2nd

bidder. Delay of work on the part of Ayub Medical Institute (AMI). They could not vacate the patient's ward for repair work.

Reply is not tenable because the relevant copy of advertisement, evidence regarding change of scope of work and delay of work on part of AMI were not available with the reply as well as during audit. Six months delay in bid evaluation is a clear violation of ERRA Operational Manual. The management awarded the work to 2nd bidder for a cost of Rs 81.421 million and put a loss of Rs 6.846 million to Government exchequer.

Audit recommend that this delay and loss require investigation for fixing responsibility and taking the action under rules.

4.4.1.3 Irregularities in award of work and unauthorized change in BOQ – Rs 145.806 million

Rule-56 of CPWD Code requires that a properly detailed estimate must be prepared and technically sanctioned before commencement of the work and work should be got executed accordingly. Rule-89 (d) (3) provides that no officer may accept any contract which relates to a work not yet technically sanctioned.

Clause 19 (B) (xiv, xv) of ERRA Accounting Manual 2008, provides that tender evaluation shall be completed within 3 days and Work shall be awarded to the bidder within 17 days after opening of the tenders.

Clause 25.1 of GCC, provides that no change in the price or substance of the bid shall be permitted except as required to confirm the correction of arithmetic errors discovered by the Employer in the evaluation of the bids.

Chief Engineer PMIU Abbottabad prepared estimates for package 1-B - Ayub Teaching Hospital for Rs 337.691 million during June 2009 and were got approved from competent authority. This package was then tendered out where 04 technical bids were received on 28.10.2009. The PMIU finalized their evaluation within next 04 months and bid of one bidder, M/s Raja Adalat Khan, with cost of Rs 236.102 million was approved for financial evaluation.

Audit observed:

- i. Administrative Approval was accorded for original estimated cost on 06.05.2010 i.e. 06 months after execution of work.
- ii. The BOQ/bid items of the contractor worth Rs 337.691 were decreased for Rs 145.806 million through over-writing or deleted by simply marking X (cross) on the concerned BOQ items leaving the bid amount to Rs 90.296 million (236.102 – 90.296).
- iii. Technical Sanction was obtained for Rs 101.423 million on 02.05.2012 i.e. nearly one and a half year after award of contract.
- iv. This bid was notified on 02.09.2010 i.e. after lapse of nearly one year and the work was awarded on 02.11.2010.

Audit is of the opinion that management was never uncomfortable in committing the following violations:

- i. Proper estimation of damages caused to hospital was not carried out.
- ii. Bid evaluation and finalization took period of more than 01 year.
- iii. Reduction of BOQ items has been made in a unique manner violating all rules and regulations through connivance of contractor and the PMIU.
- iv. Technical sanction has been accorded after 17 months of commencement of the work.
- v. The consultant did not properly supervise site and construction work.

The matter was pointed out to management on 22.7.2016 but no reply was received.

Audit recommend that such lawlessness may be investigated from a third party for fixing responsibility on persons at fault and taking stern action.

4.4.1.4 Loss due to less recovery of LD from contractors - Rs 11.151 million

Clause 47.1 of contract states that LD @ 0.1 % for each day of delay in completion of work subject to maximum 5 % of contract price stated in letter of acceptance would be imposed.

Chief Engineer PMIU Abbottabad awarded the works of packages 1-A, 1-B Ayub Medical College and hospital Abbottabad to various contractors.

Audit observed that these contractors couldn't complete work within stipulated period. Liquidated damages amounting to Rs 11.151 million were required to be imposed on contractors which were not done.

The details are as follows:

(Rs in million)

Package No.	Project Cost	Date of award	Date of Completion	EOT granted	Physical Progress	Amount of LD	LD recovered	Balance Amount
1-A	81.427	28.10.10	27.10.11	--	30%	4.07	0.529	3.541
1-A (Re-awarded)	61.937	24.07.14	23.01.16	--	53%	3.096	--	3.096
1-B	90.296	02.09.10	01.09.11	30.03.15	84%	4.514	--	4.514
Total						11.680	0.529	11.151

Audit is of the opinion that total loss of Rs 11.151 million (Rs 3.541 million + Rs 3.096 million + Rs 4.514 million) due to non- imposition of LD has been given to government

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that contractor of package 1-A was unable to execute the work as per terms and conditions and he was penalized and his contract was terminated. The remaining work was awarded to another contractor and progress of the work was slow due to non-payment of bills/IPC's from the donor. The slow progress of work was on the part of AMI management. They could not vacate that ward for repair work.

Reply is not tenable as the evidence regarding delay of payment from donor was not available with the reply. Delay on the part of AMI management is not convincing because so many letters with reminders for early completion of work to the PMIU are on the record of AMI management. Even the AMI also approach the Chief Justice of Pakistan for completion of work.

Audit recommends that responsibility may be fixed for non-imposition of LD and recovery may be made from concerned contractors under intimation to audit.

4.4.1.5 Loss of Rs 8.143 million due to termination of contract without encashment of performance guarantee.

Clause 10.2 of GCC provides that the performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein according with the contract.

Para No 07 of Performance guarantee agreement states “claim if any under this agreement must be received by us before due date in writing. If no claim is received by this date, we will be no longer liable to make any payment to you.”

GCC clause 63.1, provides that the employer may, after filing 14 days’ notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or effecting the rights and authorities conferred on the employer or the Engineer by the contractor.

Chief Engineer PMIU Abbottabad terminated the contract of M/s Ascent for package 1-A on 08.10.2012 after payment of Rs 11.133 million (upto IPC No. 3) under clause 63.1 of contract due to default of contractor.

Audit observed that the contract was terminated without any punitive action like blacklisting and award of balance work at his risk and cost.

Audit is of the opinion that non-forfeiture of Performance guarantee (which expired on 15.10.2012) resulted in a loss of Rs 8.143 million to government. Contractor was also allowed to take away the plants and equipment and store from the site.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that the Insurance Company was timely requested for encashment of performance guarantee, but the contractor filed the suit in court of Law and the matter was *sub-judice*. However, all the adjustment will be made in accordance with the court decision.

Reply is not tenable because the evidence of request to Insurance Company for encashment of guarantee as well as copy of record of suit filed by contractor in court of law was not available with reply. Timely action for recovery of encashment of Performance guarantee of Rs 8.143

million was not taken with Insurance Company and a loss of Rs 8.143 million was given to Government exchequer.

Audit recommends that responsibility may be fixed on persons at fault for non-forfeiture of performance guarantee besides recovery of loss, under intimation to Audit.

4.4.1.6 Non-deduction / deposit of income tax – Rs 6.948 million

Income Tax ordinance 2001 states “Income Tax at prescribed rate was required to be deducted from contractor’s bills”.

Clause 73.1 of contract agreement provides that the contractor, subcontractor and their employees shall be responsible for payment of all their Income Tax, super tax and other taxes on Income arising out of contract and the rates and prices stated in contract shall be deemed to cover all such taxes”.

Chief Engineer PMIU Abbottabad released a payment of Rs 108.841 million to different contractors / consultant for this project.

Audit observed that Income Tax amounting to Rs 6.948 million was not deducted and deposited into government treasury

The details are given in Annexure-R.

Audit is of the opinion that non-deposit of Income tax into government treasury has denied government its due share.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that the Income Tax due Rs 6.746 million out of which Rs 2.381 million is deposited into Government Treasury. The balance amount of Income Tax is deducted in the contractor bill/IPC and withheld with the donor (Saudi Funded Development) and will be deposited in to Government Treasury as and when received from the Donor Authorities.

Reply is not convincing as the evidence regarding withheld amount of Income Tax with donor and challan for deposit of Income Tax Rs 2.380 million have not been provided.

Audit recommend that responsibility may be fixed against responsible persons beside recovery of Income Tax be made from concerned contractors/consultant and deposited into Government treasury.

4.4.1.7 Loss due to defective planning and design of type D & E flats- Rs 7.235 million

Clause 16.1 of ERRA Operational Manual 2008, provides that all ERRA works will have Supervision Consultants for quality assurance. Similarly, clause 19 B (vii) states that the consultants shall carry out detailed soil investigation before preparing detailed design and bidding documents.

Chief Engineer PMIU Abbottabad signed a consultancy contract with M/s Architect Karachi for planning & design and supervision on 15.11.2007 for Ayub Medical Complex. The consultant prepared Isolated Drawing / Design for AMI package 1B.

Audit observed as under:

- i. Isolated drawing / design was not applicable in the water-logged area of AMI.
- ii. The whole buildings of Ayub Medical complex was constructed on Raft drawing/design.
- iii. Later on, Director Technical PMIU vide letter No. 2683/CE/ PMIU/ office dated 11.02.2015 informed the Chief Resident Engineer M & E Abbottabad that foundation drawing provided by NESPAK will be implemented at site and those provided by M/s Architect may not be adopted.
- iv. Contract of M/s Architect was terminated on 24.03.2014 by ERRA due to poor performance of the consultant.
- v. M/s Architect submitted a claim of Rs7.235 million for design of 54 “D-Type” and 60 “E-Type” flats vide PMIU diary No. 3685 dated 15.10.2014 and was paid.

Audit is of the view that payment of Rs7.235 million on account of drawing/design of D & E Flats to M/s Architect was wasteful expenditure as the required work was not done by the said firm.

The matter was pointed out to the management on 22.07.2016.

The management in its reply stated that the cost of the planning & design in the contract agreement of M/s Architect Rs 9.392 million and payment made to consultant Rs 7.352 million. The additional claim of the consultant Rs 7.235 million is not paid/process by this office.

Reply is not tenable because the management has not commented on the faulty designs and the corresponding payments rather they have pointed out that the Contractor submitted some other additional claim as well.

Audit recommends that all the expenditure made on the faulty designs be recovered.

4.4.1.8 Unknown reasons for termination of Package No.1-C (F)

Clause 1:2 of ERRA Operational Manual states “ERRA is responsible for reconstruction and development of earthquake affected areas and rehabilitation of affected population also according to ERRA notification No. NWFP-ERRA/P&D/ERRA/01-2006/004, ERRA will be over all responsible and accountable for the timely and efficient execution of all programs activities in the area of its jurisdiction.”

The progress report of Chief Engineer PMIU Abbottabad for February 2016 shows that in health sector District Abbottabad, five packages of AMI were included. The Package “1-C (F)” which related to construction of infrastructure for D & E flats was cancelled by PMIU.

Audit observed that the progress report was silent about the reasons of the termination.

Audit is of the view that after construction of D & E flats, infrastructure is compulsory. 54 D-type flats and 60 E-type flats would face problems without infrastructure. It is further added that the provision of grant for this project could not be utilized and will not be re-appropriated for other scheme elsewhere in Pakistan. Thus it is another loss to government due to deletion of this package.

The matter was pointed out to management on 22.7.2016.

No reply has been received till completion of this report.

Audit recommends that responsibility may be fixed on persons at fault for exclusion of infrastructure for D & E type flats under intimation to audit.

4.4.1.9 Unjustified grant of mobilization advance and loss due to illegal retention of money - Rs 47.141 million

Clause 60.12(b) provides that the advance shall be recovered in equal installments, 1st installment at the expiry of 3rd month after the date of payment of 1st part of advance.

Clause 41.1 of GCC provides that contractor shall commence the works on site within 14 days from the date of issue of Engineers Notice to commence which shall be issued immediately upon handing-over of the site(s) or part thereof to the contractor.

Chief Engineer PMIU Abbottabad awarded 02 works for construction of D& E type flats of AMI Abbottabad under Package No.1-C (D) to M/s Muhammad Urfan Khan & Co. on 27.10.2014 and and Package No.1-C(E) to M/s Raja Adalat Khan on 25.08.2014, respectively with completion period of 730 days. The mobilization advance to both the contractors was paid.

The details are as under:

(Amount in Rupees)

S. No.	Name of Contractor	1st Installment	Date	2nd Installment	Date	Total
1	M/s Muhammad Urfan & Co.	11,454,100	18.11.2014	11,454,100	02.12.2014	22,908,200
2	Raja Adalt Khan	12,116,600	18.11.2014	12,116,600	02.12.2014	24,233,200
	Total					47,141,400

Audit observed that a period of more than 15 months from issuance of work order, only a few pits have been excavated and no other activity has been performed.

Audit is of the opinion that by granting mobilization advance to contractors who have not initiated the work, the government exchequer has been put to the loss to the tune of Rs 47.141 million.

The matter was pointed out to the management on 22.07.2016.

The management stated that the 1st & 2nd installment of mobilization advance of both the project is processed dated 18.11.2014 & 02.12.2014, but the contractor has received the

mobilization advance after 14 months dated 25.01.2016 & 28.01.2016 from the Donor Authorities (Saudi Funded Development).

Reply is not tenable as evidence for receipt of mobilization advance on 25.01.2016 and 28.01.2016 was not available with the reply whereas on those dates the work was at delayed stage.

Audit recommends that the management to recover a normal mark-up Rs 4.714 million @10% per annum from these contractors under intimation to audit.

4.4.1.10 Irregular payment of work without verification by the consultant - Rs 8.172 million

Terms of contact for consultancy services of Ayub Medical College & Hospital Complex with M/s The Architects Karachi provides that the consultant was engaged for provision of services in two parts (1) Planning & Designing (2) Site supervision @ lump sum 2.7% of completion cost in two parts i.e. 1.35% for phase-I and 1.35% for phase II.

The management made a payment of Rs 8.173 million to contractor M/s Abdul Rauf on 30.10.2015

Audit observed that after termination of consultancy service contract of M/s Architect on 24.03.2014, no consultant was appointed by ERRA.

Audit is of the opinion that all payments made after that date stood unjustified without measurement and verification of consultant.

The matter was pointed out to management on 22.7.2016 but no reply has been received.

Audit recommends that payment without verification of consultant is violation of rules may be investigated for fixing responsibility.

4.4.1.11 Unjustified payment of rebate due to non-availability of bid evaluation record - Rs 605,377

Para 11 of GFR Vol-I provides that each head of the Department is responsible for enforcing financial order and strict economy at every step.

Chief Engineer PMIU Abbottabad awarded the work of Package No.1-A: Repair, Retrofitting and re-construction of Ayub Medical Colleg to M/s Haji Abdul Rauf Khan & Co for a cost of Rs 61.937 million on 27.08.2014.

Audit observed that no comparative statement was prepared while award of contract was processed upon financial bid opening statement. The contractor was paid Rs 605,377 as 8% above on all items vide IPC No.01 but no such indication was available in the financial bid opening statement.

Audit is of the opinion that this amount was overpaid.

The matter was pointed out to management on 22.7.2016 but no reply has so far been received.

Audit recommends that non-preparation of bid processing / evaluation record may be investigated for fixing responsibility besides recovery of the amount under intimation to audit.

4.4.1.12 Overpayment on account of mobilization advances - Rs 4.514 million

Clause 60.12 of General Condition of Contract provides that an interest free mobilization advance upto 10% of the contractual cost shall be paid to the contractor in 02 equal installments.

In the Package-1B - repair, reconstruction and retrofitting of 06 Nursing Wards Ayub Teaching Hospital, the Chief Engineer, PMIU Abbottabad paid mobilization advance of Rs 13.545 million @ 15% of bid cost in 02 equal installments (Rs 90.296 million x 15%).

Audit observed that the management was required to pay the mobilization advance of Rs 9.0296 million @ 10% of bid cost of Rs 90.296 million.

Audit is of the opinion that excess payment of Rs 4.514 million (Rs 13.544 million – Rs 9.096 million) was released to contractor.

Audit is of the view that overpayment was undue favor to contractor.

The matter was pointed out to the management on 22.07.2016.

The management replied that the mobilization advance was allowed under provision of record note of meeting with SFD delegation held on 26.01.2010 and accordingly PD/CE vide No. 405/1E dated 12.03.2010 ordered of the approval of SFD delegation as part of contract document.

Reply is not tenable as relevant copy of PD/CE vides No. 405/1E dated 12.03.2010 regarding approval of SFD delegation was not found available with the reply.

Audit recommends that responsibility may be fixed for excess payment of mobilization advance on the person at fault beside recovery to be made alongwith interest accrued there upon for the period the amount remained with the contractor under intimation to audit.

4.4.1.13 Irregular increase of work through Non-BOQ items - Rs 27.412 million

Para 10 (i) of GFR Vol-I provides that 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.

In Chief Engineer PMIU Abbottabad the PC-1 of package 1-B was prepared for Rs 337.691 million and Administrative Approval was accorded for the same cost on 06.05.2010. The contractor submitted the bid of Rs 236.610 million. The Bid Evaluation Committee deleted various items amounting to Rs 145.806 million from BOQ leaving bid cost to Rs 90.296 million and the work was awarded to said contractor for this amount.

Audits observed as under:

- i. Management released payment of Rs 27.412 million to contractor upto 7th IPC on account of execution of BOQ items which is 44% (Rs 39,787,097 x 100 / Rs 90,296,000) of contract amount.

- ii. Another payment of Rs 27.412 million was also made to contractor upto this IPC against 58 non- BOQ items (detail as per Annexure-S).
- iii. This amount of non-BOQ items works out to be 30% of contract cost.

Audit is of the view that the repair and retrofitting work approved for award of work was the mandate of ERRA. These non BOQ items are of normal routine work. These were required to be managed through huge main power available with the hospital from the annual budget provided by provincial government to the institution. It was also observed that many non-BOQ items were having very high price as compared to the market.

Audit is of the opinion that this action not only delayed the project but also work stuck into never ending demands of the authorities or adjustment of the contractor and the PMIU staff in addition to enhancing the cost price of project.

The matter was pointed out to management on 22.7.2016 but no reply has so far been received.

Audit recommends that execution of Non BOQ items amounting to Rs 27.411million for above mentioned supply on such high price and leaving the original items of BOQ may be investigated to fix responsibility on persons at fault.

4.4.1.14 Wasteful expenditure due to defective work - Rs 3.648 million

GCC 49.3(c) provides that contractor shall remedy defects at his own cost due to negligence or failure on his part under the contract.

In Chief Engineer PMIU (SFD/IDB) office Abbottabad the work order of contract No.1-A for repair, retrofitting of AMI was awarded to M/s Haji Abdur Rauf Khan & Co for cost of Rs 61.937 million on 27.08.2014 with a completion period of 545 days. The contractor submitted IPC No.01 for a cost of Rs 8.173 million on 10.07.2015. This IPC included the civil work mainly construction of walls amounting to Rs 3.648 million is as under:

S.No.	Name of work	Amount (Rs)
1	Pathology Lab	2,119,683
2	Surgical	1,528,674
Total		3,648,357

During the site visit on 08.02.2016 by audit team alongwith the management of Ayub Medical Institution it was observed that recent earthquake dated 16.10.2015 damaged all the civil works of Pathology Lab and Surgical. The repaired walls of both the sites were completely damaged which shows that contractor did not use proper material at site and the design was very poor. It is further added that many deficiencies in renovation work carried out by ERRA were pointed out by management of AMI to the PMIU. Majority of these discrepancies which needed to be rectified in Package 1-A and 1-B are given in Annexure-T-1 and Annexure-T-2.

Audit is of the opinion that only repaired work was damaged and not the old work.

The matter was pointed out to management on 22.7.2016 but no reply has been received.

Audit recommends that matter may be investigated for taking legal action against the defaulters besides recovery of Rs 3.648 million for defective work.

Annexures

Annexure-A

Government of Pakistan
Prime Minister's Office (Public)
ERRA HQs, Main Murree Road Islamabad

F. No. Spl-Audit/ERRA/2015

11th February, 2016

Subject: **Special Audit of the International and National Funds Received for Rehabilitation of 2005 Earthquake Affectees**

Reference Audit's letter No. Audit Plan/Spl. Auit/ERRA/2015-16 dated 10-02-2016 on the subject

2. As per previous practice and repeated discussions, the Audit team may directly obtain the information from the concerned Office / Wing as indicated below:-

Sr.NO	Subject	Concerned Office / Wing
1.	Information / Documents pertaining to vehicles of ERRA	MT and M & E Wing ERRA
2.	Vehicles of field Entities / Office	Concerned Office / Entity
3.	Information regarding Projects	Concerned ERRA's Wings


(Muhammad Jamil)
Director (Admn-II)

(Adnan Zahoor)
Audit Officer

Annexure-B

S. No.	Record Requisitioned	Date
1	Total number of PC-Is, and their details, pertaining to ERRA Development/Non Development since inception	18.12.2015
2	Payroll for the ERRA/Line departments since inception	18.12.2015
3	Approved pay scales (SERRA, PERRA, ERRA (HQ) and its approval from competent Authority.	18.12.2015
4	Perks and privileges of ERRA employees along with their approval from competent authority since inception	18.12.2015
5	Detail of fleet cards allotted to officers	18.12.2015
6	Performance report of last 10 years submitted to donors as stated by media advisor on National TV	21.12.2015
7	Total amount invested in the MIS including software, hardware, license, networking	21.12.2015
8	Fixed costs and recurring cost including licenses of software	21.12.2015
9	District wise detail of damage assessment report for forestation	21.12.2015
10	District wise detail of trees planted in reforestation since inception with coordinates.	21.12.2015
11	Year wise detail of reforestation activity initiated and completed since inception.	21.12.2015
12	Detail of cost of reforestation including cost of nurseries, saplings, gardeners and other associated costs (District wise) since inception	21.12.2015
13	Detail of trees taken on charge by the Forest Department in case of ERRA funded projects since inception.	21.12.2015
14	Detail of total amount paid for trees compensation and the total no of trees for which compensation was paid (District wise)	21.12.2015
15	Detail of revenue generated through sale on account of cutting of trees in different projects	21.12.2015
16	Total amount paid to contractors for cutting of trees in different projects	21.12.2015
17	Performance Evaluation Mechanism of NESPAK in terms of time, cost and quality.	21.12.2015
18	Need assessment/requirement for purchase of assets/PC-I for procurement of assets.	21.12.2015
19	Assets list based on source of funding i.e. GoP, Grant, Aid and gifts, donation from donors and general public	21.12.2015
20	Procurement process followed with reference to:	21.12.2015
21	Notification of purchase committee	21.12.2015
22	Tender process	21.12.2015
23	Minutes of purchase committee	21.12.2015
24	Supply order/work order	21.12.2015
25	Delivery reports	21.12.2015
26	Inspection reports of assets purchased	21.12.2015
27	Detail of assets purchased by PERRA/SERRA/Consultants/Contractors and line departments out of funds provided by ERRA	21.12.2015
28	Policy and status of assets of ERRA for projects completed/ closed.	21.12.2015
29	Asset registers (Register of building, Roads, Fixed Assets, Machinery and Equipment, Vehicles and consumable stock)	21.12.2015
30	Detail of Assets issued to various branches of office, SERRA/ PERRA/ DRUs as well as Contractors, Consultants, Advisors etc.	21.12.2015
31	Annual physical verification report	21.12.2015
32	List of vehicles along with registration books and authorities to whom vehicles allotted	21.12.2015
33	Depreciation/depletion/amortization of assets.	21.12.2015
34	Detail of ownership of assets.	21.12.2015
35	Detail of obsolete and inoperative assets	21.12.2015
36	Detail of disposal of assets including auctions since inception.	21.12.2015
37	Detail of amount realized from disposal of assets	21.12.2015
38	Detail of theft/damages/write off of assets	21.12.2015
39	Detail of stock dumped at SRDC Chaklala and CMT Golra	21.12.2015

40	Copy of the approved annual work plan for last 10 years.	21.12.2015
41	List of completed projects since inception to 30.06.2015	21.12.2015
42	Detail of projects handed over since inception (GoP, Donor and Sponsor)	21.12.2015
43	List of projects handed over but not functional	21.12.2015
44	List of projects terminated and not retendered with their physical and financial progress at the time of termination.	21.12.2015
45	Umbrella PC-I for city development projects	21.12.2015
46	Detail of land acquisition for each project as per table below:-	21.12.2015
47	Expenditure of capacity building of Livelihood sector	21.12.2015
48	Procurement details of operating systems, Antivirus, other software and hardware	02.02.2016
49	Breakup of initial cost for all Software and FMIS	02.02.2016
50	Internal/External IS Audit Reports if any.	02.02.2016
51	Backup tape movement log and its review procedure.	02.02.2016
52	Total expenditure incurred in the MIS and FMIS including software, hardware, license, networking since inception	02.02.2016
53	Details of expenditure as per enclosure attached.	02.02.2016
54	Files of FMIS and CRX (Procurement/Correspondence files related to FMIS & CRX)	02.02.2016
55	Available strength year wise (BPS wise)	02.02.2016
56	Number of project (Year wise)	02.02.2016
57	Project wise staff detail	02.02.2016
58	Approval of hiring rates with detail of expenditure	02.02.2016
59	Biometric attendance detail	02.02.2016
60	List of personnel from Armed forces	02.02.2016
61	Hiring detail of M/s Constech consultant	02.02.2016
62	Detail of staff appointed in ERRA along with place/wing of duty with pay and PC-I	10.02.2016
63	Contract appointment files of PDs/Advisors/Consultants/DGs	10.02.2016
64	List of vehicles received from consultants/line departments/projects after closure	02.02.2016
65	List of officers to whom vehicles are allotted	02.02.2016
66	detail of fleet cards allotted to officers	02.02.2016
67	Sanctioned strength of Internal Audit wing	02.02.2016
68	Payroll of staff engaged posted in internal audit wing during last three years	02.02.2016
69	Compensation paid to Balakot earth quick affectees.	03.02.2016
70	Log of users for first 06 months of software when delivered to end users along with log of previous 6 months i.e. June 2015 to December 2015	04.02.2016
71	Financial and physical progress of following projects:	04.02.2016
72	Kohala Dherkot road	04.02.2016
73	Bagh Arja road	04.02.2016
74	Bridge at Athmuqam	04.02.2016
75	Bridge at Reshian-1 on Neli Reshian road	04.02.2016
76	Bridge at Reshian-2 on Neli Reshian at Km 25	04.02.2016
77	Technical proposal of M/s The Architect pertaining to SFD Package no. 1&5	04.02.2016
78	Complete record pertaining to award of contract to M/s The Architect (SFD project 1 x University in AJK)	04.02.2016
79	Access to vehicle identification system software	08.02.2016
80	Criteria and indicators of the Build, Back, Better policy	10.02.2016
81	Building codes revised for seismic proof resistance	10.02.2016
82	Complete files to examine the need assessment to procurement as well maintenance of following vehicles:	15.02.2016
	GE-015 Toyota Prado	15.02.2016
	GS-993 Toyota Corolla	15.02.2016
	GE-970 Toyota Altis	15.02.2016
	GE-087 Suzuki Cultus	15.02.2016
	GF-277 Vigo D/C	15.02.2016

	GT-051 Vigo D/C	15.02.2016
	GK-736 Terracan	15.02.2016
	LX-396 Terracan	15.02.2016
	GS-344	15.02.2016
83	Detail of total liabilities required to be paid to contractors in respect of all projects (project / package wise and contract wise)	17.02.2016
84	Payment method / mechanism adopted for payment of IPC's to contractors	17.02.2016
85	Reports sent to the Lower and Upper Houses	23.02.2016
85	Reports on third party validation of various projects	23.02.2016
87	Detail of building codes prescribed by ERRA or facilitated with concerned agencies.	23.02.2016
88	Detail of projects (specifically GoP funded projects) consist of original project cost, actual project cost, planned date of completion, proposed date of completion and actual date of completion.	23.02.2016
89	Letter/ approval related to PMEP education facilities assigned by the Prime Minister	23.02.2016
90	Criteria for selection of education facilities for PMEP	23.02.2016
91	Actual scope of work assigned (build new or refurbish etc.).	23.02.2016
92	List of education facilities for PMEP	23.02.2016
93	Access of CDPM (City Development Project Monitor)	23.02.2016
94	Access of PC-I review tracker	23.02.2016
95	Access of ETM (ERRA Transport Manager)	23.02.2016
96	Detail of activities/ work performed by ERRA for earthquake of 29 th October, 2008 and 26 th October, 2015	23.02.2016
97	Detail of stuck project till 31.12.2015 including their financial outlay	23.02.2016
	Requisitions regarding record of Ayub Medical Complex, Abbottabad	
98	Advertisement of tender published in newspaper of Package 1-A awarded to M/s Ascent and Package 1-B awarded to M/s Raja Adalat	03.02.2016
99	Third party insurance	01.02.2016
100	Relevant Demand Draft of bid security of M/s Raja Adalat Rs 4.00 million and M/s Ascent Rs 3.100 million	02.02.2016
101	List of completed and handed over works to AMI management	08.02.2016
102	Detail of wards vacated by Ayub Medical Institution alongwith dates, work carried out and completed and the handing over date of the site to management	08.02.2016
103	Detail of dismantled/salvage material obtained from Package No.1-A &1-B	10.02.2016
104	Detail list of inventory of items installed and handed over wards to AMI management	10.02.2016
105	Court case file	01.02.2016
106	Detail of completed work by M/s Ascent	01.02.2016
107	Terms and conditions of SFD Grants	08.02.2016
108	The record relating to whereabouts of salvage material like false ceiling supported with wooden trusses, wooden windows, G.I pipes, ceiling & exhaust fans, toilet accessories, etc. was not shown to audit	10.02.2016

Annexure-C

S. No.	Name of Officer	Designation/ Post	Contract Period		Pay	Remarks
			From	To		
1	Mohammad Shabaz Qaiser	System Analyst	13.08.2011	30.04.2012	75,000	Appointment
			01.05.2012	30.04.2013	75,000	Extension
			01.05.2013	31.10.2013	86,250	Re-appointment
			01.11.2013	30.04.2014	86,250	Extension
2	Col. (R) Amer Mohsin	Advisor (MIS)	01.11.2011	30.04.2012	130,000	Appointment
			01.05.2012	30.04.2013	130,000	Extension
			01.05.2013	31.10.2013	149,000	Re-appointment
			01.11.2013	30.04.2014	149,000	Extension
3	Brig (R) Ihsan ullah Khan	Chief Coordinator/Director General P.I	08.02.2011	30.04.2011	130,000	Appointment
			01.05.2012	30.04.2013	149,500	Extension
			01.05.2013	30.04.2014	149,500	Re-appointment
4	Col. (R) Farooq Shah	Sector Coordinator	30.06.2011	30.04.2012	90,000	Appointment
			01.05.2012	30.04.2013		Extension
			01.05.2013	30.04.2014	103,500	Re-appointment
5	Brig (R) Pervez Hayat Khan Niazi	DG P.III	01.01.2012	30.06.2012	149,500	Appointment
			01.07.2012	30.04.2013	118,000	Extension
			01.05.2013	30.04.2014	149,500	Re-appointment
6	Col. (R) Rana Shujaat Ali	Sector Coordinator	16.06.2011	30.04.2012	90,000	Appointment
			01.05.2012	30.04.2013	90,000	Extension
			01.05.2013	30.04.2014	103,500	Re-appointment
7	Nawazish Ali Khan	Chief Coordinator	25.09.2008	30.06.2009	130,000	Appointment
			01.05.2012	30.04.2013		Extension
			01.05.2013	31.10.2013	149,500	Re-appointment
			01.11.2013	30.04.2014		Extension
8	Faisal Ghani	Sector Coordinator	28.02.2011	30.04.2011	70,000	Appointment
			01.05.2013	30.04.2014	80,500	Re-appointment
9	Asrar Ayyub	Manager/ Coordinator	16.06.2011	30.04.2012	45,000	Appointment
			17.09.2011	30.04.2012	70,000	Re-appointment
			01.05.2012	30.04.2013	70,000	Extension
		Dir (Linkages)	01.05.2013	30.04.2014	80,500	Re-appointment
10	MS. Shahzia Haris	Advisor Media	31.07.2008	30.06.2009	130,000	Appointment
			22.12.2009	30.04.2011	130,000	
			01.05.2011	30.04.2012	130,000	Extension
			01.05.2012	30.04.2013	130,000	
		Advisor Media	01.05.2013	30.04.2014	149,500	Re-appointment
11	Lt. Col (R) Obaid ur Rehman Malik	Advisor (HR)	27.10.2010	01.04.2011	100,000	Appointment
			01.05.2011	30.04.2012	130,000	Extension
			01.05.2012	30.04.2013		Extension
			01.05.2013	31.10.2013	149,500	Re-appointment

Annexure-D

S. No.	Name	Designation	PC.I
1.	Brig (R) M. Zafar Hussain Wahla	Senior Manager / DG (P.III)	M&E
2.	Lt Col (R) Ghulam Murtaza Shah	Director (AJK)	M&E
3.	Maj. (R) Nazar Muhammad Malik	Data Manager	M&E
4.	Lt. Col (R) Muhammad Saadat Janjua	Evaluator	M&E
5.	Lt. Col. (R) Shaukat Ali Shah	Manager MMG	M&E
6.	Maj. (R) Attaullah Jan Shinwari	Manager MMG / Deputy Director (HR)	M&E
7.	Lt. Col (R) Aamir Rauf	Assistant Manager MMG	M&E
8.	Lt. Col (R) Masood Ahmed	Civil Engineer	M&E
9.	Maj. (R) Naeem Iqbal Khan	Civil Engineer	M&E
10.	Lt. Col (R) Khan Bahadar	Civil Engineer / Director (Tech)	M&E
11.	Lt. Col (R) Muhammad Ijaz	Civil Engineer	M&E
12.	Lt. Col (R) Tahir Pervaiz Dar	Civil Engineer	M&E
13.	Col (R) Imtiaz Ahmed	Civil Engineer	M&E
14.	Major (R) Shah Zaman Khan	Civil Engineer	M&E
15.	Major (R) Hammad Raza Khan	Civil Engineer / Director (Coord P.II)	M&E
16.	Sub (R) Muhammad Aslam	Social Surveyor / Office Manager	M&E
17.	Brig (R) Pervez Hayat Khan Niazi	Director General (P.II)	Capacity Building
18.	Lt. Col. (R) Akhtar Ahmad	DRR Expert	Capacity Building
19.	Lt. Col (R) M. Latif Khan Changezi	Admn / Finance Office	Capacity Building
20.	Col. (R) Rana Shujaat Ali	Sector Coordinator	Capacity Building
21.	Col. (R) Farooq Shah	Sector Coordinator	Capacity Building
22.	Lt. Col (R) Shahryar Naimat	Sector Coordinator	Capacity Building
23.	N Sub (R) Syed Qasim Shah	Security Supervisor	NBCDP
24.	Lt. Col (R) Pervez Safdar	Deputy Director	NBCDP
25.	Sep (R) Tariq Mehmood Choughtai	Security Guard	NBCDP
26.	Sep (R) Fazal.e.Hadi	Security Guard	NBCDP
27.	Maj. (R) Ejaz Shahid	Deputy Director (Administration)	MCDP
28.	Commodore (R) Misbahuddin Chohan	Project Director (RCDP)	RCDP
29.	Major (R) Zia Ullah Khan Niazi	Deputy Director	PMIU, KP (SPC)
30.	Major (R) Muhammad Idrees	Deputy Director (Tech)	PMIU, KP (SPC)
31.	Lt Col (R) Zia Ul Haq	Civil Engineer	M&E
32.	Lt. Col (R) Muhammad Abrar Ismail	Director (UD, KP)	Capacity Building
33.	Lt. Col (R) Sohail Khairat	Chief Security Officer	Capacity Building
34.	SM (R) Nasir Din	Security Supervisor	Capacity Building
35.	Hon. Lt. (R) Abdul Karim	Security Supervisor	Capacity Building
36.	L/NK (R) Shah Jehan	Hang Around Security Operator	Capacity Building
37.	NK (R) Muhammad Shafique	Hang Around Security Operator	Capacity Building
38.	L/NK (R) Abdul Hamed	Hang Around Security Operator	Capacity Building
39.	NK (R) Raja Zafar Mahmood	Hang Around Security Operator	Capacity Building
40.	L/NK (R) Zakir Hussain	Hang Around Security Operator	Capacity Building
41.	NK (R) Shamraz Akhtar	Hang Around Security Operator	Capacity Building
42.	Dr. Maj. (R) Shama Khan	Deputy Director	Capacity Building
43.	Col. (R) F.D. Wajahat Chaudhry	Director Education	Capacity Building
44.	Brig. (R) Ihsan Ullah Khan	Chief Coordinator / (DG P.I)	Capacity Building
45.	Maj. (R) Nawazish Ali Khan	Chief Coordinator	Capacity Building
46.	Lt. Col. (R) Dr. Usman Jillani	Sector Coordinator	Capacity Building
47.	Brig. (R) Altaf Hussain Tahir	Project Director (BCDP)	BCDP
48.	Brig (R) Riaz Ahmed Noor	Project Director (MCDP)	MCDP
49.	Hon. Lt. (R) Najam Din	PA to Project Director	RCDP
50.	Haider Ali	Financial Management Officer reappointed as Deputy Director Finance	PERRA
51.	Altaf Afridi*	Deputy Director	EEAP
52.	Muhammad Farooq**	Project Manager	DRU Abbottabad

*Appointed as Deputy Director EEAP, on closure of EEAP in June, 2013 reappointed as Deputy Director Reconstruction

** Appointed after the age of 62 years without approval of competent authority during 2011.

Annexure-E

Sr. No.	Package No.	Contractor Name	valid up-to	Amount of Performance Security (Rs)
PWD Muzaffarabad				
1	Package # 40	M/s Kh. Shoukat Ali	31.05.2015	3,307,328
2	Package # 95	M/s Shalimar Associate	25.05.2015	4,248,855
3	Package # 266	M/s Shoukat Ali Turk	14.05.2015	892,629
4	Package # 92	M/s Sultan Akbar Kiani	14.05.2015	4,843,163
5	Package # 273 A	M/s Ghulam Mustafa Ghilani	15.04.2015	844,242
6	Package # 275A	M/s Malik Asad ur Rehman	26.05.2015	844,536
7	Package # 89	M/s S.A. Associates	08.06.2015	6,115,701
8	Package # 299	M/s Raja Tajamul Hussain	04.06.2015	2,733,380
9	Package # H-83	M/s Muhashar Aziz Qadri & Co	27.12.2014	9,763,249
10	Package # 89 A	M/s Zain Engineering	21.04.2014	3,484,550
	Sub-total			37,077,633
PWD Bagh				
1	Package # 13	M/s Zoom Eng.	30.06.2012	1,000,000
2	Package # 16	M/s Zain-ul-Abdeen& Son	08.10.2013	3,623,920
3	Package # 5	M/s Abaseen Associates	29.06.2012	2,363,092
4	Package # 17	M/s Shoukat Khan & co.	28.04.2014	4,579,311
5	Package # 30	M/s Raja Mumshad& Co	27.04.2013	6,394,960
6	Package # 42 & 43	M/s FaridGul& Co.	30.08.2012	6,787,755
7	Package # 44 & 45	M/s FaridGul& Co.	30.08.2013	11,988,165
8	Package # 47A	M/s Ittehad Engineering Pvt. Ltd	25.11.2012	3,514,415
9	Package # 4	M/S Muhammad Iqbal& Co	30.12.2011	7,940,461
10	Package # 22	M/S Rizwan Associates	20.02.2012	11,973,957
11	Package # 50A	Shah Jee Traders	20.02.2012	4,856,223
12	Package # 59	M/s Sitara Engineering	02.03.2013	1,078,058
13	Package # 46B & 9B	M/s Raja Mumshad Khan & Co	12.04.2012	2,474,622
14	Package # 47	M/s Orient Engineers & Traders	04.05.2012	2,774,383
15	Package # 10 A & 59 A	M/s Umar Khan & Sons	01.05.2012	3,915,894
16	Package #48	M/s Muhammad Iqbal& Co	06.04.2013	4,986,828
17	Package #49B	M/s Naeem Construction Co	15.05.2013	3,072,958
18	Package # 50B	M/s Sitara Khan Engineering	17.05.2012	2,421,421
19	Package # 46C	M/s Raja Mumshad Khan & Co	21.04.2013	1,949,304
20	Package # 59 A	M/s FaridKyani& Co	17.06.2013	657,306
21	Package # 61&62(68)	M/sSitara Khan Engineering	14.06.2012	3,766,383
22	Package # 61&62 (94)	M/s Al Meezan Enterprises	14.06.2012	811,931
23	PACKAGE # 49 C	M/sJhangir Khan & Brothers	03.06.2014	759,198
24	Package # 59B	M/sIftikharHussainJaffery	27.07.2010	993,814
25	Package # 55A	M/s Malik Dost Muhammad & Co	15.07.2012	1,721,672
26	Package # 46D	M/s SherBaz Khan & Brothers	21.06.2012	1,243,649
27	Package # 50C	M/s SherBaz Khan & Brothers	21.06.2012	787,690
28	Package # 53A	M/s Umar Khan & Sons	31.12.2013	2,893,941
29	Package # 60	M/s Haji Pinda Khan & Sons	14.07.2012	6,637,358
30	Package # 54A	M/s Sitara Khan Engineering	21.07.2013	4,328,675
31	Package # 51B	M/s Smart Homes	12.08.2012	1,420,650
32	Package # 59C	M/s Shahid Ali	07.08.2013	2,246,750
33	Package # 49D	M/s Sitara Khan Engineering	07.08.2012	1,478,499
34	Package # 58A	M/s Sardar Muhammad Fiaz Khan	14.08.2010	638,592
35	Package # 336	M/s Al Meezan Enterprises	09.02.2012	666,044
36	Package # 349	M/s Myra Engineering Company	14.03.2011	719,222

37	Package # 350	M/s Almurtaza& Co	15.03.2012	760,502
38	Package # 357A	M/s Hasnain Construction Co	14.03.2011	703,764
39	Package # 357	M/s S& K JV UQ & Sons	29.03.2012	1,175,061
40	Package # 363	M/s Liaquat Ali Contractor	05.02.2011	2,418,553
41	Package # 361	M/s Nasheman Engineering + Al Meezan Enterprises JV	25.04.2011	1,439,751
42	Package # 344	M/s Pine Hills	10.03.2011	1,383,740
43	Package # 345	M/s Pak UK Associates	19.05.2013	823,844
44	Package # 353	M/s Mangool Group of Construction	10.06.2012	746,355
45	Package # 197	M/s Haji Painsa Khan & Sons	08.05.2012	1,571,898
46	Package # 340	M/s FaridKyani& Co	29.04.2011	1,452,906
47	Package # 185	M/s Ever Shine Contractor Co	25.06.2012	4,389,774
48	Package # 152A	M/s Liaquat Ali Contractor	25.06.2011	4,804,400
49	Package # 330	M/s Abdul HafeezChaudary& Co	23.09.2011	6,357,597
50	Package # 343	M/s Cade Crete Associates	18.08.2012	1,299,330
51	Package # 130	M/s Amber SulemanKhokar	08.07.2011	894,250
52	Package # 162	M/s Jamshaid& Brothers	09.11.2011	5,805,799
53	LSF/Bagh/5	M/s Gujrat Meridian JV	16.02.2013	23,054,055
54	LSF-Bagh-6	M/s Gujrat Meridian JV	16.02.2012	7,477,989
55	2-Agri	M/s Raja Mumshad Khan & Co.	29.12.2012	6,166,757
56	3-Agri	M/s Competitive Engineering, Islamabad	24.04.2013	4,771,025
57	4-Agri	M/s Mubarak-ur-Rehman&Co.	07.01.2013	6,292,455
58	6-Agri	M/s Myra Engineering Company	12.01.2013	2,810,735
59	7-Agri	M/s Cade Creets Association	11.03.2011	4,450,923
60	1-Gov	M/s Ittehad Engineering & Construction, Islamabad	19.04.2014	5,803,339
61	3-Gov	M/s Progressive Technical Associates	29.04.2013	1,635,785
62	4-Gov	M/s Ittehad Engineering & construction, Islamabad	19.04.2014	12,497,272
63	5A -Gov	M/s Al-Mezaan Enterprises	12.07.2013	696,086
64	5B-Gov	M/s Abel & Amin Brothers	30.06.2012	4,057,282
65	1 livestock	M/s Competitive Engineering, Islamabad	24.04.2013	8,163,465
66	2 livestock	M/s Al-BurraqCostruction Construction Co	04.05.2011	4,481,562
67	3 livestock	M/s Sitara Khan Engg.	02.04.2013	3,464,761
68	6 -Watson	M/s Progressive Technical Associates	07.05.2011	294,080
69	7-Watson	M/s Geo Engineering Services	13.04.2014	330,955
70	H-68	M/s Haider& Co.	28.08.2012	2,931,113
71	H-69	M/s Shalimar Associates	12.04.2011	2,998,766
		Sub Total		257,873,030
		Grand Total		294,950,663

Annexure-F

Package No.	Contractor/Firm Name	Renewed up-to	Amount paid during 2014-15
	PWD Bagh		
Package # 1'3'9	M/s Shoukat Khan & co.	14-03-2013	1,000,000
Package # 3	M/s Abaseen Associates	31-12-2012	600,000
Package # 19	M/s Umer Rehman & Co	27-04-2014	3,070,573
Package # 8	M/s Turcon Pvt Ltd	31.12.2014	2,579,026
Package # 31 & 46 A	M/s Mehmood Hussain & Co.	27-12-2013	3,314,741
Package # 38	M/S Raja Mumshad Khan & Co	09-03-2013	2,401,869
Package # 61 & 62 (69	M/s Behr-i- Karam & Sons	28-06-2012	3,532,036
Package # 61 & 62 (72)	M/S Behr-i- Karam & Sons	28-06-2014	1,306,075
Package # 52A	M/s Yazdan Engineering Services	15.07.2014	766,566
Package # 327	M/S Techno crates Groups	13-03-2014	4,105,714
Package # 346	M/S Shahid Ali	01-05-2014	3,479,128
Package # 147	M/S Ali & Co	16-09-2014	3,920,000
Package # 153	M/S S & K JV UQ & Sons	11-04-2014	65,8740
2-Gov	M/S Progressive Technical Associates	29-04-2013	3551992
	PWD Muzaffarabad		
Package # 36	M/s Jahanzeb Mughal	15.01.2014	200,000
Package H-84	M/s Al Hassan Engineering	20.01.2013	3,844,190
Package # 26	M/s Haji Amir Khan & CO	01-01-2013	700,000
Package # H-16	M/s Iqbal Qureshi	24-01-2013	1,487,000
Package # 53	M/s Raja Jaber & Co	21-04-2014	1,250,000
	Total		41,767,650

Annexure-G

S. No.	Name of Organization	Para No.	Audit Report	Amount (Rs in million)
1	Dy. Director (Recons) Abbottabad	3.2.6	2012-12	132.968
2	DDR Kohistan	3.2.7	2012-13	38.456
3	DDR Mansehra	3.2.7	2012-13	250.055
4	DD SFD Abbottabad	3.2.7	2012-13	33.856
5	DD IDB Abbottabad	3.2.7	2012-13	40
6	DDR Shangla	3.2.7	2012-13	147.294
7	DDR Battagram	3.2.7	2012-13	91.148
8	DDR Shangla	3.2.14	2012-13	2.584
9	Xen Highway, Bagh	4.2.6	2012-13	26.855
10	EEAP-Education Muzaffarabad	4.2.6	2012-13	428.673
11	EEAP-Health Muzaffarabad	4.2.6	2012-13	43.409
12	PHED, Muzaffarabad	4.2.6	2012-13	4.374
13	PWD, Bagh	4.2.6	2012-13	300.816
14	EEAP (T&C) Muzaffarabad	4.2.6	2012-13	4.038
15	EEAP (T&C) Muzaffarabad	4.2.6	2012-13	29.739
16	PWD, Muzaffarabad	4.2.6	2012-13	22.944
17	PWD, Neelum	4.2.6	2012-13	29.205
18	MCM Muzaffarabad	4.2.6	2012-13	4.449
19	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	5.891
20	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	4.307
21	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	4.39
22	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	4.514
23	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	24.87
24	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	3.209
25	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	1.183
26	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	1.56
27	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	3.929
28	Chief Engineer (PMIU) Abbottabad	3.2.56	2014-15	13.073
29	Deputy Director Reconst: (PERRA) Kohistan	3.2.56	2014-15	6.017
30	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	18.452
31	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.364
32	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	8.358
33	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	21.695
34	Deputy Director Reconst: (PERRA) Abbottabad	3.2.56	2014-15	4.444
35	Deputy Director Reconst: (PERRA) Abbottabad	3.2.56	2014-15	3.875
36	Deputy Director Reconst: (PERRA) Abbottabad	3.2.56	2014-15	24.251
37	Deputy Director Reconst: (PERRA) Battagram	3.2.56	2014-15	8.99
38	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	5.548
39	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.699
40	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	7.067
41	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.63
42	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	14.375
43	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	49.042
44	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.271
45	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.119
46	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.678
47	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	2.652
48	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	2.99
49	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	1.104

50	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	1.104
51	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	5.99
52	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	8.338
53	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	1.139
54	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	1.248
55	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	6.86
56	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	2.584
57	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	26.8
58	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	24.91
59	Deputy Director Reconst: (PERRA) Shangla	3.2.56	2014-15	146.328
60	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.882
61	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.387
62	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	4.109
63	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	4.021
64	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.681
65	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.869
66	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.635
67	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.675
68	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.541
69	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.526
70	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.976
71	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.959
72	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.763
73	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.018
74	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.507
75	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.568
76	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.005
77	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.539
78	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.856
79	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.562
80	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.31
81	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.868
82	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	4.794
83	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.011
84	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.368
85	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.623
86	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.837
87	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.464
88	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.837
89	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.958
90	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	5.112
91	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.618
92	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.54
93	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.209
94	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.844
95	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.22
96	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.406
97	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.037
98	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	0.455
99	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.67
100	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.582
101	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	5.796
102	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	2.638

103	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	1.202
104	Deputy Director Reconst: (PERRA) Mansehra	3.2.56	2014-15	3.064
105	XEN C&W Shangle	3.2.56	2014-15	0.08
106	XEN C&W Shangle	3.2.56	2014-15	0.083
107	XEN Muzaffarabad	4.2.37	2014-15	8.371
108	XEN Neelum	4.2.38	2014-15	2.671
109	XEN Neelum	4.2.39	2014-15	2.999
110	XEN Rawlakot	4.2.44	2014-15	48.716
111	DFO Bagh	4.2.47	2014-15	8.035
112	XEN Bagh	4.2.54	2014-15	26.855
113	XEN Highway, Rawlakot	4.2.74	2014-15	16.767
114	BCDP	4.2.56	2014-15	181.627
Total				2,504.1

Annexure-H

S. No.	IPC #	Contract Name	Item No.	Description	Unit	Qty. Paid	Rate in VO (Rs)	Paid Rate (Rs)	Diff. (Rs)	Amount (Rs)
1	24th & Final	NCB-4 (Malvani Bridge)	411-b	Stone masonry.....mortar	Cu.m	204.507	2,700	3,896	1,196	244,590
2	24th & Final	NCB-4 (Thandi Kassi Bridge)	411-b	Stone masonry.....mortar	Cu.m	92.37	2,700	3,896	1,196	110,475
3	24th & Final	NCB-4 (Haddi Ghal Bridge)	411-b	Stone masonry.....mortar	Cu.m	3,792.159	3,400	3,896	496	1,880,911
4	Pre-Final	NCB-4-A (Bridge Bhount Chowk)	411-b	Stone masonry.....mortar	Cu.m	3,993.18	3,400	3,896	496	1,980,617
5	24th & Final	NCB-4-A (Bridge Lohar Bella)	411-b	Stone masonry.....mortar	Cu.m	1791.13	3,400	3,896	496	888,400
Total										5,104,994

Annexure-I

S. No.	Project	IPC No.	No. of cut tress	Amount paid for cutting	Para No.	Year of Audit Report
1	New Balakot City Development Project	20	798	798,000	2.6	2009-10
2	-do-	-do-	142	213,000	-do-	-do-
3	-do-	-do-	6	12,000	-do-	-do-
4	MeraTanolian Road	3	63	145,888	4.2.19	2013-14
5	-do-	3	33		4.2.19	-do-
6	Shopping Plaza Old Courts		14		4.2.19	-do-
7	Tariqabad By Pass Road	4	4		4.2.19	-do-
8	-do-	4	4		4.2.19	-do-
9	TalhiMandi Road	1	3		4.2.19	-do-
10	Reconstruction and Rehabilitation of Rawalakot to Harighel via Shujabad road 10.040 to 17.040 KM (District Bagh Package-IIA)	1	4,021	1,221,300	4.2.24	2011-12
11	KohalaDhirkot Road Project		2,483	1,859,031	-do-	-do-
12	Officers Colony Road Rawalakot upto 2.5ft (0.75 m) girth	6	96	116322	PDP-630	2013-14
13	Officers Colony Road Rawalakot above 2.5ft to 6ft (0.75m to 1.8 m) girth	6	28	67,855	-do-	-do-
14	Improvement of road from BHQ to Goin Nullah via KhrickChungi road upto 2.5ft (0.75 m) girth		370	489,528	-do-	-do-
15	Improvement of road from BHQ to Goin Nullah via KhrickChungi road above 2.5ft to 6ft (0.75m to 1.8 m) girth		297	765,796	-do-	-do-
16	Road from Anayat Bakery to Chak Airport Road upto 2.5ft (0.75 m) girth	12	93	112,689	-do-	-do-
17	Road from Anayat Bakery to Chak Airport Road above 2.5ft to 6ft (0.75m to 1.8 m) girth	-do-	24	58,161	-do-	-do-
18	Rawalakot to Harighel via Shujabad road upto 150-300 mm girth	16	2,895	1,245,095	Para-6	XEN, Highway Div. Rawalakot A.I.R. (AY 2012-13)
19	Rawalakot to Harighel via Shujabad road upto 301-600 mm girth	-do-	2,397	1,677,900	-do-	-do-
20	Rawalakot to Harighel via Shujabad road upto 600 mm girth and above	-do-	1,538	1,403,425	-do-	-do-
21	GoinNallah Bus Terminal, Rawalakot (upto 2.5ft (0.75 m) girth)	16	223	260,564	12	PMU, RCDP, Rawalakot A.I.R. for the FY 2014-15
22	Southern Bypass Road, Rawalakot	17	95	102,576	-do-	-do-
23	-do-	17	25	53,987	-do-	-do-
24	Acquisition of land for Tariqabad Bypass Road Phase-I, MouzaNarol, Muzaffarabad	05/2012 dated 26.07.2012		445,908	Para-4	Collector Land Acquisition (Urban),

						Muzaffarabad A.I.R. for the FY 2014-15
25	Widening of Zero point to Airport Road, Muzaffarabad	03.2013 dated 16.04.2013		1,289,671	-do-	-do-
26	Supplementary award for construction of RCC Bridge, Jalalabad, Muzaffarabad	04/2014 dated 20.09.2014		105,541	-do-	-do-
27	Supplementary award for trees (fruit bearing/ non-fruit bearing/ toot), houses/ shops/ shelters/ walls/ economic loss effected due to construction of King Abdullah University, ChattarKalas, Muzaffarabad	03/2010 dated 26.01.2010		27,672,955	Para-2	Collector Land Acquisition (Rural), Muzaffarabad A.I.R. for the FY 2014-15
28	Supplementary award for trees (fruit bearing/ non-fruit bearing)/ structures MouzaLangarpura/ Shala Bagh/ Thotha	08/2012 dated 22.05.2012		7,249,119	-do-	-do-
29	Supplementary award for non-fruit bearing trees due to construction of Satellite Town, Langarpura, Muzaffarabad	15/2012 dated 17.09.2012		4,825,604	-do-	-do-
30	construction of Tehsil Complex Palas (District Kohistan)	6	1,100	550,000	PDP-85	2015-16
31	Ghaziabad-Bersheryal Road	-	85	20,550	PDP-119	2015-16
32	Karat-Dumbaila Road	-	159	52,200	PDP-119	2015-16
				52,814,665		

Annexure-J

Contract	Name of Work	Item No.	Description	Unit	Quantity as per Revised BoQ (VO)	Quantity executed	Diff.	Rate (Rs)	Amount (Rs)
NCB-04	Malvani Bridge	401a-3 ii	Concrete Class A-3 on ground	Cum	16.000	94.723	78.72	10,800	850,208.400
NCB-04	-do-	405.4.2.1	Pre-Cast Pre-Stressed Concrete Girders 38 Meters	each	-	3.000	3.00	1,500,000	4,500,000.00
NCB-04	-do-	401-f	Lean Concrete	Cum	31.000	35.372	4.37	3,300	14,427.600
NCB-04	-do-	411-b	Stone Maonary Random with Mortor	Cum	-	11.000	11.00	2,700	29,700.00
NCB-04	-do-	SIW-6	Providing and Fixing Drainage Pipes in Bridge Deck (150mm Dia) G.I Pipe with Steel Grating	each	40.000	60.000	20.00	1,500	30,000.00
NCB-04	-do-	411-b	Stone Masonary Random with Mortor	Cum	-	204.507	204.51	3,400	695,323.80
NCB-04	-do-	NBOQ	Pre-Cast Pre-Stressed Concrete Girders 38 Meters	each	-	3.000	3.00	330,499	991,497.000
NCB-04	-do-	NBOQ	Plum Concrete 1:3:6 with 30% stones	Cum	-	456.020	456.02	6,347	2,894,358.940
NCB-04	-do-	NBOQ	Embankment fill from Barrow	CM	-	1,262.131	1,262.13	277	349,610.287
NCB-04	-do-	NBOQ	Pain on Jersey Barrier	Sqm	-	617.725	617.73	425	262,533.125
NCB-04	Thandi Kassi Bridge	107a	Structural excavation in common Material	Cum	120.000	129.190	9.19	410	3,767.900
NCB-04	-do-	401a	Concret Class A-1 on ground	Cum	-	3.540	3.54	9,500	33,630.000
NCB-04	-do-	411-b	Stone Maonary Random with Mortor	Cum	-	92.370	92.37	3,400	314,058.000
NCB-04	Hari Gal Bridge	107a	Structural excavation in common Material	Cum	1,116.000	2,380.607	1,264.61	410	518,488.870
NCB-04	-do-	401a-(I)	Concret Class A-1 on ground	Cum	-	19.032	19.03	9,500	180,804.000
NCB-04	-do-	401a-3 ii	Concret Class A-3 on ground	Cum	66.000	170.011	104.011	10,800	1,123,318.800
NCB-04	-do-	SIW-3(a)	exploaratory comfirmatoryboring and tasting in Dry Areas	M	63.000	113.000	50.000	9,000	450,000.000
NCB-04	-do-	411-b	Stone Masonary Random with Mortor	Cum	3,101.000	3,792.159	691.159	3,400	2,349,940.60
NCB-04	-do-	NBOQ	Asphat Bit Mac	Cum	-	76.695	76.695	13,000	997,035.000
NCB-04	-do-	NBOQ	Drilling and Grouting of Anchor Holes	M	18.000	54.000	36.000	10,447	376,092.000
NCB-04	-do-	NBOQ	Pain on Jersey Barrier	Sqm	-	188.700	188.700	425	80,197.500
NCB-04-A	Dhulli Lohar Bella Bridge	107a	Structural excavation in common Material	Cum	914.000	4,573.456	3,659.46	410	1,500,376.960
NCB-04-A	-do-	401a-3 ii	Concret Class A-3 on ground	Cum	66.000	162.480	96.480	10,800	1,041,984.000
NCB-04-A	-do-	401-f	Lean Concrete	Cum	91.000	94.455	3.46	3,300	11,401.500
NCB-04-A	-do-	401-g	Pre-Cast Concrete Class A	Cum	14.000	18.900	4.90	11,500	56,350.000
NCB-04-A	-do-	407-i	Pile load test (Test load 350 ton)	each	-	1.000	1.00	1,200,000	1,200,000.000
NCB-04-A	-do-	411-b	Stone masonry Random with mortar	Cum	978.000	1,543.699	565.70	3,400	1,923,376.600
NCB-04-A	-do-	SIW-6	Providing and Fixing Drainage Pipes in Bridge	each	40.000	68.000	28.00	15,000	420,000.000

			Deck (150mm Dia) G.I Pipe with Steel Grating						
NCB-04-A	-do-	404-b	Reinforcement as per AASHTO M31 Grade-60	Ton	421.000	499.302	78.30	125,000	9,787,750.000
NCB-04-A	-do-	106-biii	Excavation in surplus soft Rock Material	Cum	4,554.000	6,509.730	1,955.73	410	801,849.300
NCB-04-A	-do-	108a	Formation of Embankment from Roadway Excavation in Common Material	Cum	249.000	989.000	740.00	410	303,400.000
NCB-04-A	-do-	NBOQ	Plum Concrete 1:3:6 with 30% stones	Cum	840.000	1,038.621	198.62	6,347	1,260,647.487
NCB-04-A	-do-	NBOQ	Rock Concrete	Cum	-	440.538	440.54	3,061	1,348,486.818
NCB-04-A	-do-	NBOQ	Hand Pack Stones	Cum	-	707.364	707.36	1,300	919,573.200
NCB-04-A	-do-	NBOQ	Rocks fill in gabion	Cum	-	417.101	417.10	1,300	542,231.300
NCB-04-A	-do-	NBOQ	Wire Mesh for gabion	Kg	-	3,866.500	3,866.50	185	715,302.500
NCB-04-A	Bhount Chowk Bridge	107a	Structural excavation in common Material	Cum	1,202.000	2,871.272	1,669.27	410	684,401.520
NCB-04-A	-do-	107d	Granular Back Fill	Cum	32.000	478.962	446.96	700	312,873.400
NCB-04-A	-do-	401a	Concret Class A-1 on ground	Cum	-	39.954	39.95	9,500	379,563.000
NCB-04-A	-do-	401a-3 i	Concret Class A-3 under ground	Cum	419.000	424.560	5.560	10,300	57,268.000
NCB-04-A	-do-	401a-3 ii	Concret Class A-3 on ground	Cum	24.000	80.792	56.792	10,800	613,353.600
NCB-04-A	-do-	401a-1 iii	Concrete Class A-3 Elevated	Cum	715.000	728.707	13.71	11,500	157,630.500
NCB-04-A	-do-	401-f	Lean Concrete	Cum	30.000	120.910	90.91	3,300	300,003.000
NCB-04-A	-do-	411-b	Stone masonry Random with mortar	Cum	2,800.000	3,946.529	1,146.53	3,400	3,898,198.600
NCB-04-A	-do-	SIW-6	Providing and Fixing Drainage Pipes in Bridge Deck (150mm Dia) G.I Pipe with Steel Grating	each	40.000	76.000	36.00	1,500	54,000.000
NCB-04-A	-do-	302a	Cut Back Asphalt Bituminous Prime Coat	Sqm	1,845.000	3,450.000	1,605.00	50	80,250.000
NCB-04-A	-do-	304b	Asphalt Bit Mac	Cum	-	166.440	166.44	13,000	2,163,720.000
NCB-04-A	-do-	NBOQ	Plum Concrete 1:3:6 with 30% stones	Cum	100.000	473.285	373.29	6,347	2,369,239.895
NCB-04-A	-do-	NBOQ	Pain on Jersey Barrier	Sqm	-	292.795	292.795	425	124,437.875
Total									50,072,660.877

Annexure-K

Secured Advance Detail of Project NCB-IV-A					
IPC-#	Date	Amount	Recovered	Months	Interest @ 6%
1	13/04/2009	13,256,250			
2	14/06/2009	19,149,322	13,256,250	2	132,563
3	30/06/2009	12,986,078	19,149,323	2	191,493
4	24/08/2009	13,029,585	12,986,075		
5	16/09/2009	11,709,585	13,029,585		
6	23/11/2009	16,029,585	11,709,585	2	117,096
7	11/1/2010	21,185,835	16,029,585	1	80,148
8	27/01/2010	22,310,825	21,185,835		0
9	30/03/2010	22,123,335	22,309,897	2	223,108
10	18/05/2010	18,373,335	22,123,335	2	221,233
11	18/06/2010	12,467,085	18,373,335	1	91,867
12	7/9/2010	7,217,085	12,467,085	1.5	93,503
13	21/09/2010	7,123,335	7,217,085		0
14	7/12/2010	6,092,085	7,123,335	2.5	89,042
15	18/01/2011	8,717,085	6,092,085		0
16	9/2/2011	6,560,835	8,717,085		0
17	17/3/2011	4,217,085	6,560,835		0
18	16/5/2011	1,404,585	4,217,085	2	42,171
19	30/6/2011	1,404,585	1,404,585		0
20	23/8/2011	1,404,585	1,404,585	2	14,046
21	12/10/2011	7,310,835	1,404,585	2	14,046
CPC	11/1/2011	23,503,612	7,310,835	28	3,290,506
23	May-13		23,503,612		
Total		257,576,532	257,575,602		4,600,822
Secured Advance Detail of Project NCB-IV					
1	11/4/2009	16,931,250			
2	3/6/2009	23,143,134	16,931,250	1.8	204,431.02
3	17/7/2009	35,823,884	23,145,134	1.5	262,708.48
4	24/8/2009	33,465,753	35,823,884	1.3	211,949.77
5	17/9/2009	30,540,285	33,465,753	0.8	122,161.14
6	25/11/2009	30,747,003	30,540,285	2.3	353,590.53
7	9/1/2010	32,485,127	30,747,003	1.5	243,638.45
8	1/2/2010	29,622,003	32,485,881	0.8	113,551.01
9	26/4/2010	25,028,253	29,622,003	2.8	350,395.54
10	27/5/2010	19,778,253	25,028,253	1.0	102,187.64
11	30/6/2010	14,247,003	19,778,253	1.1	80,733.02
12	27/6/2010	11,903,253	14,247,003	-0.1	-
13	7/9/2010	6,372,003	11,903,253	2.4	76,464.04
14	24/9/2010	6,278,253	6,372,003	0.6	17,788.38
15	15/11/2010	4,965,753	6,278,253	1.7	43,036.53
16	19/01/2011	9,912,314	4,965,753	2.2	107,383.40
17	11/2/2011	7,687,500	9,912,314	0.8	29,468.75
18	17/3/2011	8,255,906	7,687,500	1.1	46,783.47
19	11/5/2011	4,500,000	8,255,906	1.8	41,250.00
20	30/6/2011	4,500,000	4,500,000	1.7	37,500.00
21	22/8/2011	0	4,500,000	1.8	-
22	12/10/2011	0	0	1.7	-
23	NIL	0	0		-
CPC	15/11/2011	0	0	1.1	-
Total		356,186,930	356,189,684		2,445,021.17
Grand Total					7,045,843.17

Annexure-L

M/s MUHAMMAD HAROON & SONS									
Payment Detail Certificate									
S. No.	IPC No.	Date submit by NESPAK	Gross Amount (Rs)	Retention Money (Rs)	Net Amount (Rs)	Income Tax (Rs)	Contractor Paid (Rs)	Payment date	Remarks
1	1	17.03.2010	20,452,200	1,636,176	18,816,024	1,227,132	17,588,892	19.3.2010	Paid
2	2	05.05.2010	63,375,410	5,070,033	58,305,377	3,802,525	54,502,852	30.6.2010	Paid
3	3	24.06.2010	50,168,000	4,013,440	46,154,560		46,154,560	3.11.2011	Paid
4	4	05.08.2010	11,951,901	956,152	10,995,749		10,995,749	3.11.2011	Paid
5	5	06.08.2010	18,554,447	1,484,355	17,070,092		17,070,092	3.11.2011	Paid
6	6	20.10.2010	60,653,282	4,852,263	55,801,019		55,801,019	3.11.2011	Paid
7	7	20.10.2010	4,955,899	396,472	4,559,427	-	4,559,428	3.11.2011	Paid
8	8	18.01.2011	2,288,950	183,116	2,105,834	-	2,105,834	17.11.2011	Paid
9	9	20.01.2011	14,922,792	1,193,823	13,728,969	-	13,728,969	17.11.2011	Paid
10	10	03.03.2011	3,695,643	295,651	3,399,992	-	3,399,992	17.11.2011	Paid
11	11	01.04.2011	6,497,538	-1,386,228	7,883,766	-	7,883,766	11.6.2011	Paid
12	12	08.04.2011	20,003,000	0	20,003,000	-	20,003,000	11.6.2011	Paid
13	13	28.04.2011	1,878,295	0	1,878,295	-	1,878,295	11.6.2011	Paid
14	14	11.05.2011	4,677,065	0	4,677,065	-	4,677,065	11.6.2011	Paid
15	15	06.07.2011	3,132,497	0	3,132,497	-	3,132,497	26.1.2012	Paid
16	16	12.08.2011	6,179,055	0	6,179,055	-	6,179,055	24.2.2012	Paid
17	17	19.08.2011	3,597,778	0	3,597,778	-	3,597,778	24.2.2012	Paid
18A	18	12.10.2011	4,000,000	0	4,000,000	240,000	3,760,000	8.3.2013	Paid
19	19	13.01.2012	14,901,035	777,057	14,123,978	894,062	13,229,916	10.10.2012	Paid
20	20	12.12.2011	8,192,000	0	8,192,000	532,480	7,659,520	28.1.2014	Paid
21A	21	19.12.2011	2,856,872	0	1,808,000	117,520	1,690,480	28.1.2014	Paid
21B				0	1,048,872	68,177	980,695	27.5.2014	Paid
22	22	30.12.2011	5,236,900	0	5,236,900	0	5,236,900	24.2.2012	Paid
23B	23	13.01.2012	36,687,824	17,736,696	18,951,128	1,231,823	17,719,305	27.5.2014	Paid
24	24	10.11.2015	9,688,671	968,867	8,719,804	726,650	7,993,154	12.1.2016	Paid
25A	25	10.11.2015	9,780,196	1,233,981	8,546,215	733,515	9,046,681	12.1.2016	Paid
25B	25		2,559,614						
			390,886,864	39,411,854	348,915,396	9,573,884	340,575,494		

- 1 EOT Is under Process
- 2 No LD Imposed yet because of late payment

Annexure-M

S. No.	Name of Contract	Item No.	Description of Item	Unit	Price of Labour, Material and Plant & Equipment etc.	25% for Overhead, Profit and Design	6% Income Tax	Item Rate	BOQ Rate	Excess Rate	Quantity Paid	Amount
1	Shopping Center	5-17 (b)-1	Providing and laying 1:2:4 cement concrete using lawrencepur sand and crushed aggregate 3/4" (19mm) and down gauge in slabs including formwork and its removal, compacting and curing b. above 6" (150mm) upto 12" (300mm) thickness i. in basement, plinth and ground floor	CM	7238.07	1809.52	542.86	9590.44	18316.29	8725.85	3218.77	28,086,452
2		5-44-a	Providing, fabricating and laying deformed grade 40 steel reinforcement	TON	72735	18183.75	5455.13	96373.88	116652	20278.13	2245.00	45,524,289
3		5-17 (c)-1	c. Above 12" (300mm) i. in basement, plinth and ground floor	CM	7900.73	1975.18	592.55	10468.47	19131.26	8662.80	864.73	7,490,968
4	Lungarpura Satellite Town	21-9	compaction of earthen embankment to full depth and width below sub grade level by mechanical means in layers not exceeding 8" (200mm) in depth at optimum moisture content including watering and mixing by mechanical means. The subgrade embracement shall be compacted to at least 95% modified ASHTO maximum dry density for their full depth and width.	CM	126.87	31.72	9.52	168.10	323.74	155.64	109014	16,966,639
5		21-10-a	Preparation and compaction upto 90% modified ASHTO of natural ground upto a depth 8" (20mm) in ordinary soil	Sq. M	10.73	2.68	0.80	14.21	25.28	11.07	167681.44	1,856,129

6		21-10-b	Clearing and grubbing (removal) of roots including scarifying natural ground upto 8" (20mm) depth and disposal of roots	Sq. M	13.49	3.37	1.01	17.88	30.03	12.15	62889.59	764,137
7	Sewerage System Old City	3-42-a	Excavation in open cutting for sewers and manholes as shown in drawings, dressing to correct sections and dimensions according to templates and levels and removing surface water in all types of soil except rock	CM	157	39.25	11.78	208.03	648.18	440.16	22916.56	10,086,838
8		25-1-b-ii	Providing and laying cement concrete pipes moulded with cement concrete 1:1.5:3 with spigot socket or collar joint as specified in trenches to correct alignment and grade, jointing with jointing materials including cutting pipes where necessary, finishing and testing	RM	749.39	187.35	56.20	992.94	2207.78	1214.84	4468.91	5,429,032
9	Tariqabad bypass road	5-44-a	Providing, fabricating and laying deformed grade 40 steel reinforcement	TON	72735	18183.75	5455.13	96373.88	120266	23892.13	66.49	1,588,683
10		21-63	Dismantling bitumen carpet-TST of any description from existing road surface including its removal and disposal within 90 Meter lead	Sq. M	280	70	21	371	617	246	21366.55	5,256,171
												123,049,339

Annexure-N

S. No.	IPC #	Bill #	Item #	Dicription	Quantity Paid	Payment		Deduction required			% Age (9%)	Amount (Rs)	Price Adjustment		Net Recoverable Amount
						Rate	Amount (Rs)	Qty	Rate	Amount (Rs)			Pn-1	Amount (Rs)	
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii			
1	3	2	209	Providing and laying grouted stone masonry (1:4 Cement mortar) in retaining walls	16,259.93	2,600	42,275,827.10	16,259.93	1,560	25,365,496.26	2,282,894.66	27,648,390.92	(0.0002)	(5,529.68)	27,642,861.25
2	54	2	209	--do--	311.19	2,600	809,094.00	311.19	1,560	485,456.40	43,691.08	529,147.48	0.4608	243,831.16	772,978.63
3	56	2	209	--do--	56.52	2,600	146,952.00	56.52	1,560	88,171.20	7,935.41	96,106.61	0.5016	48,207.07	144,313.68
4	57	2	209	--do--	223.29	2,600	580,559.20	223.29	1,560	348,335.52	31,350.20	379,685.72	0.5153	195,652.05	575,337.77
5	58	2	209	--do--	129.56	2,600	336,853.40	129.56	1,560	202,112.04	18,190.08	220,302.12	0.5191	114,358.83	334,660.96
6	59	2	209	--do--	164.44	2,600	427,542.96	164.44	1,560	256,525.78	23,087.32	279,613.10	0.5244	146,629.11	426,242.20
7	60	2	209	--do--	247.87	2,600	644,467.20	247.87	1,560	386,680.32	34,801.23	421,481.55	0.5253	221,404.26	642,885.81
8	61	2	209	--do--	163.79	2,600	425,848.80	163.79	1,560	255,509.28	22,995.84	278,505.12	0.5264	146,605.09	425,110.21
9	62	2	209	--do--	592.11	2,600	1,539,487.56	592.11	1,560	923,692.54	83,132.33	1,006,824.86	0.5278	531,402.16	1,538,227.03
10	63	2	209	--do--	335.87	2,600	873,264.08	335.87	1,560	523,958.45	47,156.26	571,114.71	0.5241	299,321.22	870,435.93
11	64	2	209	--do--	323.40	2,600	840,845.72	323.40	1,560	504,507.43	45,405.67	549,913.10	0.5257	289,089.32	839,002.42
12	68	2	209	--do--	931.29	2,600	2,421,354.00	931.29	1,560	1,452,812.40	130,753.12	1,583,565.52	0.5296	838,656.30	2,422,221.81
13	70	2	209	--do--	58.95	2,600	153,277.80	58.95	1,560	91,966.68	8,277.00	100,243.68	0.5510	55,234.27	155,477.95
14	74	2	209	--do--	1,052.01	2,600	2,735,215.60	1,052.01	1,560	1,641,129.36	147,701.64	1,788,831.00	0.4997	893,878.85	2,682,709.85
15	53	2	210	Providing and laying gabion with 10swg wire fram and 10swg wire mash of size 100mm*100mm and box size	2,163.00	300	648,900.00	2,163.00	180	389,340.00	35,040.60	424,380.60	0.4764	202,174.92	626,555.52
16	53	2	212	Providing and laying grouted stone masonry (1:4 Cement mortar) in retaining walls (Access Road)	1,638.00	2,600	4,258,800.00	1,638.00	1,560	2,555,280.00	229,975.20	2,785,255.20	0.4764	1,326,895.58	4,112,150.78
17	57	2	212	--do--	22.14	2,600	57,555.68	22.14	1,560	34,533	3,108	37,641	0.5153	19,396.62	57,038.04
18	58	2	212	--do--	26.84	2,600	69,781.92	26.84	1,560	41,869	3,768	45,637	0.5191	23,690.36	69,327.74
19	59	2	212	--do--	88.49	2,600	230,068.80	88.49	1,560	138,041.28	12,423.72	150,465.00	0.5244	78,903.84	229,368.84
20	61	2	212	--do--	242.80	2,600	631,287.02	242.80	1,560	378,772.21	34,089.50	412,861.71	0.5264	217,330.40	630,192.12
21	62	2	212	--do--	509.42	2,600	1,324,503.18	509.42	1,560	794,701.91	71,523.17	866,225.08	0.5278	457,193.60	1,323,418.68
22	63	2	212	--do--	341.02	2,600	886,639.00	341.02	1,560	531,983.40	47,878.51	579,861.91	0.5241	303,905.62	883,767.53
23	64	2	212	--do--	1,068.18	2,600	2,777,269.56	1,068.18	1,560	1,666,361.74	149,972.56	1,816,334.29	0.5257	954,846.94	2,771,181.23
24	65	2	212	--do--	223.77	2,600	581,812.40	223.77	1,560	349,087.44	31,417.87	380,505.31	0.5076	193,144.50	573,649.80
25	66	2	212	--do--	178.95	2,600	465,263.24	178.95	1,560	279,157.94	25,124.21	304,282.16	0.5196	158,105.01	462,387.17
26	67	2	212	--do--	2.29	2,600	5,954.00	2.29	1,560	3,572.40	321.52	3,893.92	0.5309	2,067.28	5,961.20
27	53	3	306	Providing and laying 12" thick grouted stone pitching with 1:4 Cement mortar in out fall structures or elsewhere.	4,849.85	800	3,879,881.60	4,849.85	480	2,327,928.96	209,513.61	2,537,442.57	0.4764	1,208,837.64	3,746,280.21
					32,204.98		70,028,305.82	32,204.98		42,016,983.49	3,781,528.51	45,798,512.01		9,165,232.32	54,963,744.33

Annexure-O

S. #	IPC #	Bill #	Item #	Description	Quantity Paid (Cu.m)	Payment made		Deduction required					Price Adjustment		Net Recoverable Amount (Rs) (xiv)+(xv)	
						Rate (Rs)	Amount (Rs)	Rate Rs (60 % of Col. (vii))	Cost (Rs) (vi) * (ix)	20 % of Col. x (Rs)	Total (Rs) (x)+(xi)	9 % of Col. xii (Rs)	Amount (Rs) (xii)+(xiii)	Pn-1		Amount (Rs) (xiv)*(xv)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)	(xvi)	(xvii)
1	53	4	403	Provide and Place sand bedding in tranches as showing in the drawing or as directed by the Engineer.	13,894.91	400	5,557,964	240	3,334,778	666,956	4,001,734	360,156	4,361,890	0.4764	2,078,004	6,439,895
2	54	4	403	do	164.73	400	65,892	240	39,535	7,907	47,442	4,270	51,712	0.4608	23,829	75,541
4	56	4	403	do	76.00	400	30,400	240	18,240	3,648	21,888	1,970	23,858	0.5016	11,967	35,823
5	57	4	403	do	78.03	400	31,212	240	18,727	3,745	22,473	2,023	24,495	0.5153	12,622	37,118
6	58	4	403	do	31.62	400	12,649	240	7,589	1,518	9,107	820	9,927	0.5191	5,153	15,080
7	59	4	403	do	11.73	400	4,692	240	2,815	563	3,378	304	3,682	0.5244	1,931	5,613
8	60	4	403	do	66.25	400	26,502	240	15,901	3,180	19,081	1,717	20,799	0.5253	10,926	31,724
9	61	4	403	do	135.75	400	54,298	240	32,579	6,516	39,095	3,519	42,613	0.5264	22,432	65,045
12	64	4	403	do	92.82	400	37,128	240	22,277	4,455	26,732	2,406	29,138	0.5257	15,318	44,456
13	65	4	403	do	77.18	400	30,872	240	18,523	3,705	22,228	2,001	24,228	0.5076	12,298	36,527
14	66	4	403	do	52.02	400	20,808	240	12,485	2,497	14,982	1,348	16,330	0.5196	8,485	24,813
15	69	4	403	do	163.26	400	65,305	240	39,183	7,837	47,019	4,232	51,251	0.5270	27,009	78,261
16	70	4	403	do	52.79	400	21,114	240	12,668	2,534	15,202	1,368	16,570	0.5510	9,130	25,700
17	71	4	403	do	77.24	400	30,897	240	18,538	3,708	22,246	2,002	24,248	0.5482	13,293	37,540
18	72	4	403	do	370.47	400	148,188	240	88,913	17,783	106,695	9,603	116,298	0.5219	60,696	176,993
19	73	4	403	do	158.30	400	63,318	240	37,991	7,598	45,589	4,103	49,692	0.5005	24,871	74,563
20	74	4	403	do	8.67	400	3,468	240	2,081	416	2,497	225	2,722	0.4997	1,360	4,082
21	53	5	503	Provide and Place sand bedding for concrete pipes as showing in the drawing or as	15,013.70	400	6,005,479	240	3,603,288	720,658	4,323,945	389,155	4,713,100	0.4764	2,245,321	6,958,421
22	54	5	503	do	56.31	400	22,522	240	13,513	2,703	16,216	1,459	17,676	0.4608	8,145	25,820
24	56	5	503	do	18.00	400	7,200	240	4,320	864	5,184	467	5,651	0.5016	2,834	8,485
27	59	5	503	do	32.00	400	12,800	240	7,680	1,536	9,216	829	10,045	0.5244	5,268	15,313
29	61	5	503	do	66.90	400	26,760	240	16,056	3,211	19,267	1,734	21,001	0.5264	11,055	32,056
31	63	5	503	do	192.00	400	76,800	240	46,080	9,216	55,296	4,977	60,273	0.5241	31,589	91,862
32	64	5	503	do	108.33	400	43,330	240	25,998	5,200	31,198	2,808	34,005	0.5257	17,877	51,882
33	65	5	503	do	108.51	400	43,405	240	26,043	5,209	31,251	2,813	34,064	0.5076	17,291	51,355
34	66	5	503	do	22.60	400	9,041	240	5,425	1,085	6,510	586	7,096	0.5196	3,687	10,782
35	67	5	503	do	76.58	400	30,631	240	18,378	3,676	22,054	1,985	24,039	0.5309	12,762	36,801
36	68	5	503	do	148.38	400	59,351	240	35,610	7,122	42,733	3,846	46,579	0.5296	24,668	71,246
37	69	5	503	do	44.70	400	17,881	240	10,728	2,146	12,874	1,159	14,033	0.5270	7,395	21,428
38	70	5	503	do	132.56	400	53,025	240	31,815	6,363	38,178	3,436	41,614	0.5510	22,929	64,543
39	73	5	503	do	79.14	400	31,655	240	18,993	3,799	22,792	2,051	24,843	0.5005	12,434	37,277
40	75	5	503	do	34.45	400	13,782	240	8,269	1,654	9,923	893	10,816	0.4366	4,722	15,338
					31,645.92		12,658,367		7,595,020	1,519,004	9,114,024	820,262	9,934,287		4,767,301	14,701,588

Annexure-P

S. No.	Guarantee No.	Bank/Insurance Company	Currency	Amount (Rs)	Date of issue	Current expiry date
1	UCBL/GLSN/ FEX/BG/32/2008	United Commercial Bank Dhaka Bangladesh	US \$	176,875	10.11.2008	31.03.2016
2	UCBL/GLSN/ FEX/BG/33/2008	United Commercial Bank Dhaka Bangladesh	US \$	96,475	10.11.2008	31.03.2016
Total in US Dollar				273,350		
3	399/0111	Habib Bank Gujrat	Rs	4,142	---	31.12.2016
4	398/0111	Habib Bank Gujrat	Rs	6,764	---	31.12.2016
5	0110PGB220912	Faysal Bank Islamabad	Rs	5,800	24.05.2012	31.03.2016
6	IGT011100050809	Habib Bank Gujrat	Rs	2,400	31.10.2008	31.12.2016
7	IGT011100286911	Habib Bank Gujrat	Rs	10	04.11.2011	03.02.2012
8	SME/LG/227	SME Bank Islamabad	Rs	9.00	18.12.2014	04.05.2015
Total in Pak Ruppee				38.106		

Annexure-Q



OFFICE OF THE DIRECTOR TECHNICAL
EEAP EDUCATION ABBOTTABAD
Email dir.eeap@gmail.com

NO. 949 / 1-A

DATED: 15/04/2011

To

The Project Manager
NESPAK
Abbottabad

Subject: COST VARIATION IN RESPECT OF ELECTRICAL FIXTURES

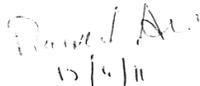
Reference is made to your letter No 3023/33/KR/05 (a)/184 dated 13-04-2011 and to state that the fixtures and No. of points already provided in 60 No. schools will remain as such and cost effect be calculated accordingly.

Further decisions regarding No. of ceiling fans & electric fixtures have been made in various meetings in which you were personally present & minutes of which have also been sent to you from time to time and needful be done as per decisions taken in the meetings.

For your further guidance the following points be noted.

- No wiring shall be done in schools where the area is not expected to be energized in next 5 to 10 years.
- No of points / illuminations shall be minimum as night classes in such remote and scattered area is not expected in next few decades and payment of electricity charges is another problem.
- No tube lights are to be provided. Only one energy saver or simple bulb shall be provided for emergency purposes.


DIRECTOR TECHNICAL


15/4/11

/2006 28:51 0997310567

NESPAK ADB BATTAGRAM

PAGE 01/01

NATIONAL ENGINEERING SERVICES PAKISTAN (PVT.) LIMITEDMEMORANDUM

From:
Resident Engineer,
NESPAK ADB Funded Schools,
Battagram.

To:
Project Manager,
NESPAK ADB,
Abbottabad

Ref. - 3023/3310/FS/

Dated: 26-04-2011

Subject: Electrical Fixtures
Reference letter no, 3023/33/KR//CD (04)/222 dated 15/4/2011

As per instruction issued by Director Technical II EEQA vide letter no 949/I-A dated 5/3/2011 that the following schools are located in the remote areas and seems that there is no chance of electricity in next 5 to 10 years.

Therefore it is suggested that electrical fixtures should not be installed on following schools.

1. GPS Dehri Mandoo
2. GGPS Dondara
3. GPS Neher Kandow
4. GPS Toba Pashto
5. GPS Saproona
6. GGPS Palang
7. GMS Jangri Pashto
8. GGPS Nall Pashto
9. GPS Kassai Tandool
10. GPS Khait Walishah
11. GPS Paka Pashto
12. GPS Neher Bala
13. GPS Pashakal Neher
14. GPS Kakshar
15. GPS Bary Pashto
16. GMS Gangwal
17. GPS Janbaig
18. GHS Ganter
19. GPS Gul Shoot
20. GMS Bacher
21. GPS Beran Ganter
22. GPS Gangwal
23. GPS Kuz Neher Payeen
24. GPS Kuz Neher Qasim
25. GPS Shagy Tandool
26. GPS Para Pashtoo
27. GMS Neher
28. GPS Cham Merani
29. GPS Chatoo
30. GPS Koy Kandi Rajdhari
31. GPS Murad Banda
32. GPS Daboona Ghari Nawab Said
33. GPS Gat Haroon
34. GPS Jamroz Gada
35. GPS Okay Pishari
36. GPS Petow Kimary

This report is submitted to you for your information and necessary action.

Sub-Eng^r
Asad Ali

Farooq Sa/ahuddin
RE, Battagram

Annexure-R

S. No.	Package No.	IPC No. / Application No.	Name Of Contractor	Gross Bill (Rs)	Date	I. Tax Rate	Income Tax Deposited	Amount (Rs)
1	1-A	01	M/s Ascent	2,639,882	21.05.2011	6%	-	158,393
2	1-A	02	-do-	5,115,972	22.09.2011	6%	-	305,958
3	1-A	03	-do-	4,536,831	06.01.2011	6%	-	272,210
4	1-A	01	M/s Abdul Rauf	8,172,593	30.10.2015	7.5%	-	612,944
5	1-B	01	M/s Raja Adalat	14,369,884	12.10.2011	6%	-	862,191
6	1-B	02	-do-	16,126,253	02.04.2012	6%	-	967,575
7	1-B	03	-do-	5,689,704	26.01.2013	6%	-	341,382
8	1-B	04	-do-	10,881,631	23.09.2013	6.5%	-	707,306
9	1-B	05	-do-	12,882,029	26.02.2014	7.5%	790690	837,332
10	1-B	06	-do-	2,522,531	02.09.2015	7.5%	420,554	189,190
11	1-B	07	-do-	9,445,765	16.06.2015	7.5%	-	708,432
12	-	SFD-0001	M/s The Architect	1,408,894		6%	-	84,534
13	-	SFD-008	-do-	939,262	11.07.2011	6%	-	56,356
14	-	SFD-0012	-do-	3,595,496		6%	-	215,730
15	-	SFD-0043	-do-	1,878,525	01.08.2011	6%	-	112,711
16	-	SFD-0120	-do-	2,817,787	14.05.2012	6%	-	169,068
17	-	SFD-0125	-do-	950,000	21.09.2011	6%	-	57,000
18	-	SFD-0175	-do-	1,878,525	28.02.2012	6%	-	112,712
19	-	SFD-0178	-do-	172,200	17.02.2012	5%	-	8,610
20	-	SFD-0182	-do-	2,817,788	28.03.2012	6%	-	169,067
Total				108,841,552				6,948,701

Annexure-S

S.	Name of item	Unit	Rate (Rs)	Qty.	Amount (Rs)
1	Dismantling of existing skirting	Sft	20	1,039.01	31,170.30
2	Dismantling & repair of windows	Sft	72.16	281.25	203,076.28
3	Dismantling of existing ceramic	Sft	22.50	52,504.68	1,181,355.00
4	Vinyl Emulation paint	Sft	20.26	378,592.97	7,670,293.51
5	Aluminum Angles on wall corner	Rft	166.25	2,764	459,,515.00
6	Bracket Light new	Nos.	1,087.5	247	268,612.50
7	Bracket Light repair	Nos.	300	542	157,200.00
8	Ceiling light repair	Nos.	381.25	1,064	405,650.00
9	Ceiling light 2x2	Nos.	3,500	217	759,500.00
10	Switch Board Power plug repair	Nos.	512.50	1,551	794,887.50
11	Four Gange Switch plates	Nos.	825	59	48,675.00
12	Five Gange Switch plates	Nos.	856.25	55	47,093.75
13	Tube Light TMS 015 4"	Nos.	2,343.8	144	337,507.00
14	Tube Light TMS 015 2"	Nos.	1,843.75	98	180,687.50
15	Asian Type Water Closet	Nos.	6,562.5	50	328,125.00
16	Single Bib Cock	Nos.	975	96	93,600.00
17	Soap Dish	Nos.	500	68	34,000.00
18	Towel Rail	Nos.	812.50	68	55,250.00
19	Mirror	Nos.	500	68	34,000.00
20	Door Closer	Nos.	300	352	572,000.00
21	Door Accessories	Nos.	300	352	105,600.00
22	Emergency Light in Toilets	Nos.	775	80	62,000.00
23	Circuit Breaker 63amp	Nos.	4,187	3	12,561.00
24	Circuit Breaker 10amp	Nos.	600	12	7200.00
25	European W.C 3 star	Nos.	7,312.50	102	745,875.00
26	Shifting of wooden windows	Sft	270.31	3,206.88	866,851.73
27	Cleaning & fixing of old wash	Nos.	44,068.75	18	73,237.50
28	G.I Pipes 3/4" dia with specials	Nos.	131.25	660	86,625.00
29	G.I Pipes 1.1/4" dia with specials	Nos.	248.75	630	156,712.50
30	Asian Type Water Closet	Nos.	5875	48	282,000.00
31	Wash Basan	Nos.	5,193.75	125	649,218.75
32	Repair of light plugs	Nos.	168.75	63	10,631.25
33	Repair of power plugs	Nos.	168.75	63	10,631.25
34	Light plug new	Nos.	525	40	21,000.00
35	Power plug new	Nos.	712.50	8	5,700.00
36	Synthetic Enamel paint on walls	Sft	22.75	16,137	367,137.00
37	Marble skirting	Sft	70.15	1,039.01	72,886.55
38	Dismantling of existing ceiling	Sft	10.52	38,938.83	409,636.49
39	Dismantling of existing sewerage	Rft	43.10	10,876	468,755.60
40	Synthetic Enamel paint on doors	Sft	17.74	168,040.54	2,981,039.18
41	Sliding Bolts	Nos.	659.43	207	136,502.00
42	Ceiling Fan repair	Nos.	160.52	541	86,841.32
43	Ceiling Fan New	Nos.	2,708.08	165	446,833.20
44	Exhaust Fans New	Nos.	2,134.46	154	328,706.84
45	Exhaust Fans repair	Nos.	160.52	51	8,186.52

46	PCC1: 2:4 under floor	Sft	145.47	5,379.59	782,568.65
47	Glasses 5mm	Sft	126.96	1,004	127,467.84
48	Cleaning of existing corridors	Sft	1.92	23,836.80	45,766.66
49	Cleaning of existing	Sft	1.92	7,683.51	14,752.34
50	Repair of G.I Duct Cover on	Sft	79.71	7,964	634,810.44
51	Floor polishing	Sft	12.33	3,629.96	449,181.41
52	Floor cleaning with Caustic Soda	Sft	1.92	15,730	30,201.60
53	Floor grinding	Sft	30.60	70,163.26	2,146,995.70
54	R.C.C Pipe for sewerage 12"	Nos.	366.47	150	54,970.00
55	RCC Main Hole cover 11"x11"	Nos.	903.97	125	112,996.25
56	RCC Main Hole cover 21"	Nos.	3,737.87	5	18,689.35
57	RCC Main Hole cover 27"	Nos.	5,019.87	10	50,198.70
58	Cleaning o existing sewerage line	L.S	639,816	1	639,816.00
59	RCC Main Hole pipe 10"	Nos.	309.45	70	238,662.60
Total					27,411,713.86

Annexure-T-1





Annexure-T-2

Statement showing defective works carried out by ERRA in Ayub Medical Institute

i. Package (1-A).

- a. Major cracks in block masonry of walls of “Physiology Lab” and “Anatomy department research lab” of College building have developed.
- b. In college building, the renovation work in the toilets and pathology laboratory is not according to the engineering specifications. In community Medicine department, the contractor stopped work without completing it. This caused problems in teaching the medical students as the derbies are lying in the department. The contractor started work on water supply, sewerage system, fire escapes, in girls hostel which has been stopped without giving any reason. This partially carried out work creates problems for the students and the management since long time.

ii. Package (1-B).

A. Paed Ward (already completed)

- i. Tile work in HOD room is not repaired and new tiles fixed over old tiles without dismantling. (Payment for dismantling work has been made to contractor.) Tiles in corridors have since been broken.
- ii. Paint work at different places is partially damaged.
- iii. Electric fans in private room 1 & Chamber 3 are out of order.
- iv. Repair work of “Duct Cover” not carried out.
- v. Plumbing work in nursing room is partially not functional.
- vi. Plumbing work in procedure room is not functioning properly.
- vii. Ceiling lights in doctor’s room as well as in toilet did not work.
- viii. High seepage observed in toilet of HOD room due to non-repair of Surgeon room toilet (Surgical-C) located on upper floor. Seepage also found in patient washroom and Nursing rooms.

B. Neuro Surgery Ward (already completed)

- i. Paint work at different places has not properly been done.
- ii. False ceiling in the Gallery & Day room is partially damaged.
- iii. Plumbing work in procedure room and gallery is not proper.

C. Medical B(already completed)

- i. Paint work at different places is partially damaged. This work was also being carried out after the team visited the hospital whereas the work has been completed during June 2015 as claimed by the PMIU.
- ii. Drainage of Doctor’s room & Gallery is partially chocked. e
- iii. Some electric switches, power plug and door locks were not properly fixed.

- iv. Washroom sanitary and oxygen terminals not properly functional while the exhaust fan is not working.
- v. Seepage in main corridor ceiling found.
- vi. Leakage in steam gliding found. While the window net and some tiles were broken.
- vii. Water supply line of washroom was not functional.

D. Surgical C (already completed)

- i. Finishing paints coat at corridor and chamber doors are not applied.
- ii. Ceiling lights in doctor's room and exhaust fans toilet are out of order.
- iii. Drainage of toilet No 2 is not functioning properly.
- iv. Seepage at walls of toilet No 2 & 3 was observed.

E. Defective works Gynae Ward A (already completed)

- i. Paint was damaged.
- ii. (02) Bed lights in chamber 4 are not working
- iii. False ceiling work in Gallery is damaged.
- iv. Drainage work of toilet No.2 is not working properly and one wash basin needs to be replaced.
- v. One window at nursing room is to be repaired.
- vi. Repair of Gusset plate is required in day room.

F. Defective works Gynae Ward B (already completed)

- i. Drainage at ward entrance gallery is not working properly
- ii. Electric and exhaust fans in chamber No.3 not working properly.
- iii. Pipe leakage observed in heating system of chamber No.2 and 3.

G. Other works

Oxygen points in the each chamber have not been increased by 02 to 04 Nos.

H. Gastro Ward

- i. Some tiles in chamber 04 of ward have been broken.
- ii. There is seepage on wall and roof of washroom.
- iii. Ceiling not properly fixed.

I. Pulmonology ward

- i. Tile work not properly carried out in chamber 04 while tiles of Nursing counter have been broken
- ii. Joint repair was not properly made.
- iii. Chamber 01& 03 windows not properly repaired.

iii. **Packages (1-C & 1-D)**

- a. ERRA made heavy payment for preparing isolated drawing/design instead of Raft drawing which was not applicable in the water-logged area of AMI. Lateron, it was decided that the drawing prepared by NESPAK would be implemented. In these projects, the progress is yet nominal.
- b. Dismantle material is still available at some places for last so many years.