AUDIT REPORT
ON
THE ACCOUNTS OF

C&W, HUD&PHE, IRRIGATION, LG&CD AND ENERGY DEPARTMENTS, IDAP, PMA AND WORKS OF PDS&CEA

GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2022-23

AUDITOR-GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS

A&F	Administration & Finance
ABC	Asphalt Base Course
ADCR	Additional Deputy Commissioner Revenue
ADP	Annual Development Programme
AFC	Automated Fare Collection
APPM	Accounting Policies and Procedure Manual
AWC	Asphalt Wearing Course
B&R	Buildings & Roads
BD	Buildings Division
BOG	Board of Governors
BOQ	Bill of Quantity
BOR	Board of Revenue
BOT	Build-Operate-Transfer
BRBC	Bambawali-Ravi-Bedian Canal
BSS	Bus Scheduling System
C&W	Communication & Works
CAA	Civil Aviation Authority
CAAT	Computer-Assisted Audit Techniques
CBO	Community-Based Organization
CDO	Community Development Officer
CDR	Call Deposit Receipt
CE	Chief Engineer
CEO	Chief Executive Officer
Cft	Cubic Foot
CM	Chief Minister
CMP	Chief Metropolitan Planner
Cu.m	Cubic Metre
CWD	Communication & Works Department
DAC	Departmental Accounts Committee
DAO	Divisional Accounts Officer
DC	Deputy Commissioner
DCC	District Coordination Committee
DDO	Drawing and Disbursing Officer
DDSC	Departmental Development Sub-Committee
DDWP	Divisional Development Working Party
DFR	Departmental Financial Rules
DG Khan	Dera Ghazi Khan
DGAW-P	Directorate General of Audit Works (Provincial), Lahore
DNIT	Draft Notice Inviting Tender
DOR	District Revenue Officer
DP	Draft Para
ECNEC	Executive Committee of National Economic Council
EoT	Extension of Time
EPA	Environmental Protection Agency

EPC	Engineering, Procurement & Construction
FBR	Federal Board of Revenue
FD	Finance Department
FDA	Faisalabad Development Authority
FIDIC	Fédération Internationale Des Ingénieurs-Conseils
FY	Financial Year
G2G	Government to Government
GDA	Gujranwala Development Authority
GST	General Sales Tax
HD	Highway Division
HDPE	High Density Polyethylene
HSD	High Speed Diesel
HUD & PHE	Housing, Urban Development & Public Health Engineering
HVAC	Heating, Ventilation & Air Conditioning
i/d	Inner Dia
IDAP	Infrastructure Development Authority Punjab
IM	Information Memorandum
IPC	Interim Payment Certificate
JMF	Job Mix Formula
JRO	Junior Research Officer
JV	Joint Venture
kg	Kilogram
km	Kilometre
KSDA	Koh-e-Suleman Development Authority
kVA	KiloVolt-Amperes
LAC	Land Acquisition Collector
LBDC	Lower Bari Doab Canal
LDA	Lahore Development Authority
LED	Light Emitting Diode
LESCO	Lahore Electric Supply Company
LG&CD	Local Government and Community Development
LHC	Lahore High Court
MB	Measurement Book
MDA	Multan Development Authority
MFDAC	Memorandum for Departmental Accounts Committee
MoU	Memorandum of understanding
M&R	Maintenance & Repair
MRS	Market Rates System
MTBF	Medium Term Budgetary Framework
MTDF	Medium Term Development Framework
NAM	New Accounting Model
NEQS	National Environmental Quality Standards
NLC	National Logistics Cell
NOC	No Objection Certificate
OE	Owner’s Engineer

OGRA	Oil & Gas Regulatory Authority
P&D	Planning & Development
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC	Provincial Consolidated
PCBDDA	Punjab Central Business District Development Authority
PCC	Plain Cement Concrete
PC-I	Planning Commission-I
PDS&CEA	Punjab Daanish Schools & Centres of Excellence Authority
PDWP	Provincial Development Working Party
PEECA	Punjab Energy Efficiency & Conservation Agency
PEEDA	The Punjab Employees Efficiency, Discipline and Accountability Act
PEPA	Pakistan Environmental Protection Act
PEPO	Pakistan Environmental Protection Ordinance
PEQS	Punjab Environmental Quality Standards
P/F	Providing and Fixing
PFR	Punjab Financial Rules
PHA	Parks & Horticulture Authority
PHATA	Punjab Housing and Town Planning Agency
PHE	Public Health Engineering
PHS	Private Housing Scheme
P/L	Providing and Laying
PMA	Punjab Masstransit Authority
PMC	Project Management Consultant
PMO	Project Management Office
POL	Petroleum, Oil & Lubricants
PPP	Public Private Partnership
PPRA	Punjab Procurement Regulatory Authority
PRA	Punjab Revenue Authority
PSDP	Public Sector Development Programme
PSI	Pounds per Square Inch
PST	Punjab Sales Tax
PVC pipe	Polyvinyl Chloride Pipe
PW	Public Works
PWD Code	Public Works Department Code
RCC	Reinforced Cement Concrete
RCD	Road Construction Division
RCE	Rough Cost Estimate
RD	Running Distance
RDA	Rawalpindi Development Authority
RFP	Request for Proposal
rft	Running Foot
RMS	Report of Material or Services
ROW	Right of Way

RR&MTI	Road Research & Material Testing Institute
RTSE	Revised Technically Sanctioned Estimate
RUDA	Ravi Urban Development Authority
RY Khan	Rahim Yar Khan
S&GAD	Services and General Administration Department
SAP	Systems, Applications and Products
SDA	Special Drawing Account
SDAC	Special Departmental Accounts Committee
SDGs	Sustainable development Goals
SDO	Sub-Divisional Officer
SE	Superintending Engineer
S/F	Supplying and Fixing
Sft	Square Foot
SO	Section Officer
SOPs	Standard Operating Procedures
Sq.m	Square Meter
TADP	Tribal Area Development Project
TDS	Total Dissolved Solids
TEPA	Traffic Engineering and Transport Planning Agency
TMA	Tehsil Municipal Administration
TORs	Terms of References
TP Paint	Thermoplastic Paint
TSE	Technically Sanctioned Estimate
TST	Triple Surface Treatment
u/s	Under Section
UC	Union Council
UD-Wing	Urban Development Wing
UET	University of Engineering & Technology
UIP	Urban Immoveable Property
WASA	Water & Sanitation Agency
WBM	Water Bound Macadam
WCLA	Walled City Lahore Authority
WHO	World Health Organization
XEN	Executive Engineer
%cft	Per Hundred Cubic Feet
%sft	Per Hundred Square Feet
‰cft	Per Thousand Cubic Feet

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor-General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of the accounts of the Federation, the Provinces and any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of Communication & Works, Housing Urban Development & Public Health Engineering, Irrigation, Local Government & Community Development and Energy Departments of Government of the Punjab and various authorities of the province for the financial year 2021-22. It also contains audit paras pertaining to previous financial years. The Directorate General of Audit Works (Provincial), Lahore conducted audit during 2022-23, on test check basis, with a view to reporting significant findings to the relevant stakeholders.

Thematic audit was also conducted in two selected areas and audit observations have been incorporated in Chapter-10 of the report.

Relatively less significant findings are given in the Annex-A of the Audit Report which shall be pursued with the Principal Accounting Officers (PAOs) at the SDAC level. Lack of appropriate action on MFDAC paras will warrant their inclusion in next year's Audit Report.

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid the recurrence of similar violations and irregularities. Most of the audit observations included in this report have been finalized in light of discussions in the Special Departmental Accounts Committee (SDAC) meetings.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly.

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Dated: 20th February, 2023 (Muhammad Ajmal Gondal)
Islamabad **Auditor-General of Pakistan**

EXECUTIVE SUMMARY

Directorate General of Audit Works (Provincial), Lahore, carried out audit of the accounts of Communication & Works (C&W), Housing Urban Development & Public Health Engineering (HUD&PHE), Irrigation, Local Government & Community Development (LG&CD) and Energy Departments, provincial authorities namely, Infrastructure Development Authority Punjab (IDAP), Punjab Masstransit Authority (PMA) and civil works of Punjab Daanish Schools & Centres of Excellence Authority (PDS&CEA), Government of the Punjab, in accordance with the mandate assigned to it under the Constitution of Pakistan as well as in line with International Standards of Supreme Audit Institutions (ISSAIs). During Audit Year 2022-23, to discharge its mandate, this office had a budget amounting to Rs 281.408 million and human resource of 143 officers and officials having 35750 man-days.

This report contains ten chapters which present results of the compliance with authority audit carried out mainly in the Audit Year 2022-23. It includes results and analysis of two thematic audits, i.e., *"Water Pollution – Role of Regulators in Controlling Water Pollution"* and *"Contract Management of Development Works – Extension of Time"*.

Audit findings presented in the report call for attention to a set of issues, including a consistent disregard towards the applicable regulatory framework, inappropriate utilization of funds, poor record management, lack of transparency in procurements and mismanagement of receipts. The report emphasizes the need for strengthening internal controls and ensuring effective accountability.

In order to ensure the efficient use of limited audit resources, a desk audit exercise was carried out to identify high-risk entities and high-value transactions through Computer Assisted Audit Techniques (CAAT). Fieldwork was conducted on the focused auditable issues identified as a result of desk audit. Most of the audit findings resulting from the fieldwork were finalized after considering the response of the auditee departments and holding SDAC meetings.

a. Scope of Audit

This office is mandated to conduct audit of 810 formations working under nine (09) PAOs. Total expenditure and receipts of these formations were Rs 526.227 billion and Rs 59.804 billion, respectively, for the financial year 2021-22.

Audit coverage relating to expenditure for the current audit year comprised ninety one (91) formations of seven (7) PAOs having a total expenditure of Rs 342.268 billion for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure was 65.04 % of the auditable expenditure.

Audit coverage relating to receipts for the current audit year comprised fifteen (15) formations of six (06) PAOs having a total receipt of Rs 15.441 billion for the financial year 2021-22. In terms of percentage, the audit coverage for receipt was 25.82 % of auditable receipts.

This audit report includes audit observations resulting from the audit of expenditure of Rs 19.169 billion and receipts of Rs 0.247 billion for the financial year 2020-21 pertaining to fifty-six (56) formations of four (04) PAOs.

In addition to the compliance audit, the Directorate General of Audit Works (Provincial), Lahore, conducted fourteen (14) Financial Attest Audits and four (04) Special Audits. Reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs 34.732 billion was pointed out in this report. Recovery effected from January to December 2022 was Rs 2.391 billion which was verified by Audit.

c. Audit Methodology

A desk audit was conducted to understand audited entities' systems, procedures and control environment. Permanent files of the audited entities were updated and utilized for planning the field audit. Audit methodology included:

i. Understanding the business processes and related control mechanisms.

ii. Identifying key controls based on control system review and prior years' audit experience.

iii. Prioritizing risk areas by determining the significance and the probability of occurrence of the risks associated with the identified key controls.

iv. Updating audit programmes for testing the selected risk conditions during the fieldwork.

v. Selecting auditable formations for the current year audit plan based on materiality and risk assessment considerations.

vi. Selecting samples to be tested during the fieldwork on the basis of predetermined sampling criteria which included selection of high-value items and other key items.

vii. Executing audit programmes on the selected sample during the fieldwork.

viii. Identifying instances of non-compliance with applicable rules, regulations and other authorities.

ix. Performing cause analysis for the identified instances of non-compliance and developing audit observations and recommendations.

x. Evaluating results of the audit and identifying systemic issues regarding control weaknesses.

xi. Reporting the audit findings.

xii. Following up of the decisions made by the competent forums on the audit findings.

d. Audit Impact

The audit has been successful in sensitizing the audited entities and related forums towards certain rules and procedures which were not in public interest. These issues were discussed at length in DAC and PAC meetings and ultimately the related authorities like FD and PPRA endorsed the stance of audit. Accordingly, changes were made in such rules and procedures. This will go a long way towards saving public money and will ensure financial discipline in the public sector. Following are the changes made on the recommendations of audit which resulted in decrease in rates of items and would prevent undue benefits to the contractors:

1. PPRA has clarified that change of scope and variation are two different things. A variation beyond 15% is allowed only in case of unforeseen engineering issues, but a change of scope of work beyond 15% is inadmissible as it results in a lack of competition and transparency.
2. FD has removed the ceiling of 10% for additional performance securities clarifying that the additional performance securities should be equal to the percentages quoted below TS estimates.
3. The Punjab Masstransit Authority has changed the fare policy of Orange Line to be based on distance instead of earlier fixed fare.
4. FD has incorporated the rate of excavation with machinery (excavator) in MRS (item No. 21 (b) of Chapter 3 - *Excavation in foundation of buildings, bridges & other structure by excavator*), which has lesser rates than manual labour.
5. FD has incorporated deduction of the re-filling component and adjustment of surplus earth in MRS (item No. 21 of Chapter 3 - *Excavation in foundation of buildings, bridges & other structure*), where backfilling was not required around the building structure.
6. FD has incorporated Porcelain tile, China Verona, Multani tile, and Granite Marble in MRS with lesser labour components.
7. FD has incorporated Gutka in MRS without scaffolding component.
8. FD has reduced contractor’s profit from 20% to 12.5% for the supply of certain electrical items.
9. FD has revisited its standardization regarding termite proofing by taking actual coverage of 205 sft instead of 175 sft.

10. LDA has applied MRS instead of engineer's estimates in the project "Construction of Shahkam Flyover." This will result in an overall cost reduction of the project.

e. The key audit findings of the report

Significant audit findings are given below:

i. Four cases of fraud, embezzlement and misappropriation – Rs 47.634 million [1].

ii. Forty one cases of overpayments on account of the application of higher rates, non-maintenance of agreed tender percentages, inadmissible price variation/de-escalation and execution of inadmissible/uneconomical item – Rs 1,683.501 million[2].

iii. Twenty-seven cases of non-recoveries from the contractor on account of government taxes, non-execution of remaining works at the risk and expense of the original contractor, less use of bitumen and dismantled material – Rs 548.968 million[3].

iv. Three cases of irregular enhancement of works in contravention of Punjab Procurement Regulatory Authority (PPRA) Rules – Rs 171.392 million [4].

v. Eleven cases of undue financial benefit to the contractor through non-obtaining/revalidation of performance/additional performance securities and bank guarantees and premature release of security deposits – Rs 2,273.781 million[5].

[1] Paras 4.4.1,4.4.2, 5.4.1.1, 5.4.1.2
[2] Paras 2.4.1.1, 2.4.1.2, 2.4.1.3, 2.4.1.5, 2.4.1.7, 2.4.1.15, 2.4.2.1, 2.4.2.3, 2.4.2.4, 2.4.2.6, 2.4.2.7, 2.4.2.8, 2.4.2.10, 3.4.1.1,3.4.1.2,3.4.6.1,3.4.6.3,3.4.8.1, 3.4.11.1, 3.4.13.1, 3.4.14.1, 3.4.15.2, 3.4.15.3, 3.4.15.4, 3.4.15.5, 3.4.15.7, 3.4.15.8, 3.4.15.24, 4.4.3, 4.4.5,4.4.6, 4.4.7, 5.4.1.4, 5.4.1.5, 5.4.1.7, 5.4.1.12, 6.4.1, 6.4.2, 7.4.1, 7.4.2, 7.4.3
[3] Paras 2.4.1.9,2.4.1.11,2.4.2.17,2.4.2.18,2.4.2.21,2.4.2.22,3.4.2.1,3.4.2.2,3.4.4.3,3.4.6.10, 3.4.8.4,3.4.9.2,3.4.14.5,3.4.15.10,3.4.15.16,3.4.15.17,3.4.15.22,4.4.11,4.4.13, 5.4.1.10,5.4.1.11,5.4.1.13,5.4.2.1,6.4.3,6.4.5,7.4.5,8.4.1
[4] Paras 2.4.1.13, 2.4.2.23,3.4.15.19
[5] Paras 2.4.1.19,2.4.2.24,3.4.3.4,3.4.14.6,3.4.15.15,3.4.15.18,3.4.15.28,4.4.18,4.4.19, 5.4.1.14,8.4.2

vi. Twenty-two cases of non-receipt of government revenue, viz. commercialization fee, advertisement fee, conversion fee, aquifer charges and penalties, etc. – Rs 4,547.516 million[6].

vii. Two cases of irregular payments due to the execution of excess quantities without approval from the competent authority – Rs 599.568 million[7].

f. Recommendations

i. Internal controls be strengthened to prevent fraud/misappropriation, besides disciplinary action against delinquents.

ii. Recoveries of overpayments be made to ensure financial discipline, and responsibility be fixed against the responsible persons.

iii. Unrecovered amounts from the contractors be recovered at the earliest, along with the imposition of penalty.

iv. PPRA Rules 2014 be adhered to in letter and spirit while making procurement of goods, services and works.

v. Securities be obtained/revalidated to save the government from undue risk. Action may be taken against the responsible person(s) for not obtaining due securities from the contractors and premature releasing of the security deposits.

vi. All government taxes be recovered and deposited in the treasury/relevant government accounts and responsibility be fixed for this laxity on part of government functionaries.

vii. Arrangements be made to ensure that engineer estimates are prepared after detailed site surveys in order to avoid frequent changes in the quantities during execution.

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[6] Paras 2.4.2.20,2.4.2.27,2.4.2.28,3.4.3.3,3.4.4.5,3.4.6.5,3.4.6.7,3.4.6.8,3.4.6.9, 3.4.7.1,3.4.7.2,3.4.8.5,3.4.9.1,3.4.10.1,3.4.11.2,3.4.12.1,3.4.12.2,3.4.14.4, 3.4.15.25, 4.4.9, 4.4.10,7.4.4

[7] Paras 2.4.1.20, 2.4.2.30

CHAPTER – 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

Overview

Punjab's economic growth plays a significant role in determining the overall growth rate of the national economy. Planning & Development Board is the premier entity for spearheading development policies and formulation of annual development programmes in the Punjab. The Government of the Punjab, through Punjab Growth Strategy 2018, envisioned Punjab as a secure, economically vibrant, industrialized and knowledge-based province which was prosperous and where every citizen could expect to lead a fulfilling life[8]. The latest vision as given in Punjab Growth Strategy 2023 sees Punjab as a globally connected and competitive, equitable, culturally vibrant and technologically advanced province with sustainable economic growth driven through a dynamic private sector, an efficient public sector, rich and productive human capital and a regionally equalized development footprint by 2023[9]. The strategy sets ambitious targets for the government, which would result in:

- Sustainable annual economic growth of 7 per cent by 2023.
- Creating, on average, 1.200 million new jobs annually.
- Reducing the idle youth in the Punjab from 10.3 per cent in 2017-18 to 8.8 per cent by 2023.
- Reducing the multi-dimensional poverty in the Punjab from 26.2 per cent in 2017-18 to 19.5 per cent by 2023.
- Increasing the average number of new housing units to 640,000 annually.

The strategy is based on a dynamic sub-national growth model powered by provincial GDP data over the last 20 years and 142 national and provincial policy variables. The key pillars of the strategy include:

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[8] Punjab Growth Strategy 2018
[9] Punjab Growth Strategy 2023

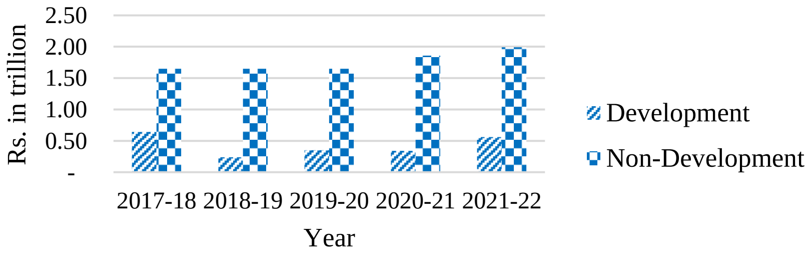
1. Enhancing focus on social sectors (in which the Punjab has a comparative advantage in the national context) and harnessing their potential.
2. Creating an enabling environment for private sector-led growth.
3. Investing more in the quality formation of human capital and its utilization.
4. Making public investment and ADP sectoral priorities so as to maximize the impact on growth.
5. Advocating and coordinating with the federal government on managing key macroeconomic policy variables that have a significant impact on the Punjab's economy.

On the ground, however, the last year of the strategy, i.e., 2023, has already begun, but the targets are far from being achieved. This non-achievement of the targets is due to various internal and external causes. The former has been discussed in the report under the relevant issues, but the latter has not been included being out of the scope of this report.

Budget Trend Analysis

Budget allocations in the Punjab are highly skewed towards the non-development side, primarily, because it has the largest public sector paraphernalia among the provinces. This results in lesser allocation to the development sector. Budgetary allocations for the last five financial years are presented in Figure 1.1 below:

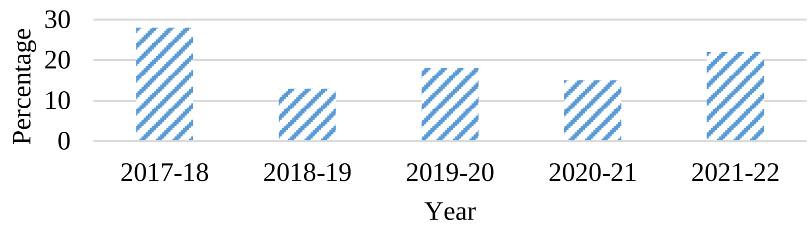
Figure 1.1
Budget Allocation (Rs in trillions)



Source: SAP and Departmental figures (FY 2017-18 to 2021-22)

The bar chart depicts that the development sector has been allocated significantly less funds as compared with the non-development sector. Nonetheless, the intra-sector allocation trend for the last five years shows in Figure 1.2 that funding to the development sector has gradually improved, after a nosedive in 2018-19. In terms of percentage of the total allocations, development allocations were 28%, 13%, 18%, 15% and 22% for the financial years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22, respectively.

Figure 1.2
Allocation to Development Sector as a percenatge of overall allocations

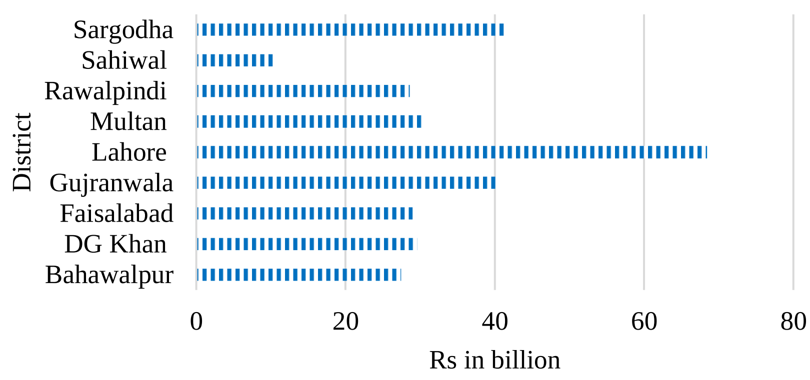


Source: *SAP and Departmental figures (FY 2017-18 to 2021-22)*

Inclusive Growth and Regional Equalization

Both growth strategies of 2018 and 2023 focus on inclusive growth and regional equalization. However, the geographical allocation of funds as well as actual development expenditure shows a different picture, as presented in Figure 1.3 below:

Figure 1.3
Actual Development Expenditure (Rs in billion)
(FY 2021-22)



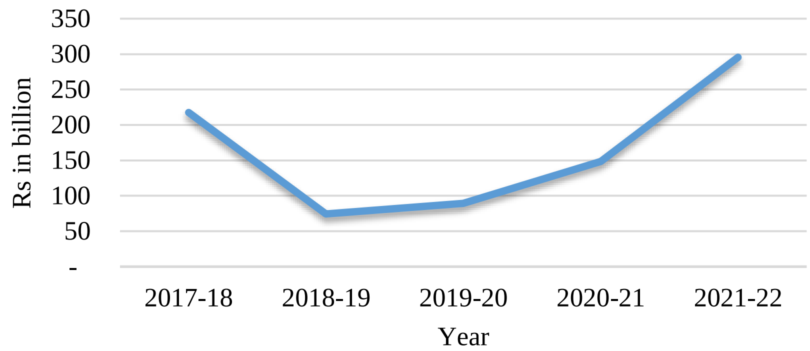
Source: *SAP and Departmental figures (FY 2021-22)*

Infrastructure Development in the Punjab

The importance of the infrastructure sector in the context of development cannot be overemphasized, which has been the main driver of Punjab's economic growth. This, inter alia, depends on the performance of the departments vested with infrastructure development works including C&W, HUD&PHE, Irrigation, LG&CD, Transport, and Energy departments and various provincial authorities, which receive a major proportion of the development budget.

The Directorate General Audit Works (Provincial) has been given the mandate to conduct audit of these entities. Budget allocation to these departments is presented in Figure 1.4 below, which shows a rising trend correlating with the rising trend of overall development allocations. In terms of percentages, the allocations, as a percentage of overall development allocations were 34%, 31%, 25%, 44% and 53% for the financial years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22, respectively.

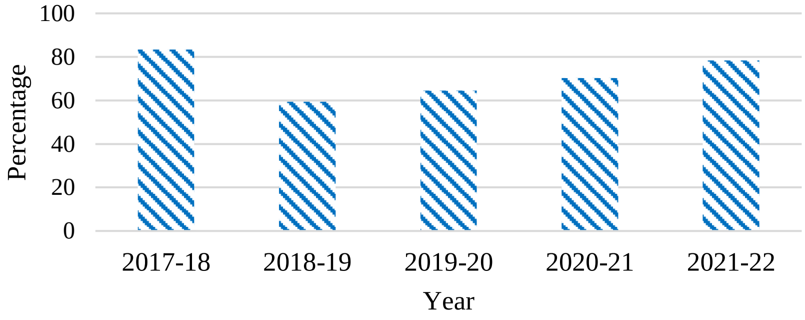
Figure 1.4
Allocation to Infrastructure Sector (Rs in billion)



Source: SAP and Departmental figures (FY 2017-18 to 2021-22)

An important aspect of fund allocation to the infrastructure sector is that most of the allocations are utilized on development works, unlike other sectors where the main portion is utilized on non-development activities, as depicted below in Figure 1.5:

Figure 1.5
Development Allocations within Infrastructure Sector
(in percentage)



Source: SAP and Departmental figures (FY 2017-18 to 2021-22)

Target achievement vis-à-vis MTDF/ADPs

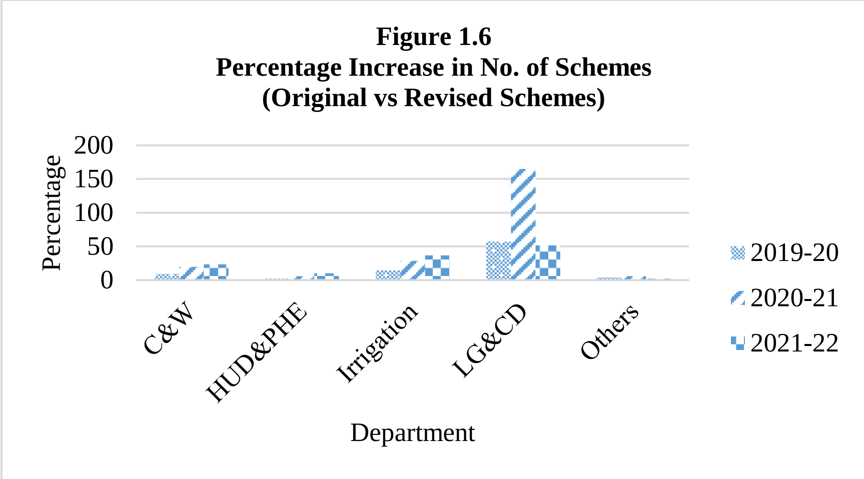
The targets set under Medium Term Development Framework and Annual Development Programmes are also ambitious like the two growth strategies. Not being realistic, these envisaged targets were far from being achieved in the last year of the strategy. This phenomenon is evident from the deviations in the number of original schemes and revised schemes; and their respective budgetary allocations. An in-depth analysis of inconsistencies in the planning process of government of the Punjab is discussed in the following paragraphs:

Table 1.1: No. of Original vs Revised Schemes in ADP

Department	2019-20		2020-21		2021-22	
	Original	Revised	Original	Revised	Original	Revised
C&W	1,190	1,302	1,588	1,899	2,969	3,669
HUD	1,951	1,991	1,478	1,565	1,902	2,100
Irrigation	192	220	140	180	168	230
LG&CD	238	374	211	559	1,125	1,706
Others	73	76	51	54	91	93

Source:SAP and Departmental figures (FY 2019-20 to 2021-22)

The above table shows the total number of schemes originally conceived in the respective ADPs and the revised number of schemes which were included in the ADPs through supplementary grants. Figure 1.6 highlights the extent of revisions by showing a percentage increase in the number of schemes:



Source: *SAP and Departmental figures (FY 2019-20 to 2021-22)*

The deviations from the original planning are even more pronounced when actual budget allocation is taken into account. The following table shows the total budget allocations of original schemes and revised schemes:

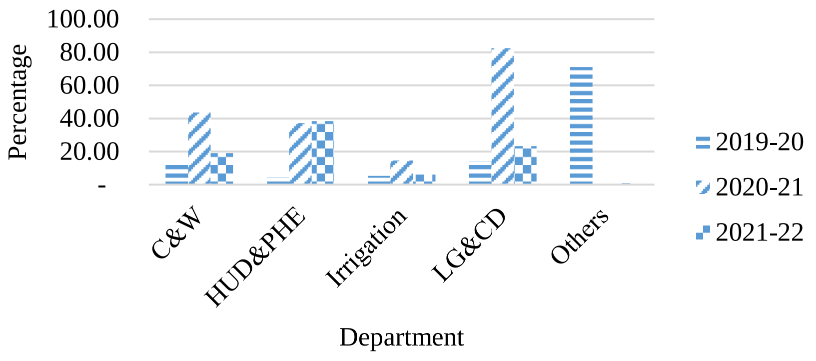
Table 1.2: Original Budget vs Revised Budget *(Rs in billion)*

Department	**2019-20**		**2020-21**		**2021-22**	
	Original	Revised	Original	Revised	Original	Revised
C&W	35.101	39.713	62.131	89.276	202.885	241.354
HUD	35.900	37.439	28.199	38.709	48.788	67.500
Irrigation	23.400	24.626	17.470	20.025	30.778	32.672
LG&CD	6.300	7.198	13.129	23.963	26.586	32.756
Others	6.821	11.669	5.205	5.214	9.565	9.655

Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

In order to highlight deviation from the originally conceived budget, a percentage analysis regarding the increase in budget is shown in the Figure 1.7 below. It can be seen that the highest deviations are in the LG&CD followed by Irrigation and HUD&PHE departments. It is pertinent to mention here that the C&W department seems to have a better planning process which despite having the highest allocation has the least deviation:

Figure 1.7
Percentages Increase in Budget from Original Budget



Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

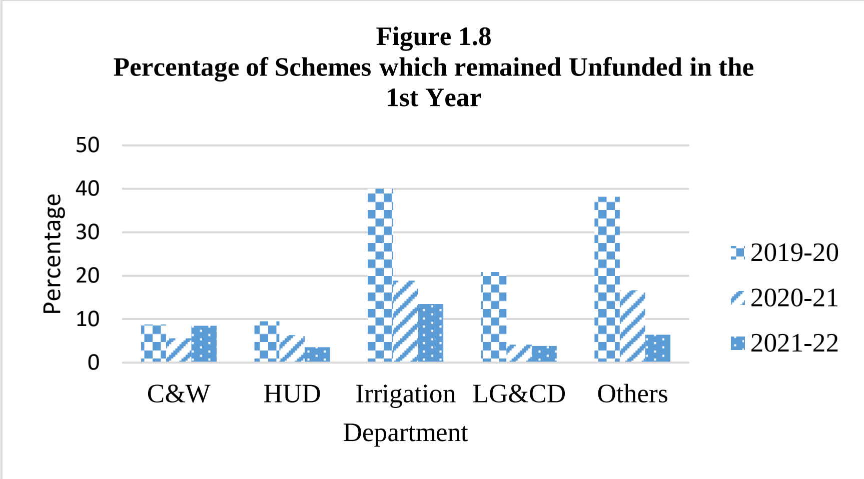
Schemes were included in the ADPs without considering the availability of funds. The analysis shows that a significant number of newly conceived schemes remained unfunded even in their respective first years as shown below:

Table 1.3: Unfunded Schemes in 1st Year of ADP

Department	2019-20	2020-21	2021-22
C&W	114	106	311
HUD	190	99	75
Irrigation	88	34	31
LG&CD	78	23	65
Others	29	9	6

Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

Percentage analysis of the unfunded schemes showed that the highest percentage of unfunded schemes was in the case of Irrigation department followed by others (Energy department and CDA) and LG&CD. This is depicted in Figure 1.8 below:



Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

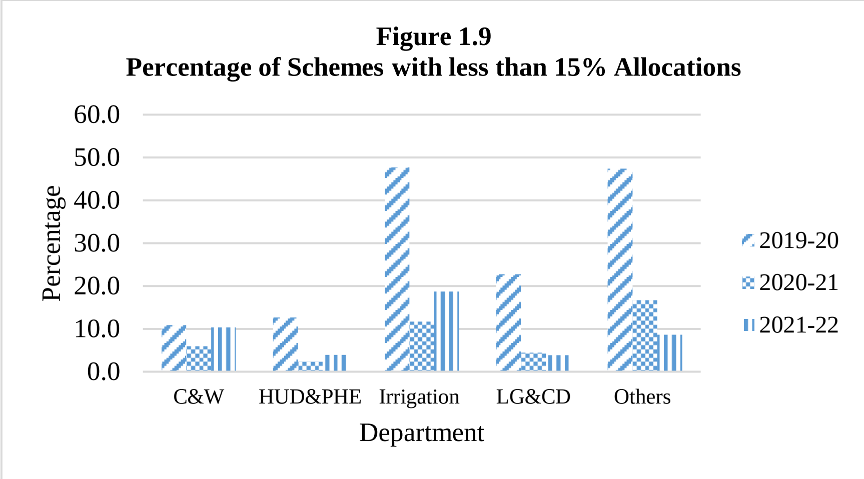
The newly conceived schemes receiving allocations less than 15% of their original budget are presented in the table below:

Table 1.4: Schemes receiving less than 15% of their budget

Department	2019-20	2020-21	2021-22
C&W	142	113	379
HUD&PHE	252	37	83
Irrigation	105	21	43
LG&CD	85	25	66
Others	36	9	8

Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

Percentage analysis presented in Figure 1.9 below again shows that the number of schemes which received less than 15% of their original allocations was highest in the Irrigation department. This is reflective of the inadequacy in the planning of the department:



Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

It is noteworthy that while a significant number of schemes are not properly funded, some other schemes are allocated funds over and above their respective original allocations. The following table shows the data about such schemes:

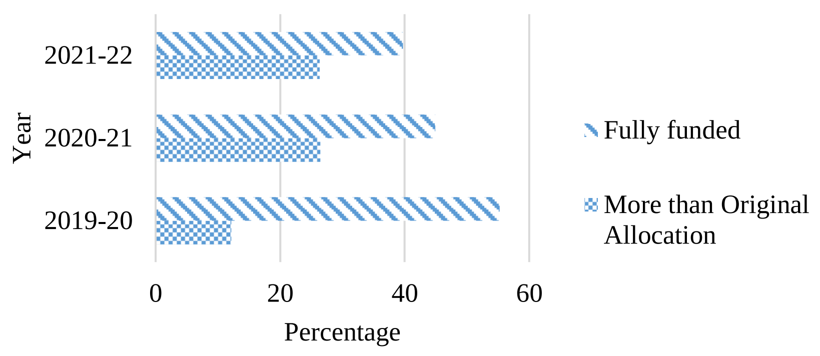
Table 1.5: Funding Status of Schemes (No. of Schemes)

Description	2019-20	2020-21	2021-22
Schemes with more than the original allocations	482	1127	2054
Fully funded	2190	1912	3098
Total No. of Schemes	3963	4257	7798

Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

Percentage analysis shows that 40% of the schemes were fully funded, 26% schemes received more than their respective original allocations and the remaining 34% schemes remained unfunded or received less than 15% of their original allocations in FY 2021-22. Figure 1.10 depicts three year's data regarding fully funded schemes and schemes receiving more than their original allocations:

Figure 1.10
Funding Status of Schemes (percentage of total schemes)



Source: SAP and Departmental figures (FY 2019-20 to 2021-22)

The above scenario reflects that schemes are included in ADPs without proper need analysis and without ensuring the availability of funds.

Sectoral Utilization

The departments could not utilize Rs 50.365 billion (13.59%) in FY 2021-22 which reflects improper financial management vis-à-vis non-achievements of MTDF targets. The five-year trend shows that the problem is systemic, as evident below:

Table 1.6 *(percentage unutilized)*

Sr. No.	Department	2017-18	2018-19	2019-20	2020-21	2021-22
1	Highways	10.07	2.38	0.69	29.12	1.64
2	Buildings	9.15	5.06	1.43	0.88	1.90
3	HUD	8	35.09	46.49	38	43.80
4	PHE	1.41	2.79	0.59	0.59	1.24
5	Irrigation	33.76	12.51	4.29	18.08	19.07
6	LG&CD	16.67	12.30	13.72	23.27	17.12
7	PDS & CEA	16.97	18.74	31.62	13.50	0
8	PMA	0	0	0	6.76	0
9	Energy	(86.32)	1.69	(3.09)	2.07	4.54
10	IDAP	30.29	31.27	51.15	68.57	57.71

Source: SAP and Departmental figures (FY 2017-18 to 2021-22)

Sectoral Issues

Some crosscutting issues are discussed below:

i. Ongoing projects are capped due to non-allocation of funds whereas new schemes are being launched at the same time. Furthermore, there are instances in which departments re-appropriate funds on their own from incomplete schemes to other schemes, thereby halting the finalization of the schemes from which the funds have been diverted. This is tantamount to a waste of precious government funds.

ii. Piecemeal funding and diverting funds from ongoing schemes to new schemes have been the root cause of numerous problems, such as cost overruns, time overruns, price escalations, etc. It underscores both undue political interference and ill-planning.

iii. Audit has been pointing out various cases in which the departments have paid excess rates. FD endorsed the viewpoint of Audit. However, departments are reluctant to effect recovery retrospectively.

iv. This report highlights numerous issues of overpayments by the departments. The recurrence and non-reduction in the quantum of overpayments show systemic issues and inadequate internal controls.

v. Another ubiquitous problem relates to giving undue financial benefits to contractors either through non/less obtaining of securities, grant of inadmissible advances or non/less imposition of penalty.

vi. Lack of an effective and robust monitoring regime has resulted in the unsatisfactory performance of development projects. Consequently, the projects either remain incomplete or do not deliver their desired objectives resulting in wastage of public funds.

vii. Departments need to catch up in the implementation of PAC directives. This inattention towards the apex oversight body’s directives seems universal across the departments.

viii. Departments need a proper asset management system which is mandatory as per APPM.

ix. In numerous cases, payments have been made irregularly beyond sanctioned estimates and administrative approvals. Instead of getting prior approvals of variations, the departments rely on ex-post facto revisions to get the payments regularised.

x. The scope of works/contracts has been enhanced by more than 15% in multiple cases on the pretext of variations which are not admissible under PPRA rules.

xi. PCBDDA and RUDA has formulated their own procurement regulations which are against the principles of transparency and competition as enshrined in the PPRA Act 2009 and the PPRA Rules 2014. In fact, the regulations did not conform to Article 18 of the Constitution of Pakistan, which gives a right to every citizen to enter into lawful trade. It is pertinent to mention that PPRA rules are being followed by a much bigger authority namely LDA which is performing similar functions. Therefore, trend of separate and independent regulations may tempt other authorities to develop their own procurement regulations and that would result in diluting universal applicability of PPRA rules which has the mandate to regulate procurement of goods, services and works in public sector in whole of the Punjab to safeguard public interest.

xii. The departments are not achieving optimum revenue generation. Many potent resources still need to be tapped such as deduction of effluent charges from users of rural areas. On the other hand, existing avenues need to be more effectively used such as advertisement fee, leasing of government lands, revenue collection from toll plaza etc. Further, authorities which were to be not only self-sustaining but also revenue generating for the government are in deficit.

Departmental Issues

C&W

The department merged all M&R divisions with field divisions but didn't properly plan the transition. Therefore, assets and liabilities of the defunct M&R divisions have not been transferred to the successor divisions even after a lapse of considerable time.

HUD&PHE

i. Ill-planned urbanization through mushroom growth of housing societies is resulting in urban sprawl and a reduction in cultivatable land endangering national food security.
ii. Numerous water supply schemes across the Punjab, which were handed over to Community-Based Organizations (CBOs), have become dysfunctional which resulted in the wastage of government resources.
iii. Effluents of hospitals, industries, drains, private housing schemes, etc., are being discharged in public sewers without prior treatment in violation of Punjab Environmental Quality Standards (PEQS).
iv. Lack of remedial measures for dysfunctional water filtration plants deprives the inhabitants of clean and safe drinking water.

Irrigation

In many cases, challans to farmers on account of tampering with the outlets and theft of water cases have not been issued.

LG&CD

i. Multiple local government acts have been introduced since 2013. Consequently, local governments have remained mainly dysfunctional during the transition periods and therefore failed to execute development works resulting in lapse of funds.
ii. Proper planning and estimation are not done as exact locations against which the quantities are approved are omitted during execution. Consequently, the influential persons in the area divert the project benefits towards their favoured areas. This defeats the spirit of inclusive development. Further, owing to vagueness, such practice creates issues during the audit of the development schemes.
iii. The department does not have specialized labs for testing materials and quality assurance and therefore it resorts to outsourcing. Audit observed that there had been many instances where counterfeit lab test reports had been used during execution of projects.

CHAPTER – 2

COMMUNICATION AND WORKS DEPARTMENT

2.1 Introduction

A. Description of Department

The Communication and Works (C&W) Department, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business:

i. Administration of roads, bridges and boat bridges, toll collection, rent for the use of Right of Way (ROW) and land leases for approaches/access roads to service stations under the control of the Highways department;

ii. Carrying out deposit works on behalf of other agencies;

iii. Policy formulation, planning & designing, construction, equipment maintenance & repair, and evaluation & fixation of rent of government buildings assigned to the department;

iv. Research, material testing, standardization and lay down Specifications for roads, bridges and buildings; and,

v. Administration of the following laws and the rules framed there-under:

   a. The Punjab Highways Ordinance, 1959.

   b. The Punjab Tolls on Roads and Bridges Ordinance, 1962.

   c. The Lahore Ring Road Authority Act, 2011.

The C&W Department has two attached departments, namely, Buildings and Highways. Lahore Ring Road Authority also comes under the ambit of the C&W Department. The Secretary C&W is the Principal Accounting Officer of the department.

Table 2.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1.	**Formations:** **Phase-I (2022-23)**				
	Buildings	98	21	20,079.790	5.476
	Highways	85	24	45,910.290	29.967
	Sub-total		45	65,990.080	35.443
	Phase-II (2021-22)				
	Buildings		11	2,862.420	0
	Highways		06	2,435.470	0
	Sub-total		17	5,297.890	0
2.	Authorities/ Autonomous Bodies	01	-	-	-
	Grand Total	184	**62**	**71,287.970**	**35.443**

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the C&W Department received development and non-development allocations both. However, the department could not utilize the development and non-development budget to the extent of 1.71% and 5.48%, respectively. Grant-wise budgetary position in FY 2021-22 is presented below:

Table 2.2: Variance Analysis *(Rs in million)*

Grant No. and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development					
PC-21010	476.186	467.087	414.212	(52.875)	(11.32)
PC-21024/PC-24024	5,572.700	9,890.07	8,588.425	(1,301.649)	(13.16)
PC-21025	9,063.270	15,103.19	15,061.68	(41.504)	(0.27)
PC-21031(LQ551)	0.695	0.695	0.695	0	0.000
Sub Total	15,112.851	25,461.042	24,065.012	(1,396.28)	(5.48)
Development					
PC-12041	78,799.000	136,679.870	134,438.650	(2,241.22)	(1.64)
LE-4392	17.530	17.530	11.928	(5.60)	(31.96)
PC-12042	124,067.980	51,745.980	50,767.140	(978.84)	(1.89)
Sub Total	202,884.510	188,443.380	185,217.718	(3,225.660)	(1.71)
Grand Total	**217,997.361**	**213,904.422**	**209,282.730**	**(4,621.688)**	**(2.16)**

Source: Departmental figures (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 2,676.133 million were raised as a result of audit of Communication & Works Department. This amount also includes recoveries of Rs 760.703 million, as pointed out by the Audit. The summary of the audit observations classified by nature is as under:

Table 2.3: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	471.825
(ii)	Irregularities resulting in non-recoveries	288.878
(iii)	Irregularities relating to procurements	173.169
(iv)	Irregularities resulting to undue financial benefit to contractors	680.050
(v)	Irregularities resulting in loss to government	50.093
(vi)	Miscellaneous irregularities	1,012.118
	Total	**2,676.133**

2.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1956-57 to 2016-17 (excluding years not discussed in PAC) is as under:

BUILDINGS DEPARTMENT

Table 2.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	521	-	521	-
2	2000-01	31	-	31	-
3	2001-02	22	-	22	-
4	2003-04	02	-	02	-
5	2005-06	17	-	17	-
6	2006-07	07	-	07	-
7	2009-10	09	-	09	-
8	2010-11	11	-	11	-
9	2011-12	15	-	15	-
10	2012-13	44	-	44	-
11	2013-14	65	-	65	-
	Total	**744**	**-**	**744**	**-**

HIGHWAYS DEPARTMENT

Table 2.5: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1446	-	1446	-
2	2000-01	39	-	39	-
3	2001-02	08	-	08	-
4	2003-04	07	-	07	-
5	2005-06	14	-	14	-
6	2006-07	27	-	27	-
7	2008-09	01	-	01	-
8	2009-10	55	-	55	-
9	2010-11	36	-	36	
10	2011-12	103	-	103	-
11	2012-13	5	-	5	-
12	2013-14	22	-	22	-
13	2015-16	-	-	-	-
14	2016-17	17	-	17	-
Total		**1780**	**-**	**1780**	**-**

2.4 AUDIT PARAS

2.4.1 Buildings Department

Irregularities

Irregularities resulting in overpayments

2.4.1.1 Overpayment due to higher rates of non-standardised items – Rs 62.382 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Executive Engineers of various Buildings Divisions, did not follow the instructions of FD while preparing the rate analyses. Audit observed that the department, in thirteen (13) cases, prepared rates of the items on higher side by taking excess material, labour and wastage.

Violation of the FD's instructions resulted in overpayments amounting to Rs 62,381,801.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that, in six (06) cases, the FD's template was notified after execution of works which could not be applied retrospectively, and in remaining seven (07) cases, the rates of items were paid as per approved TS estimates and quoted rates. Audit informed that the rate analyses comprised excess quantities of material and labour. The rates of excavator, batching plants and transit mixers etc. were available on the FD's website since 2004. Audit had been pointing out the issues of higher rates of manual labour since long. In 2022, FD endorsed the view point of Audit by incorporating lesser quantities of material and labour by using excavator, batching plants and transit mixers etc. in its templates. Therefore, the FD's templates were result of audit observations. The Committee directed the department to, in six (06) cases, refer the case to FD for advice regarding retrospective application within 15 days, in five (05) cases, effect due recovery, and in the remaining two (02) cases, get the record re-verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

(Annex-I)

2.4.1.2 Overpayment beyond agreed percentage of contract cost – Rs 41.604 million

As per para (v) of FD's notification No. RO(Tech)FD.1-2/83-VI dated 29th March, 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of various Buildings Divisions, awarded contracts wherein the contractors quoted imbalanced rates. Audit observed that the department, in nineteen (19) cases, made payments beyond the agreed percentages.

Violation of the FD's instructions resulted in overpayments amounting to Rs 41,603,563.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department admitted to effect the recovery on finalization of bills. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-II)

2.4.1.3 Overpayment due to higher rates than MRS template – Rs 29.057 million

As per FD's notification No. RO(TECH)FD 2-3/2004 dated 02.08.2004, the Chief Engineer, based on input/MRS rates fixed/notified by FD, shall fix/approve the rates of each item of works for Rough Cost Estimates (RCE) for Administrative Approval. However, these can be modified, replaced and added to with the approval of FD.

Executive Engineers of various Buildings Divisions, did not follow the instructions of FD. Audit observed that the department, in eighteen (18) cases, paid for the items at rates higher than admissible in relevant MRS.

Violation of the FD's instructions resulted in overpayments amounting to Rs 29,056,599.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that items were paid as per approved TS estimates. Audit informed that admissible items were available in MRS which were to be paid. The Committee directed the department to, in eight (08) cases, effect recovery, in four (04) cases, refer the matter to FD for clarification, and in the remaining six (06) cases, get the record re-verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-III)

2.4.1.4 Overpayment due to non-utilization of excavated earth – Rs 25.389 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, available useable material from the excavation was to be used in works before using material from an outside source. Further, as per Specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

Executive Engineers of various Buildings Divisions, in fifteen (15) cases, paid for the item "*Excavation in foundation of buildings and other structures etc*." but did not adjust the excavated earth.

Violation of the Specifications resulted in overpayments amounting to Rs 25,388,749.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In seven (07) cases, the department admitted the due recovery. In DP No. 58, the department explained that the excavated earth was adjusted. In four (04) cases, department explained that available earth was used for re-filling boundary wall and rate was paid correctly. In DP No. 135, the department explained that excavated earth was unsuitable for use. In DP Nos. 39 and 159, the department did not produce record. Audit contended that department neither effected recovery nor produced complete record. The Committee directed the department to, in seven (07) cases, effect recovery, and in remaining eight (08) cases, get record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-IV)

2.4.1.5 Overpayment due to excess lead – Rs 9.311 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 02.08.2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

Executive Engineers of various Buildings Divisions, in eight (8) cases, paid for carriage of stone and bajri by adopting longer routes.

Violation of the FD's instructions resulted in overpayments amounting to Rs 9,311,378.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that accessible routes were adopted by the field officers. Audit contended that as per the FD's instructions, the shortest route was required to be used. The department admitted to effect due recovery on account of longer routes. The Committee directed the department to effect due recovery and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-V)

2.4.1.6 Overpayment due to incorrect calculation of steel – Rs 4.688 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineers of various Buildings Divisions, paid for the item *"Fabrication of mild steel"* with incorrect calculation of quantities. Audit observed that as per lab test reports, the department, in three (03) cases, measured steel bars Nos. 4, 6 and 8 by applying standard weight factors of 0.667, 1.50 and 2.67 lbs per foot instead of 0.567, 1.488 and 2.64 lbs per foot, respectively. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Weight measured (factors)	Weight to be measured (factors)	Over-payment
1	367 (2022-23)	BD Sargodha	0.667,1.50 and 2.67 lbs per foot	0.567, 1.47 and 2.64 lbs per foot	1,084,289
2	300 (2022-23)	BD Lodhran	0.375 and 0.667 lbs per foot	0.365 and 0.58 lbs per foot	384650
3	481 (2022-23)	BD Nankana	0.667, 1.50 and 2.67 lbs per foot	0.595, 1.48 and 2.64 lbs per foot	3218864
				Total	**4,687,803**

Violation of the DFR resulted in overpayments amounting to Rs 4,687,803.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. The department admitted due recovery as per the weight of steel. Audit emphasized that the recovery be expedited. The Committee directed the department to effect due recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.1.7 Overpayment due to incorrect price variation – Rs 3.419 million

As per clause 55 (9) of the contract agreement, no price variation shall be admissible on the items in respect of the quantities for which a secured advance has been paid to the contractor.

Executive Engineer, Buildings Division, No. 1 Rawalpindi paid price variation to contractors without complying with relevant clause of the contract agreement. Audit observed that department took excess value of work done by including amount of secured advance while calculating price variation for high speed diesel and labour.

Violation of the contract agreement resulted in overpayment amounting to Rs 3,419,047.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 08.12.2022. The department explained that payment of price variation had been made correctly. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to effect due recovery and get it verified from Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.530(2022-23)

2.4.1.8 Overpayment due to inadmissible contractor’s profit – Rs 1.266 million

As per FD’s letter No. RO(Tech)FD-18-29/2006 dated 03.03.2005,read with FD’s notified template for electrical items in 2022, 12.5% contractor profit and overhead charges are allowed.

Executive Engineers of various Buildings Divisions, in three (03) cases, prepared and got approved the rates of various electrical items, i.e., LED, ceiling lights, fans, electric poles and turbine, by allowing 20% of the value of supplies as contractor's profit and overhead charges instead of 12.5%.

Violation of the FD's instructions resulted in overpayments amounting to Rs 1,266,244.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. The department explained that the electrical items were for providing and fixing on site instead of supply only. Therefore, 20% contractor's profit and overhead charges were justified. Audit contended that only 12.5% contractor's profit and overhead charges were allowed and 7.5% was recoverable. The Committee directed the department to effect due recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.285,493&536(2022-23)

Irregularities resulting in non-recoveries

2.4.1.9 Non-deduction of government taxes and non-imposition of penalties – Rs 68.509 million

As per section 49(a) of the Punjab Sales Tax on Services Act, 2012, if a registered person doesn't pay the sales tax, he shall, in addition to the tax due, pay a default surcharge at the inter-bank rate, i.e., 14.18 % plus 3% per annum of the tax due. Further, as per FBR's clarification vide No.5/WHT-U-03 dated 24.04.2018, the income tax was required to be deducted from the contractors on the gross value of work done including amount of PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineers, Building Division, Sargodha and 5th Building Division, Lahore, paid contractors for works related to M&R and ADP. Audit observed that the department did not deduct 16% PST and 7.5% income tax on PST. Therefore, due taxes were recoverable from the contractor along with surcharge/penalty at the rate of 17.18% per annum. The detail is as under:

(Amount in Rs)

DP No.	Name of Division	PST amount	Income Tax amount	Total amount of taxes	Period of delay	Penalty amount	Total recovery
350 (2022-23)	B.D Sargodha	21,333,843	1,768,842	23,102,685	4 years	15,876,165	38,978,850
584 (2022-23)	B.D 05 Lahore	14,343,213	932,309	15,275,522	1 year	2,624,334	17,899,856
592 (2022-23)		3,901,153	253,575	4,154,728	1 year	713,782	4,868,510
598 (2022-23)		5,392,811	377,497	5,770,308	1 year	991,338	6,761,646
						Total	**68,508,862**

Violation of the instructions of PRA and FBR resulted in non-deduction of government taxes and non-imposition of penalties amounting to Rs 68,508,862.

Audit pointed out non-deduction of government taxes and non-imposition of penalties in September 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. The department explained that, in DP 350, due recovery would be made, in other cases, PST was not applicable because it was applied on ADP works w.e.f. 20.03.2018. Audit contended that 5% PST on ADP works was applicable because works were awarded and payments were made after FY 2019-20. Further, income tax was also applicable. Therefore, recoveries of government taxes were required to be made. The Committee directed the department to, in DP No. 350, constitute a committee to look into the instant matter and submit fact finding report within 30 days, and in other cases, refer the case to PRA for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.1.10 Non-recovery due to use of substandard bricks – Rs 45.487 million

As per sections 801 and 1041-8 of Standard Specifications for Roads & Bridges Construction 1971, read with FD's material rates of item No.07.001, the standard size of bricks was 9″ x 4-1/2″ x 3″ and the crushing strength was 2000 PSI. Further, as per MRS remarks column chapter "Brick Works", if 2nd and 3rd class bricks were used, the item rate would be reduced by 7% and 14%, respectively.

Executive Engineers of various Buildings Divisions paid, in eight (08) cases, for the item *"Pacca brick work cement sand mortar, etc.".* Audit observed that as per lab test reports, the strength of the bricks was below 2000 PSI and size of the bricks was 8.8" x 4.3" x 2.8" instead of 9" x 4.5" x 3" but the department did not reduce the rate by 7%.

Violation of the Specifications and MRS resulted in non-recoveries amounting to Rs 45,487,450.

Audit pointed out the non-recoveries from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that as per lab test reports strength and size of bricks were as per specifications. Audit contended that as per lab reports 2nd class bricks were used. The Committee directed the department to, in five (05) cases, effect due recovery, and in the remaining three (03) cases, get the record re-verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-VI)

2.4.1.11 Less recovery of dismantled material than TS estimate – Rs 12.904 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, the dismantled material is the property of the government and cost of it should either be recovered from contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineers of various Buildings Divisions, paid for the items viz. "*Dismantling of RCC"* and *"Dismantling of brick work etc.*". Audit observed that the department, in twelve (12) cases, recovered less retained material than that provided in the TS estimates and the agreements.

Violation of the Specifications resulted in less recoveries amounting to Rs 12,903,545.

Audit pointed out less recoveries from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In ten (10) cases, the department explained that due recovery had been made as per actual dismantling at sites and balance recovery/adjustments would be made before finalization. In DP No.42 and 43, recovery had been made as per approved TS estimate. Audit contended that record was not produced during verification. The Committee directed the department to effect recovery and get requisite record verified by Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-VII)

Irregularities relating to procurements

2.4.1.12 Irregular payments due to splitting of M&R works – Rs 112.209 million

According to rule 9 of PPRA rules, 2014, limitation on splitting or regrouping of proposed procurement, a procuring agency shall announce appropriately all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

Executive Engineer, Buildings Division, Sargodha awarded various M&R works to two contractors on quotation basis. Audit observed that the department split the works to avoid competitive bidding process and also did not adhere to the financial categorization of the contractors i.e. category-D and category-C with limits of Rs 2,000,000 and Rs 15,000,000, respectively. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Years	Name of contractor(s)	No. of Works	Expenditure
1	355 (2022-23)	06.2018 to 06.2021	Ms. Sher Muhammad	695	76,932,578
2	354 (2022-23)	06.2017 to 06.2021	Ms. Rab Nawaz Co.	291	35,276,404
				Total	**112,208,982**

Violation of PPRA rules resulted in irregular payments amounting to Rs 112,208,982.

Audit pointed out the irregularities in September 2022.

The paras were discussed in the SDAC meeting held on 30.11.2022. The department explained that the works were carried out by the contractors through quotations from time to time and at different venues. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to probe the matter through SE, Building Circle, Sargodha and fix responsibility against the person(s) responsible within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility besides strengthening internal controls to avoid recurrence of such issues.

2.4.1.13 Irregular enhancement of agreement due to change of scope – Rs 6.718 million

As per clarification by PPRA dated 18.06.2019, enhancement in the original scope of work beyond 15% cannot be allowed under PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of the contract agreement circulated by Finance Department.

Executive Engineer, Buildings Division, Sheikhupura enhanced the scope of works beyond 15% of the original contracts. The detail is as under:

(Amount in Rs)

DP No.	Sub-Para No.	Original Amount	Enhanced Amount	Admissible upto 15%	Difference	% above beyond 15%
646 (2022-23)	25	8,083,781	15,009,997	9,296,348	5,713,649	70.68%
	34	22,396,656	26,760,436	25,756,154	1,004,282	4.48%
	Total	**30,480,437**	**41,770,433**	**35,052,502**	**6,717,931**	

Violation of PPRA rules resulted in irregular enhancement of contract agreement amounting to Rs 6,717,931.

Audit pointed out the irregularity in October 2022.

The para was discussed in the SDAC meeting held on 06.12.2022. The department explained that schemes were revised and agreements were enhanced by the competent authorities. Audit informed that the scope of the works was enhanced up to 70.68%. As per the clarification issued by PPRA, enhancement was allowed only on the basis of unforeseeable engineering anomalies that arose during the currency of a project, whereas, enhancement in scope of work, beyond originally advertised/awarded scope of work, was not be allowed as it would be discriminately, uncompetitive and non-transparent. The

Committee directed the department to get the matter regularized from FD within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Irregularities resulting in undue financial benefit to contractors

2.4.1.14 Irregular payment without hiring project consultant – Rs 468.887 million

According to P&D letter No. 4(24)PO(CONS) P&D/97-Vol-III dated 27.07.2017, supervision by an independent consultant is required for every scheme valued at Rs 500 million and above.

Executive Engineer, Buildings Division, Nankana Sahib awarded two (02) contracts amounting to Rs 1,446.094 million in project "Baba Guru Nanak University at Nankana Sahib (Phase-1)" having PC-I cost of Rs 2,146.996 million. Audit observed that payment of Rs 468,886,591 was made to the contractors without hiring and vetting by consultants.

Violation of the P&D Board instructions resulted in irregular payment amounting to Rs 468,886,591.

Audit pointed out the irregularity in September 2022.

The para was discussed in the SDAC meeting held on 06.12.2022. The department explained that the client department did not appoint consultants. Audit informed that vetting of consultant was mandatory for payments in schemes having cost above Rs 500 million. The Committee directed the department to refer the case to client department for seeking clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early clarification of the matter from competent forum and strengthening internal controls to avoid the recurrence of such issues.

DP No.489(2022-23)

2.4.1.15 Irregular payment of price variation beyond provision in TS estimate – Rs 50.347 million

As per FD's notification No. RO (TECH)/FD-1-2/83-VI (P) dated 18.05.2007, price variation should be met out from contingencies as provided in TS estimate. In case of excess over and above contingent provision, a revised TS estimate and enhancement of contract agreement should be obtained from the competent authority before releasing the payment of price variation.

Executive Engineers of various Buildings Divisions, in seven (07) cases, paid price variation above the provision of contingencies in TS estimates. Audit observed that the payments were made without revision of TS estimates and enhancement of agreements.

Violations of the FD's instructions resulted in irregular payments amounting to Rs 50,347,069.

Audit pointed out the irregularities from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that, in four (04) cases, price variation was paid within available cushion, and in the remaining three (03) cases, the revised TS estimates were under approval. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to, in two (02) cases, effect recovery, and in the remaining five (05) cases, get the record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-VIII)

2.4.1.16 Undue financial benefit due to payment at disproportionate rates – Rs 63.122 million

As per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineer, 4th Buildings Division, Lahore awarded the contract amounting to Rs 4,031,225,000 wherein the contractor quoted disproportionate rates from 27% to 618% above the TS estimate rates. Audit observed that the department paid for various items at higher quoted rates instead of the TS estimate rates.

Violation of the contract agreement resulted in undue financial benefit amounting to Rs 63,122,211.

Audit pointed out undue financial benefit in August 2022.

The para was discussed in the SDAC meeting held on 08.12.2022. The department explained that the payment was made on quoted rates of the contractor. Audit contended that department made payment on higher quoted rates instead of TS estimate rates in contravention of clause 47-A of the agreement. The Committee directed the department to prepare financial statement and effect due recovery on account of disproportionate rates. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.502(2022-23)

2.4.1.17 Irregular grant of mobilization advance against bank guarantee of non-scheduled bank – Rs 20.719 million

As per para (v) of FD's notification No.RO(Tech)F-D.18-44/2006 dated 07.12.2007, mobilization advance may be sanctioned against irrevocable bank guarantee on form DFR (PW)28-A in favour of the Government from any scheduled bank.

Executive Engineer, Buildings Division, Pakpattan paid Rs 20,719,107 as mobilization advance in November 2021 against bank guarantee of a non-scheduled bank i.e. Micro Finance Apna Bank Arifwala. Audit observed that the department, during running bills, recovered mobilization advance at the rate 20 % instead of 25% of the value of work done. Further, mobilization advance amounting to Rs 5,759,000 was outstanding.

Violation of the FD's instructions resulted in irregular grant of mobilization advance amounting to Rs 20,719,107.

Audit pointed out the irregularity in October 2022.

The para was discussed in the SDAC meeting held on 08.12.2022. The department admitted to effect recovery of mobilization advance amounting to Rs 5,759,000. Audit contended that the department granted mobilization advance against guarantee of non-scheduled bank. Further, mobilization advance was being recovered at the rate of 20% instead of 25%. The Committee directed the department to effect recovery in next running bill. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.555(2022-23)

2.4.1.18 Irregular award of works beyond contractor's financial categorization – Rs 15.961 million

As per para 2.7 of Buildings & Roads, Department Code, no individual contractor may receive a contract amounting to more than this sum nor, if he received one contract, may he receive a second in connection with the same work or estimate while the first is still in force. It must not be retorted to evade the operation of any prescribed limit.

Executive Engineer, Buildings Division, Lodhran, awarded contracts of four (04) groups of works, in the scheme 'Strengthening of Veterinary Services of UC levels in District Lodhran' to a contractor for Rs 15,960,735 on 14.12.2019. Audit observed that the contractor was enlisted in category C-6 with limit of Rs 15,000,000 which was not observed.

Violation of the B&R Code resulted in irregular award of works valuing Rs 15,960,735.

Audit pointed out the irregularity in August 2022.

The para was discussed in the SDAC meeting held in November 2022. The department explained that different works were awarded to the contractor for Rs 14,008,953. Audit contended that the value of work was Rs 15,960,735. The Committee directed the department to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.286(2022-23)

2.4.1.19 Pre-mature release of security deposit – Rs 4.838 million

As per clause 50 of the contract agreement, the amount retained as security deposits shall not be refunded to the contractor before the expiry of six months in the case of original works valuing up to Rs 5,000,000 and twelve months or even more as may be determined by the engineer in charge with the prior approval of the Chief Engineer in the case of works valuing above 5,000,000 after the issue of the certificate of completion of the works under clause 40. The security deposit shall not be refunded till the contractor has fulfilled his obligations under the contract agreement.

Executive Engineer, Buildings Division, Khushab awarded a contract which was to be completed on 16.02.2021. Audit observed that the department released security amounting to Rs 4,838,000 through vouchers on 22.12.2019 and 28.01.2020 prior to the completion of the project whereas the security amount was to be retained till the expiry of the defect liability period.

Violation of the contract agreement resulted in pre-mature release of security deposit amounting to Rs 4,838,000.

Audit pointed out the pre-mature release of security deposit in August 2022.

The para was discussed in the SDAC meeting held on 25.11.2022. The department admitted the irregularity and explained that securities were released keeping in view financial constraints of contractor. The Committee showed its displeasure and directed the department to fix responsibility against the incumbents for release of premature security. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility besides strengthening internal controls to avoid recurrence of such issues.

DP No.342(2022-23)

Miscellaneous irregularities

2.4.1.20 Irregular payments due to execution of excess quantities without prior approval – Rs 564.329 million

As per additional condition No. 14 of the contract agreement read, with FD's instructions No. RO(Tech)FD.1-2/83-VI dated 29.03.2005, works will be executed strictly according to the scope and provisions of the TS estimate. Items of works executed in violation of the condition of the sanctioned estimate in respect of location, scope, specifications, quantity and rate would not be entered nor paid by the field formation without prior approval by the competent authority.

Executive Engineers of various Building Divisions, in twenty-four (24) cases, paid for different items with excess quantities than that provided in TS/revised TS estimates and PC-I without prior approval from the competent authorities.

Violations of the contract agreement resulted in irregular payments amounting to Rs 564,328,728.

Audit pointed out the irregularities from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In twenty (20) cases, the, department explained that enhancement of agreements and revised TS estimate were under process. In DP Nos.236 and 237, the department admitted the recovery. In DP Nos.169 and 237 (sub para 19, 25), the department did not produce record. Audit contended that payments were made without prior approval by the competent authorities. The Committee directed the department to, in fifteen (15) cases, get the revised TS estimates approved by the competent authorities, in five (05) cases, get the record verified from Audit, in three (03) cases, effect recovery within 07 days, and in DP No. 21, get condonation from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-IX)

2.4.1.21 Irregular sanction of TS estimates by splitting – Rs 200.000 million

As per Serial No. 1(a) of Delegation of Financial Power Rules, 2016, in the C&W department, the powers of Executive Engineer to sanction TS estimates was up to Rs 15,000,000 and no limit for Chief Engineer, in the case of original works.

Executive Engineer, Buildings Division, Lodhran approved fifty-two (52) TS estimates and awarded contracts in "Strengthening of Veterinary Services of UC levels in District Lodhran" which was a single scheme in ADP-2019-20 (No.4949) having capital cost amounting to Rs 200,000,000. Administrative approval of umbrella PC-1 was given by Secretary Livestock, Government of the Punjab. Audit observed that the Executive Engineer split the work into 52 schemes in order to avoid the approval from Chief Engineer.

Violation of the rules resulted in irregular sanction of TS estimates amounting to Rs 200,000,000.

Audit pointed out the irregularity in August 2022.

The para was discussed in the SDAC meeting held on 25.11.2022. The department explained that fifty two (52) Rough Cost Estimates (RCEs) were approved as per requirement of Additional Director Livestock Lodhran. Audit reiterated its earlier stance on the basis of available evidence and contended that the competent authority for approval was Chief Engineer. The Committee directed the department to get the matter regularized from Chief Engineer at the earliest. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.302(2022-23)

2.4.1.22 Irregular and double payment on M&R works – Rs 71.706 million

As per FD's notification No. FD-D-II 3(7)/92, dated 16.06.2007, the yardstick for an annual grant of maintenance and repair (Annual & Special) of rest houses, etc., building and services have been revised and the rate was Rs 22 per sft for an office building. Further, as per rule 2.10 of PFR Vol-I, public funds should not be utilized for the benefit of a particular person or a particular group of community.

Executive Engineers of various Buildings Divisions, paid for purchase of different items including air conditioners. Audit observed that the department, in four (04) cases, charged expenditure to M&R Grant-24 without concurrence of the Austerity Committee. Further, FD's approved yardstick of Rs 22 per sft was violated during expenditure on M&R of Circuit House and Commissioner/Deputy Commissioner Office. In addition, the department incurred expenditure under Grants-24 and 42 through tender as well as through quotations on the same items and at the same venues. This prima-facie was a double payment. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	No. of Works	Name of Contractor(s)	Amount
1	353 (2022-23)	BD Sargodha	19 various M&R works of electric items i.e. Fan, AC & Coolers etc	Ms. Malik Zulfiqar Ali, Ms. JA Enterprises etc.	5,339,646
2	356 (2022-23)		165 various M&R works of Commissioner/DC Office Sargodha	Al Faisal Engineer, Ms. Sher Muhammad	54,463,737
3	357 (2022-23)		98 various M&R works of Circuit House	Al Faisal Engineer, Ms. Sher Muhammad etc.	11,622,269
4	632 (2022-23)	BD No.1 B/Pur	01 Ac of 1 ton purchased	Ms. Ghosia Builder	280,000
				Total	**71,705,652**

Violation of the FD's instructions resulted in irregular/double payments amounting to Rs 71,705,652.

Audit pointed out the irregularities in September and October 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. The department, in three (03) case, explained that the defunct M&R Divisions, incurred expenditure from 2017-2018 to 2020-21 on repair & maintenance/renovation works of Circuit House and DC Office. These were important buildings and general maintenance was regularly required. In DP No. 632, the department explained that old air conditioners were replaced in committee room. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to probe the matter through Superintending Engineer, Building Circle, to the extent of double payment and purchases from the Grant-24 within 30 days. The Committee also directed that C&W Department to request FD to expedite the matter of revision of yard stick of M&R. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.1.23 Irregular payment of work charged employees – Rs 40.947 million

As per para (viii) of FD's notification No. FD.SO(GOODS) 44-4/2016 dated 01.08.2018, contingent paid staff can be hired only in extremely emergent cases. Further, as per FD's notification No. RO(Tech) FD 2-2/2016 dated 28.12.2017, appointment to post shall be appropriately advertised in the leading newspapers. The recruitment to all the posts in the Schedule shall be made based on merit specified for regular establishment. The appointment of seasonal labour may be made for the project's duration. Further, as per rule 4.49 of the Punjab Treasury Rule, payment of Rs 10,000 or more shall not be made in cash by the Drawing and Disbursing Officers (DDOs).

Executive Engineers of various Buildings Divisions paid Rs 40,947,122 to work charged employees during FY 2020-22. Audit observed that the department, in three (03) cases, drew cheques in favour of SDO/Sub Engineers and made payments to the employees in cash. Further, appointments were made without advertisement and provision in contingency. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Amount
1	351 (2022-23)	B.D Sargodha	22,167,056
2	279 (2022-23)	B.D Lodhran	3,872,886
3	641 (2022-23)	B.D No. 01 Bahawalpur	14,907,180
		Total	**40,947,122**

Violation of the FD's instructions resulted in irregular payments amounting to Rs 40,947,122.

Audit pointed out the irregularities in August 2022.

The paras were discussed in the SDAC meeting held on 25.11.2022. In DP No. 279 and 641, the department explained that the record was available for verification, and in DP No. 351, inquiry was under process. Audit informed that the department did not produce the record during verification. The Committee directed the department to, in DP No. 279 and 641, get the record verified from Audit in two cases, and in DP No. 351, submit inquiry report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD.

2.4.1.24 Non-handing/taking over of defunct M&R Building Divisions

As per C&W Department's Notification No. E&A(C&W)EA-II/6-15/2013(Pt-III) dated 09.09.2021, Executive Engineer, M&R divisions were abolished and merged into Executive Engineer, Building Divisions. Further, as per C&W Department's Office Order dated 17.09.2021, it was ordered that handing/taking over the official equipment, record and other assets should be the personal responsibility of the officers handing/taking over their respective charge.

Scrutiny of records of Executive Engineers of various Buildings Divisions revealed that all M&R Divisions were merged with existing Construction Divisions and were declared defunct on 17.09.2021. Audit observed that assets, liabilities and securities of various contractors of defunct M&R Divisions had not been taken over by successor divisions after lapse of more than one year.

Violation of orders of Secretary (C&W) Department resulted in non-handing/taking over of defunct M&R Building Divisions amounting to Rs 111,563,085.

Audit pointed out the lapses from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that efforts were being made for handing over/taking over. Audit emphasized that assets, liabilities and securities ought to be transferred to successor divisions at the earliest. The Committee deliberated upon the issue and observed that the inventories of the defunct divisions were to be handed over to the successor divisions. However, as the defunct divisions had ceased to exist, it was not possible to transfer the securities of the contractors to the successor divisions. The Committee directed as follows:

1. The successor divisions may furnish a certificate that assets of the defunct divisions had either been accounted for in the books of the successor divisions or somewhere else.
2. The successor divisions and the concerned DAOs may be directed by the C&W department in consultation with FD to clear the securities at the credit of the defunct divisions to be utilized and refunded in accordance with law by the successor divisions.

Audit recommends early compliance with the SDAC's directives.

DP No.57(2021-22),280,349&614(2022-23)

2.4.2 Highways Department

Irregularities

Irregularities resulting in overpayments

2.4.2.1 Overpayment due to application of uneconomical items – Rs 131.810 million

As per rule 1.58 of the B&R Department Code, the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality.

2.4.2.1.1 Executive Engineers of various Highways Divisions, in seven (07) cases, paid for the items *"Excavation in open cutting up to 5 feet depth"* and *"Earthwork excavation in foundation in ordinary soil"* on the basis of manual labour. Audit observed that input rates of excavator were available on the FD's website since 2004 and composite item regarding excavation with machinery viz. "*earthwork in excavation of drains, irrigation channels through excavator/drag lines in all kind of soil etc."* vide item No. 52 of chapter 3 of MRS was also available which had lesser rates as compared with the paid items. Further, execution at the site was done with machinery.

Violation of the B&R Code resulted in overpayments amounting to Rs 129,482,854.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. The department explained that the works were executed as per approved TS estimates. The Committee directed the department to, in DP No. 197 and 155, effect due recovery, in DP No. 116, produce record for verification, and in the remaining four (04) cases, the FD's representative contended that rate for mechanized excavation was not available at the time of approval and execution of works; therefore, it could not be applied retrospectively. However, Audit contended that the issues of higher rates of manual labour had been pointed out since long. In 2022, FD endorsed the viewpoint of Audit by incorporating lesser quantities of material and labour through use of excavator in its notified template. Therefore, the FD's templates were result of audit observations. The Chair agreed with FD. Audit emphasized that in various similar cases recoveries had been effected at the direction of SDACs retrospectively, therefore, recovery was to be effected in the instant cases.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

(Annex-X)

2.4.2.1.2 Executive Engineer, Highways Division, DG Khan paid for the item *"Shifting unsuitable material lead up to 5 km complete in all respects"* for a quantity of 1531704 cubic foot at the rate of Rs 9,366.67 ‰cft. Audit observed that the department prepared rate analysis by applying the rate of "*Excavation in ordinary soil*" instead of using the rate of *"Excavation in soft soil"*. Therefore, the payable rate was Rs 7,847.34 ‰cft.

Violation of the B&R Code resulted in overpayment amounting to Rs 2,327,163.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that shifting of unsuitable material was provided in TS estimate. Audit informed that the department was required to apply the rate of soft soil and ashes instead of ordinary soil. The Committee directed the department to revisit the rate analysis and effect due recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.380(2022-23)

2.4.2.2 Overpayment due to non-utilization of excavated earth – Rs 37.232 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, available useable material from the excavation was to be used in works before using material from an outside source. Further, as per Specification No. 17.1(A) (11) (i) of Specification for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

Executive Engineers of various Highways Divisions, in eleven (11) cases, paid for the item *"Earthwork for embankment in ordinary soil*" but did not adjust the quantity of retrieved earth from *"Regular excavation"*.

Violation of the Specifications resulted in overpayments amounting to Rs 41,621,631.

Audit pointed out the overpayments from February to November 2022.

The paras were discussed in the SDAC meetings from July to December 2022. In three (03) cases, department admitted to effect recovery, and in DP No. 342 and 272, the department partially effected recovery amounting to Rs 411,595. However, in the remaining six (06) cases, the department did not produce the record. The Committee directed the department to effect balance recovery amounting to Rs 37,232,019 and get the record re-verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XI)

2.4.2.3 Overpayment due to higher rates of non-standardised items – Rs 24.586 million

As per FD's notification No. RO(TECH)FD 2-3/2004 dated 02.08.2004, the Chief Engineer on the basis of input/MRS rates fixed notified by the FD shall fix/approve the rates of each item of works for RCE for Administrative Approval. However, these can be modified, replaced and added to with the approval of the FD. Administrative departments shall ensure the transparency of tendering based on market rates.

2.4.2.3.1 Executive Engineers, Highways Divisions, Gujrat and Gujranwala, paid for the item *"RCC bored piles and cast in situ board reinforced concrete piles etc."* of different diameters at higher rates than admissible as per the FD's template.

Violation of the FD's instructions resulted in overpayments amounting to Rs 11,474,479.

Audit pointed out the overpayments in October 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. In DP No. 289, the department admitted recovery. In DP No. 207, the department explained that rates were calculated on the basis of the FD's template. Audit informed that the department did not produce relevant record in support of its stance. The Committee directed the department to effect recovery and produce requisite record. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.207&289(2022-23)

2.4.2.3.2 Executive Engineers, Highways Divisions, DG Khan and Taunsa paid for the item "*P/L fill material (sand) complete in all respect*". Audit observed that the department, in four (04) cases, prepared the rate analyses at higher side by taking inadmissible compaction factor on sand.

Violation of the FD's instructions resulted in overpayments amounting to Rs 5,484,924.

Audit pointed out the overpayments in September 2022.

The paras were discussed in the SDAC meetings held in December 2022. The department explained that compaction was required because ghassu instead of pure sand was used as fill material. Audit informed that the department was required to reduce the rate of fill material because ghassu was cheaper than pure sand. The Committee directed the department to reduce the rate and effect due recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.228,244,354&369(2022-23)

2.4.2.3.3 Executive Engineers of various Highways Divisions paid for the different non-standardised items. Audit observed that the department, in five (05) cases, prepared rate analyses by adding inadmissible contractor's profit, higher material and labour input rates and paid accordingly. The detail is as under:

(Amount in Rs)

DP No.	Name of Division	Item	Qty	Rate paid	Rate to be paid	Diff.	Amount
13 (2021-22)	HD, Attock	P/F LED light	22	161,944	67,768	94,176	2,071,872
33 (2021-22)	HD, Attock	P/L pre cast boundary wall	1412	1,462.85	397	560,564	1,504,980
103 (2021-22)	HD, Lahore	P/F toll bath cabin large size	4	315,000	137,150	177,850	711,400
		P/F toll bath cabin small size	4	280,000	137,150	142,850	571,400
72 (2021-22)	HD, Okara	P/F of cat eyes	5849	325.016	243	82.016	479,710
01 (2021-22)	HD, Attock	Lean cconcrete	162010	21,125.3	21,124.68	0.616	99,796
						Total	**5,439,158**

Violation of the FD's instructions resulted in overpayments amounting to Rs 5,439,158.

Audit pointed out the overpayments from January to March 2022.

The paras were discussed in the SDAC meetings held in June and July 2022. The department explained that rates of non-standardised items were paid as per approved TS estimates. Audit reiterated its earlier stance on the basis of available evidence. In three (03) cases, the Committee directed to effect due recovery and in other two (02) cases to get the record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.3.4 Executive Engineer, Highways Division, Pakpattan paid for the item *"Dismantling of existing road metaling 2" thick through cold milling process"* for quantity of 186333 square foot at the rate of Rs 17.24 per sft. Audit observed that the department approved higher rate in contravention of the FD's template according to which the payable rate was Rs 5.50 per sft.

Violation of the FD's instructions resulted in overpayment amounting to Rs 2,187,549.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department explained that payment was made as per approved TS estimate. Audit informed that the department approved higher rate in violation of the FD's instructions. Further, Audit had been pointing out this issue since long. In 2022, FD endorsed the viewpoint of Audit by incorporating lesser quantities of material and labour in its template. Therefore, the FD's templates were result of audit observations. The Committee directed the department to refer the case to FD for clarification regarding application of the FD's template retrospectively. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid the recurrence of such issues.

DP No.504(2022-23)

2.4.2.4 Overpayment due to inadmissible price escalation – Rs 19.587 million

As per clause 55(10) of the contract agreement, in the case of buildings and RCC structures, the factor for calculation of price variation of HSD was 0.07. Further, no price variation was admissible on electric cables.

Executive Engineer, Road Construction Division, Gujranwala paid price escalation on "*HSD*" by using 0.15 factor. Audit observed that admissible factor was 0.07 for RCC bridge, culverts and sewerage works. Further, the department also paid inadmissible price escalation on *"Electric items"*.

Violation of the contract agreement resulted in overpayment amounting to Rs 35,166,781.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department effected recovery amounting to Rs 15,580,000. The Committee directed the department to effect balance recovery of Rs 19,587,000. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.433(2022-23)

2.4.2.5 Overpayment due to inadmissible temporary works – Rs 18.423 million

As per clause 13 of the contract agreement, the contractor shall in connection with the works, provide and maintain at his own cost all lights, warning lights, caution boards, guard fencing and watchmen, when and where necessary or required by the Engineer-in-charge for the protection of the works or the safety and convenience of the public or others. Further, as per additional condition No. 12 of the contract agreement, the service road shall be made/maintained by the contractor at his own cost.

Executive Engineer, Road Construction Division, Gujranwala paid for temporary works, i.e., sprinkling, temporary boundary with corrugated sheet, lightening arrangement, safety works, and construction and maintenance of service road. Audit observed that separate payments on temporary works was not admissible as it was the responsibility of the contractor as per the contract agreement.

Violation of the contract agreement resulted in overpayment amounting to Rs 18,422,673.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that temporary works were executed as per approved scope. Audit contended that temporary works were required to be carried out by the contractor at his own cost as per the agreement. The Committee directed the department to refer the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.439(2022-23)

2.4.2.6 Overpayment due to higher rates than agreement – Rs 15.663 million

As per clause 46 of the contract agreement, the contractor shall submit all bills on the form prescribed by the Engineer-in-charge on application at the office of the Engineer-in-charge, and the charges in the bills shall always be entered at the rates specified in the tender (bid schedule).

Executive Engineer, Road Construction Division, Gujranwala paid for the item "*Fabrication of mild steel reinforcement bar cage for RCC bored piles deformed bar grade 60 etc.*" at the rate of Rs 21,723.60 %kg instead of the quoted and agreed rate of Rs 18,527.36 %kg.

Violation of the contract agreement resulted in overpayment amounting to Rs 15,663,461.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that rate was approved in TS estimate inadvertently which was corrected in revised TS estimate. Audit contended that the contractor had quoted item rate which could not be changed. The Committee directed the department to effect the recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.446(2022-23)

2.4.2.7 Overpayment due to higher input rates than those provided in FD's template – Rs 15.381 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Executive Engineer, Road Construction Division, Gujranwala paid for the items viz. *"Protective coating"* and *"Disposal of unsuitable material lead up to 5 km".* Audit observed that the department prepared and got approved rate analyses at higher side by taking 16 hours instead of 8 hours for crane. Further, excess rate of skilled and unskilled labour at the rate of Rs 625 per hour and Rs 550 per hour was paid instead of admissible Rs 66.88 per hour and Rs 58.75 per hour, respectively.

Violation of the FD's instructions resulted in overpayment amounting to Rs 16,494,181.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that the recovery amounting to Rs 1,113,000 involved in sub paras 32 and 37 had been effected. In sub para 8, department explained that the non-BOQ item was executed after approval by the Chief Engineer. Audit contended that the department applied higher labour rates in the rate analysis. The Committee directed the department to effect balance recovery amounting to Rs 15,381,181. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.435(2022-23)

2.4.2.8 Overpayment due to less use of bitumen – Rs 12.092 million

As per FD's notification No. RO(TECH)FD 2-3/2004 dated 02.08.2004, payment is to be made to the contractor as per Job Mix Formula or actual bitumen used in the work.

Executive Engineers of various Highways Divisions, in three (03) cases, paid for the item *"P/L of 2" thick premixed asphaltic carpet by using 4% and 4.5% bitumen contents"*. Audit observed that as per JMF issued by the RR&MTI, the contents of bitumen were 3.8% and 4.3%. Therefore, the rates were required to be reduced accordingly. The detail is as under:

(Amount in Rs)

Sr. No.	**DP No.**	**Name of Division**	**Amount**
1	224 (2022-23)	Gujrat	12,232,549
2	296 (2022-23)	Gujranwala	1,650,351
3	511 (2022-23)	Pakpattan	661,716
		Total	**14,544,616**

Violation of the FD's instructions resulted in overpayments amounting to Rs 14,544,616.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. In DP No. 224, the department effected partial recovery amounting to Rs 2,453,000. In DP No. 296 and 511, the rates were reduced as per JMF. Audit contended that the department did not produce approved JMF and extraction tests to ascertain the exact quantum of recovery. The Committee directed the department to effect balance recovery amounting to Rs 12,091,616. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

2.4.2.9 Overpayment due to non-deduction of road crust – Rs 4.405 million

As per the provision of the TS estimate, the area of the road crust was required to be deducted from the total measured quantity of earthwork for making an embankment.

Executive Engineer, Highways Division, Hafizabad, paid for the item *"Earthwork for making embankment"* but did not deduct the quantity of road crust.

Violation of the TS estimate resulted in overpayments amounting to Rs 4,405,367.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meeting held on 29.11.2022. The department admitted the recovery. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.186&187(2022-23)

2.4.2.10 Overpayment due to inadmissible price variation on M&R works – Rs 4.284 million

As per Delegation of Financial Powers Rules, 2016 read with FD's clarification No. FD(C&W)4-207/2021-22 dated 14.06.2022, no price variation is admissible on M&R works.

Executive Engineers, Highways Divisions, Hafizabad and Pakpattan, paid Rs 4,284,210 on account of price variation against M&R works. Audit observed that price variation on M&R works was inadmissible as per the FD's clarification.

Violation of the FD's instructions resulted in overpayments amounting to Rs 4,284,210.

Audit pointed out the overpayments during July and September in 2022.

The paras were discussed in the SDAC meetings held in November and December 2022. In DP No. 512, the department explained that the scheme fell in the category of M&R works. In DP No. 193, the department explained that work was allotted to the contractor in May 2021 which was executed in July 2021. Price variation was paid to the contractor because TS estimate was sanctioned by competent authority before issuance of the clarification. Audit contended that the clarification was issued in continuation of the instructions contained in Delegation of Financial Power Rules 2016; wherein, no cushion was allowed over TS estimate of M&R works. Hence, price variation was not admissible on the M&R works. The Committee directed the department to refer the case to FD for clarification in DP No. 193 and effect recovery in DP No. 512. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.193&512(2022-23)

2.4.2.11 Overpayment due to excess lead – Rs 3.341 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 02.08.2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

Executive Engineers, Highways and Road Construction Divisions, Gujranwala paid for the item "*Carriage of stone, bajri*". Audit observed that the department, in three (03) cases, calculated higher rate of the item as the shortest route was not adopted.

Violation of the FD's instructions resulted in overpayments amounting to Rs 3,340,937.

Audit pointed out the overpayments in October 2022.

The paras were discussed in the SDAC meetings held in December 2022. In DP Nos. 448 and 450, the department admitted the recovery. In DP No. 276, the department explained that lead was paid as per approved TS estimate. Audit informed that the department had taken lead of 145 km instead of 133 km in rate analyses because lead was not taken from the nearest quarry i.e. Malot, which the department had used in another work. The Committee directed the department to effect the recovery in two cases and referred the matter to administrative department for verification of lead in case of DP No. 276. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.276,448&450(2022-23)

2.4.2.12 Overpayment due to incorrect calculation of steel – Rs 2.000 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineers, Highways and Road Construction Division, Gujranwala paid for the item *"Fabrication of mild steel"*. Audit observed that the department, in two (02) cases, measured steel bars Nos. 3, 4 and 6 by applying standard weight factors of 0.375, 0.667 and 1.50 lbs per foot instead of 0.369, 0.655 and 1.483 lbs per foot, respectively, as per lab test reports.

Violation of the DFR resulted in overpayments amounting to Rs 1,999,743.

Audit pointed out the overpayments in October 2022.

The paras were discussed in the SDAC meetings held in December 2022. The department explained that due recovery would be made. Audit emphasized that the recovery be expedited. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid recurrence of such issues.

DP No.274&455(2022-23)

2.4.2.13 Overpayment due to incorrect measurement of road width – Rs 1.942 million

According to the report of the Junior Research Officer, Regional Laboratory, Highway Circle, Gujranwala, the width of the road was 20 feet.

Executive Engineer, Highways Division, Gujrat paid for the item "*Dismantling of road pavement"* by taking width of the road as 19.50 feet. Audit observed that the department had taken lesser width in TS estimate as compared with actual width as per JRO report i.e. 20 feet. Therefore, the department retrieved less stone than actual which was to be used as sub base.

Violation of the JRO report resulted in overpayment amounting to Rs 1,941,833.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 29.11.2022. The department explained that width of the road was 20 feet at time of its original construction which had deteriorated/eroded with the passage of time. Audit contended that JRO report took seven samples out of which six samples showed the width of existing road to be 20 feet. The Committee directed the department to effect the due recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.202(2022-23)

2.4.2.14 Overpayment due to excess use of bajri – Rs 1.618 million

According to FD's template for the item *"P/L plant premixed carpet",* the quantity of bajri is fixed at 62% as constant, and 32% filler is variable with the percentage of the contents of the bitumen at 6%.

Executive Engineer, Highways Division, Sargodha paid for the item "*P/L plant premixed bitumen i/c carriage of bajri*". Audit observed that the department had calculated higher rate of the item by taking excess quantity of bajri i.e. 70.4% and 66.9% than provided in the FD's template i.e. 62%.

Violation of the FD's instructions resulted in overpayment amounting to Rs 1,617,558.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department explained that JMF was approved by RR&MTI, Lahore as per site requirement. Audit informed that the department paid excess bajri in contravention of the FD's template. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.392(2022-23)

2.4.2.15 Overpayment due to excess measurement – Rs 1.338 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Highways Division, Sargodha paid for the items viz. "*P/L sub-base course*" and "*P/L base course*". Audit observed that the department while making payments did not deduct 27124 cubic foot area of 212 Nos. culverts from the measurement of sub base and base course.

Violation of the DFR resulted in overpayment amounting to Rs 2,418,976.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department effected recovery amounting to Rs 1,080,797. Audit informed that amount of para had been reduced to Rs 1,338,179. The Committee directed the department to effect balance recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.389(2022-23)

2.4.2.16 Overpayment due to incorrect calculation of quantities – Rs 1.008 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Highways Division Pakpattan paid for the item *"Earthwork in ordinary soil for embankment"* at the rate of Rs 6,848 ‰cft. Audit observed that the department calculated the quantity as 618346 cubic foot instead of 471084 cubic foot as per record entries in the Measurement Book.

Violation of the DFR resulted in overpayment amounting to Rs 1,008,450.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department admitted the recovery. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides strengthening internal controls to avoid recurrence of such issues.

DP No.492(2022-23)

Irregularities resulting in non-recoveries

2.4.2.17 Less recovery of retrieved material – Rs 101.865 million

As per C&W Department's letter No. SOH-I(C&W) 1-42/97(Misc.) dated 28.11.1997, a material extracted from dismantling brick soling/brick edging and road pavement would be used for laying sub-base course in full and 90%, respectively. Further, as per condition No. 22 of the contract agreement, the cost of the material received from dismantling, if any, will be deducted from the bill of the contractor at market rates.

Executive Engineers of various Highways Divisions paid for items relating to dismantling of existing road pavement, bricks, RCC slab etc. Audit observed that the department, in twenty-one (21) cases, neither utilized the retrieved material as sub-base course nor recovered its cost from the contractors.

Violation of the contract agreement resulted in less recovery amounting to Rs 132,009,550.

Audit pointed out the less recovery from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In fourteen (14) cases, the department admitted to effect the recovery. In five (05) cases, the department effected partial recovery amounting to Rs 30,144,774 and in DP No. 133 and 486, the department did not produce record for verification. Audit emphasized expediting the recovery and production of record for verification in the two (02) cases. The Committee directed the department to effect the balance recovery amounting to Rs 101,864,776 and get record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XII)

2.4.2.18 Non-recovery of PST on toll collection – Rs 28.019 million

As per Sr. No. 56 of the 2nd Schedule of the Punjab Sales Tax on Services Act, 2012, 16% PST shall be charged on debt collection, rent collection and similar other recovery or collection services, including right to collect the toll or fee or regulatory fee or duty or any other similar collection.

Executive Engineer, Road Construction Division, Gujranwala collected toll money through various contractors during FY 2019-2022. Audit observed that the department did not recover PST at the rate of 16% amounting to Rs 28,018,975.

Violation of the Act resulted in non-recovery amounting to Rs 28,018,975.

Audit pointed out the non-recovery in October 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department explained that PST on toll collection was exempted as per Punjab Sales Tax on Services Act 2012. Audit contended that PST on toll collection was provided in the Act at Sr. No.

56. The Committee directed the department to refer the matter to PRA for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.457(2022-23)

2.4.2.19 Non-recovery due to use of sub-standard bricks – Rs 11.955 million

As per section 801 and section 1041-8 of Standard Specifications for Roads & Bridges Construction 1971, read with FD's material rates of item No.07.001, the standard size of bricks was 9″ x 4-1/2″ x 3″ and the crushing strength was 2000 PSI. Further, as per MRS remarks column chapter "Brick Works", if 2nd and 3rd class bricks were used, the item rate would be reduced by 7% and 14%, respectively.

Executive Engineers of various Highways Divisions, in eight (08) cases, paid for the items viz. *"Pacca brick work"* and *"Road edging"* without obtaining lab test reports. Audit observed that composite rate was required to be reduced at the rate of 7% by the department for use of substandard bricks.

Violation of the Specifications and MRS resulted in non-recoveries amounting to Rs 13,058,424.

Audit pointed out the non-recoveries from February to November 2022.

The paras were discussed in the SDAC meeting held from June to December 2022. The department in two (02) cases, effected partial recovery amounting to Rs 1,102,924 and explained in remaining cases stated that the due recovery would be made. Audit informed that in four (04) cases, complete record was not available to ascertain exact amount of recovery. The Committee directed the department to effect due recovery amounting to Rs 11,955,500 and get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XIII)

2.4.2.20 Non-recovery of fee on account of Right of Way – Rs 11.167 million

As per C&W notification No. SOH-III(C&W)3-47/2013 dated 04.04.2016, competent authority has been pleased to approve to increase in lease rent for the approach road of petrol pumps from Rs 5,000 per annum to Rs 10,000 per annum, immediately.

Executive Engineer, Highways Divisions, Chakwal and Road Construction Division, Gujranwala did not recover the fee of Rs 5,000 and 10,000 p.a. on account of Right of Way (ROW) from the owners of petrol pumps. Audit observed that despite lapse of a decade, no effort had been made by the department to effect recovery.

Violation of the C&W notification resulted in non-recoveries amounting to Rs 11,167,417.

Audit pointed out the non-recoveries in October 2022.

The paras were discussed in the SDAC meeting held in December 2022. The department explained that efforts were being made to effect the recovery. Audit emphasized that the recovery be expedited. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.451&535(2022-23)

2.4.2.21 Less recovery of income tax – Rs 6.401 million

As per FBR's clarification vide No.5/WHT-U-03 dated 24.04.2018, the income tax was required to be deducted from the contractors on the gross value of work done including amount of PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineers of various Highways Divisions, in seven (07) cases, made payments to the contractors and deducted income tax on the net value of work done instead of gross value i.e. deduction was made after excluding PST and cost of dismantled material from total value.

Violation of the FBR's instructions resulted in less recoveries amounting to Rs 7,175,877.

Audit pointed out the less recoveries from February to November 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In DP No. 206, the department effected partial recovery amounting to Rs 775,008, in three (03) cases, admitted the recovery and in remaining three (03) cases, the department did not get the record verified from Audit. Audit emphasized expediting the recovery besides production of record. The Committee directed the department to effect balance recovery amounting to Rs 6,400,869 and get complete record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XIV)

2.4.2.22 Non-recovery of General Sales Tax – Rs 2.581 million

According to para 4(ii) of the FBR's letter No.1(42)STM /2009/99638-R dated 24.07.2013, in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender must have a BOQ (Bill of Quantity), the contracting department/organization must need such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released.

Executive Engineer, Highways Division, Gujrat paid an amount of Rs 15,183,428 for the item *"P/L cat eyes and LED light"*. Audit observed that the department did not deduct GST amounting to Rs 2,581,183.

Violation of the FBR's instruction resulted in non-recovery amounting to Rs 2,581,183.

Audit pointed out the non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 29.11.2022. The department explained that invoices for procurement of cat eye and LED lights were got verified. Audit contended that the department produced invoices which showed non-deduction of GST; therefore, whole amount of GST was required to be deducted. The Committee directed the department to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.215(2022-23)

Irregularities relating to procurements

2.4.2.23 Irregular enhancement of contract – Rs 54.242 million

As per clarification by PPRA dated 18.06.2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by Finance Department.

Executive Engineers of various Highways Divisions awarded different works. Audit observed that the department, in three (03) cases, enhanced the scope of the works beyond 15% in contravention of PPRA clarification. The detail is as under:

(Amount in Rs)

DP No.	Name of Division	Original Amount	Enhanced Amount	Admissible upto 15%	Difference	% above beyond 15%
502 (2022-23)	HD, Pakpattan	20,081,528	49,888,000	23,093,757	26,794,243	116.02
297 (2022-23)	HD, Gujranwala	8,788,704	25,428,064	10,107,010	15,321,054	151.59
430 (2022-23)	RCD, Gujranwala	22,795,000	38,341,000	26,214,250	12,126,750	46.26
Total		**51,665,232**	**113,657,064**	**59,415,017**	**54,242,047**	

Violation of the PPRA resulted in irregular enhancement of contract amounting to Rs 54,242,047.

Audit pointed out the irregular enhancement of contract in September 2022.

The paras were discussed in the SDAC meetings held in December 2022. The department explained that enhancement was made by the competent authority. Audit contended that department enhanced the scope of work more than 15% in violation of the PPRA's clarification. The Committee directed the department to get the matter probed by concerned Superintending Engineer in DP No. 297, and in the remaining cases, refer the matter to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Irregularities resulting in undue financial benefit to contractors

2.4.2.24 Non-revalidation of performance securities – Rs 36.807 million

As per clause 7 of contract agreement, the performance security deposit / additional performance security deposit lodged by a contractor (in cash or/other form) shall be refunded to him after the expiry of three months after the issue of the certificate of completion of the work under Clause 40 hereof by the Engineer-in-charge or along with the final bill if it is prepared after that period on account of some unavoidable circumstances.

Executive Engineers, Highways Divisions, Muzaffargarh and Attock, awarded various works to different contractors and obtained performance securities in the shape of bank guarantees which expired during execution of works but were not got revalidated.

Violation of the contract agreement resulted in non-revalidation of performance securities amounting to Rs 36,806,989.

Audit pointed out the non-revalidation of performance securities in March 2022.

The paras were discussed in the SDAC meetings held in June and July 2022. The department explained that works were completed within the validity period of performance/additional performance guarantees. Audit contended that the guarantees were expired and were not revalidated as per available record. The Committee directed the department to get the matter probed by Superintending Engineer concerned to fix responsibility on account of non-revalidation of the performance securities. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.29&151(2021-22)

2.4.2.25 Undue benefit by granting inadmissible mobilization advance – Rs 10.000 million

As per para (v) of FD's notification vide No. R.O(Tech)F.D. 18-44/2006 dated 07.12.2007, mobilization advance is payable on submission of bank guarantee, and the recovery thereof shall commence after the lapse of 20% of the contract period or after the execution of 20% of the works (in financial terms), whichever is earlier. The rate of recovery shall be 25% of the value of work done in each interim payment certificate (running bills).

Executive Engineer, Highways Division, Attock awarded the contract for Rs 218,068,000 on 17.04.2021 and paid mobilization advance for Rs 10,000,000 through 4th running bill dated 22.06.2021. Audit observed that the mobilization advance was required to be paid before the start of works but the department paid the advance after execution of 25% of works.

Violation of the FD's instructions resulted in grant of inadmissible mobilization advance amounting to Rs 10,000,000.

Audit pointed out the lapse in March 2022.

The para was discussed in the SDAC meeting held on 09.06.2022. The department explained that only 5% mobilization advance was granted to the contractor which was recovered later on. Audit contended that the advance was granted after execution of 25% of the works. The Committee directed the department to get the matter probed by Superintending Engineer concerned within 15 days for fixing responsibility on account of granting mobilization advance after execution of works. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.25(2021-22)

2.4.2.26 Undue financial benefit due to grant of secured advance at higher rates – Rs 9.369 million

According to para 2.98 of B&R Department Code and clause 45 of the contract agreement, "secured advance can be granted on the security of material brought at site @ 75% of material cost".

Executive Engineer, Highways Division, DG Khan, in three (03) cases, granted secured advance for the item "*Tuff pavers*" for Rs 36,149,593 on the basis of composite/quoted rates. Audit observed that admissible amount of secured advance based on material input rates was Rs 26,780,834.

Violation of the B&R Code resulted in undue financial benefit amounting to Rs 9,368,759.

Audit pointed out the undue financial benefit in September 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that secured advance was granted after adding premium of the contractor. Audit informed that the department was required to grant secured advance on material rates only. The Committee directed the department to recover the secured advance along with markup at the rate of 12.5% p.a. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery with markup besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.365(2022-23)

Irregularities resulting in loss to government

2.4.2.27 Loss due to less recovery of toll collection and surcharge thereon – Rs 44.193 million

As per condition No. 22 of the contract agreement for auction of the right for a collection of toll tax, the lessee shall pay the bid sum as contract money to the executive engineer as a total amount of the bid money in twelve equal instalments in the state bank of Pakistan/bank conducting government business/treasury under the head C02712 toll on roads and bridges highway department in addition to the 10% income tax. In case the lessee fails to pay in full the monthly instalments, a fine at the rate of 15% of the amount due for the particular month for each day of delay in payment of monthly instalment after which the contract shall stand rescinded automatically and the earnest money shall stand forfeited to the government.

Executive Engineer, Road Construction Division, Gujranwala awarded a toll collection contract for Rs 86,500,000 for the period from 16.11.2019 to 30.06.2020 (228 days). Audit observed that the contractor deposited only Rs 52,507,000 and then defaulted. The department neither encashed the bank guarantee nor recovered the balance amount of Rs 44,193,000 (Rs 33,933,000 plus surcharge Rs 10,200,000) from the contractor.

Violation of the contract agreement resulted in loss amounting to Rs 44,193,000.

Audit pointed out the loss in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that the matter was sub-judice. Audit contented that the departmental stance was not based on facts as no record had been produced regarding adjudication. Therefore, the recovery ought to be made from the contractor as per the agreement. The Committee directed the department to pursue the case vigorously for effecting the recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.429(2022-23)

2.4.2.28 Loss due to less realisation of revenue from toll collection – Rs 5.900 million

As per Chief Engineer, Highway Department, Memo No. 302/P dated 16.02.2022, the reserve price for auction of toll plaza (Gujranwala

Sialkot Road Sialkot bypass Nandipur) during the period 2021-22 (365 days) was Rs 321,287 per day for toll collection.

Executive Engineer, Road Construction Division, Gujranwala collected revenue from toll through departmental officials with the average collection of Rs 290,560 per day. Audit observed that reserve price of Rs 321,287 per day was approved by the Chief Engineer. The department was required to collect revenue at least to the extent of reserve price.

Violation of reserve price resulted in loss amounting to Rs 5,899,517.

Audit pointed out the loss in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that the collection was made on actual traffic count. Audit contended that the per day collection was far less than the reserve price assessed on actual traffic count. The Committee directed the department to get the matter probed by Superintending Engineer, Highway Circle, Gujranwala regarding difference of amount in collection/recovery and reserve price. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.456(2022-23)

Miscellaneous irregularities

2.4.2.29 Unauthorised expenditure due to payment beyond yardstick fixed by FD – Rs 94.832 million

As per FD's notification No. FD(D-1)4-7/2013-14 dated 04.03.2014, the revised yardstick for annual maintenance of road works was Rs 176,000 per km with an addition of 9% for special repairs.

Executive Engineer, Highways Division, Pakpattan paid for special repair of various roads having a total length of 28 km at the rate of Rs 3,578,714 per km. Audit observed that as per the FD's notification the payment was required to be made at the rate of Rs 191,840 per km.

Violation of the yardstick resulted in unauthorised expenditure amounting to Rs 94,832,480.

Audit pointed out the unauthorised expenditure in September 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department explained that the works were executed as per approved TS estimate. Audit contended that the notified yardstick was violated. The Committee directed the department to refer the case to FD for clarification regarding approved yardstick for special repair of road. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.495(2022-23)

2.4.2.30 Irregular payment due to excess quantity – Rs 35.239 million

As per additional condition No. 14 of contract agreement read with FD letter No. RO(Tech)FD.1-2/83-VI dated 29.03.2005, works will be executed strictly according to the scope and provisions of TS estimate. Item of works executed in violation of provision of the sanctioned estimate in respect of location, scope, specifications, quantity and rate would not be entered nor paid by the field formation without prior approval by competent authority.

Executive Engineer, Highways Division, Gujrat paid for the item *"Steel for RCC bore pile with different diameters"* for quantity of 671774 kg and 7791 rft instead of 572782 kg and 1591 rft, respectively. Audit observed that the department measured and paid excess quantities than provided in the TS estimate without prior approval of the competent authority.

Violation of the FD's instructions resulted in irregular payment amounting to Rs 35,238,787.

Audit pointed out the irregularity in August 2022.

The para was discussed in the SDAC meeting held on 29.11.2022. The department explained that revised TS was under process. Audit contended that the department made payment of excess quantities without prior approval of the competent authority. The Committee directed the department to produce revised TS estimate and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum and strengthening internal controls to avoid the recurrence of such issues.

DP No.201(2022-23)

2.4.2.31 Inadmissible payment for establishment/operations of lab – Rs 2.600 million

As per additional condition No. 09 of the contract agreement, the contractor shall provide and maintain a field control laboratory at the site of work with necessary accommodation and requisite sets of equipment and trained personnel to carry out day-to-day tests. The contractor shall make the above equipment available to the Engineer's representative free of cost, for any testing that he may direct to be carried out by the contractor.

Executive Engineer, Road Construction Division, Gujranwala paid Rs 2,600,000 on account of establishment/operations of the project's lab for material testing in violation of the contract agreement clause which stipulated that the same was the responsibility of the contractor.

Violation of the contract agreement resulted in inadmissible payment amounting to Rs 2,600,000.

Audit pointed out the inadmissible payment in October 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that provision of lab was provided in the TS estimate and accordingly payment was made to the contractor. Audit contended that under additional condition No. 9 of the agreement, the lab was required to be established by the contractor free of cost. The Committee directed the department to refer the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.438(2022-23)

2.4.2.32 Undue financial benefit to consultant due to non-obtaining of insurance guarantee/coverage – Rs 2.465 million

As per rule 54 of PPRA Rules, 2014, the consultant shall be held liable for all losses or damages suffered by the procuring agency on account of any misconduct in performing the consultancy services. The extent of the liability shall form part of consultant and such a liability shall not be less than the remuneration nor it shall be more than the twice of the remuneration. The procuring agency may demand insurance on part of the consultant to cover the liability and necessary costs shall be borne by the consultant.

Executive Engineer, Highways Division, Gujranwala paid various consultants for resident supervision of different ADP schemes in FY 2019-20. Audit observed that the department did not obtain the insurance guarantee from the consultants.

Violation of the contract agreement resulted in undue financial benefit amounting to Rs 2,465,000.

Audit pointed out the undue financial benefit in October 2022.

The para was discussed in the SDAC meeting held on 02.12.2022. The department explained that performance bond had been obtained from the consultants. Audit contented that the performance bond was not a substitute for insurance guarantee. The Committee directed the department for provision of insurance guarantee and get the matter regularized from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.282(2022-23)

CHAPTER – 3

HOUSING, URBAN DEVELOPMENT & PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Introduction

A. Description of Department

The Housing, Urban Development & Public Health Engineering Department, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business:

i. Urban & regional spatial planning, classification & reclassification of land use by development authorities, development of low-cost housing schemes, regulation of private housing schemes falling in the jurisdiction of development authorities, housing loans and investments and matters related to development authorities/agency/company as reflected in Schedule-I.

ii. Planning, designing, constructions, maintenance, annual/special repair of all office/residential building relating to HUD&PHE department.

iii. Dealing with matters relating to public health engineering including its establishment.

iv. Provision of drinking water, drainage & sanitation facilities and legislation/policy matters related thereto.

v. Maintenance and development of parks, green belts, other open spaces and to regulate outdoor advertisement sector wherever assigned.

vi. Administration of the following laws and the rules framed thereunder:

   a. The Town Improvement Act 1922 (IV of 1922).
   b. The Lahore Development Authority Act 1975 (XXX of 1975).
   c. The Punjab Development of Cities Act 1976 (XIX of 1976).

d. The Management and Transfer of Properties by Development Authorities Act 2014(XIX of 2014).
e. The Punjab Housing and Town Planning Agency Ordinance 2002 (LXXVIII of 2002).
f. The Bahawalpur Development Authority Act, 1991(XI of 1991).
g. The Parks and Horticulture Authority Act 2012 (XLVII of 2012).
h. The Lahore Canal Heritage Park Act 2013 (XV of 2013).
i. The Fort Monroe Development Authority Act 2016 (XXIII of 2016).

The HUD&PHE Department is the administrative department of twenty-five authorities (Development and Horticulture). Moreover, three companies fall under the purview of the department, viz. Punjab Land Development Company, Punjab Saaf Pani Company North and Punjab Saaf Pani Company South. The Secretary HUD&PHE Department is the Principal Accounting Officer.

Table 3.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Audited Expenditure	Audited Revenue/ Receipts
1	**Formations: Phase-I**				
	HUD	203	16	32,565.510	15,295.10
	PHE	49	13	4,949.530	42.83
	Sub-total		29	37,515.040	15,337.93
	Phase-II				
	HUD		19	4,782.630	246.06
	PHE		02	464.040	-
	Sub-total		21	5,246.670	246.06
	Grand Total	**252**	**50**	**42,761.710**	**15,583.99**

B. Comments on Budget and Accounts (Variance Analysis)

B(i). Housing Urban Development (HUD)

Sixteen (16) development authorities and five (5) agencies under the HUD are autonomous bodies. The entities utilize own resources as well as ADP funds.

In FY 2021-22, the HUD Department received development and non-development allocations both. The authorities also utilized funds generated through indigenous resources. However, the department could not utilize development budget and non-development budget to the extent of 43.80% and 32.54%, respectively. Budgetary position in FY 2021-22 is presented below:

Table 3.2: Variance analysis (HUD) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development	55,091.190	54,951.290	37,072.250	(17,879.040)	(32.54)
Development	49,492.200	49,492.200	27,815.630	(21,676.570)	(43.80)
Total	**104,583.390**	**104,443.490**	**64,887.880**	**(39,555.610)**	**(37.87)**

Source: Departmental figures (FY 2021-22)

B(ii). Public Health Engineering (PHE) Department

In FY 2021-22, the PHE Department received development and non-development allocations both. However, the department could not utilize development budget and non-development budget to the extent of 1.24% and 11.63%, respectively. Grant wise budgetary position in FY 2021-22 is presented below:

Table 3.3: Variance analysis (PHE) *(Rs in million)*

Grant No. and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grant					
PC-21017	2,918.436	2,665.616	2,387.830	(277.786)	(11.63)
Development Grant					
PC-22036	18,739	41,377.799	40,866.266	(511.533)	(1.24)
Total	**21,657.436**	**44,043.415**	**43,254.096**	**(789.319)**	**(1.79)**

Source: Departmental figures (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 43,079.643 million were raised as a result of audit of HUD&PHE Department. This amount also includes recoveries of Rs 28,874.975 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 3.4: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	2,862.643
(ii)	Irregularities resulting in non-recoveries	26,012.332
(iii)	Irregularities relating to undue financial benefit to contractor	6,704.493
(iv)	Irregularities resulting in loss to government	1,692.631
(v)	Irregularities relating to procurements	456.117
(vi)	HR/Employees related irregularities	1.931
(vii)	Miscellaneous irregularities	5,349.496
	Total	**43,079.643**

3.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1960-61 to 2019-20 (excluding years not discussed in PAC) is as under:

Table 3.5: Lahore Development Authority (LDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	265	-	265	-
2	2000-01	5	-	5	-
3	2001-02	3	-	3	-
4	2003-04	4	-	4	-
5	2005-06	7	-	7	-
6	2006-07	9	-	9	-
7	2009-10	26	-	26	-
8	2010-11	24	-	24	-
9	2011-12	42	-	42	-
10	2012-13	62	-	62	-
11	2013-14	30	-	30	-
	Total	**477**	**-**	**477**	-

Table 3.6: Faisalabad Development Authority (FDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1985-86 to 1999-2000	159	-	159	-
2	2000-01	3	-	3	-
3	2001-02	5	-	5	-
4	2003-04	2	-	2	-
5	2005-06	2	-	2	-
6	2006-07	2	-	2	-
7	2009-10	6	-	6	-
8	2010-11	7	-	7	-
9	2011-12	9	-	9	
10	2012-13	1	-	1	-
11	2013-14	16	-	16	-
	Total	**212**	-	**212**	

Table 3.7: Multan Development Authority (MDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1982-83 to 1999-2000	57	-	57	-
2	2000-01	4	-	4	-
3	2001-02	1	-	1	-
4	2003-04	2	-	2	-
5	2006-07	1	-	1	-
6	2010-11	19	-	19	-
7	2011-12	1	-	1	-
8	2013-14	35	-	35	-
9	2014-15	2	-	2	-
10	2019-20	6	-	6	-
	Total	**128**	**-**	**128**	-

Table 3.8: Gujranwala Development Authority (GDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1995-96	9	-	9	-
2	2000-01	1	-	1	-
3	2011-12	4	-	4	-
4	2013-14	3	-	3	-
	Total	**17**	-	**17**	-

Table 3.9: Rawalpindi Development Authority (RDA)

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1997-98	1	-	1	-
2	2011-12	2	-	2	-
3	2012-13	5	-	5	-
	Total	**8**	-	**8**	-

Table 3.10: PHATA

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1968-69 to 1999-2000	166	-	166	-
2	2000-01	1	-	1	-
3	2001-02	9	-	9	-
4	2009-10	4	-	4	-
5	2010-11	7	-	7	-
6	2013-14	21	-	21	-
	Total	**208**	**-**	**208**	**-**

Table 3.11: Public Health Engineering

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1960-61 to 1999-2000	536	-	536	-
2	2000-01	15	-	15	-
3	2001-02	15	-	15	-
4	2009-10	22	-	22	-
5	2010-11	39	-	39	-
6	2011-12	27	-	27	-
7	2013-14	55	-	55	-
	Total	**709**	**-**	**709**	**-**

3.4 AUDIT PARAS

3.4.1 Lahore Development Authority, Lahore

Irregularities

Irregularities resulting in overpayments

3.4.1.1 Overpayment due to non-deduction of dressing/ re-filling component – Rs 8.520 million

According to rule 7.29 of DFR Volume-I, before signing the bill, SDO should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

3.4.1.1.1 Director Engineering, LDA, UD Wing, Lahore, paid Rs 26,366,403 for the item *"Regular excavation dressed"* for 181197 cubic metre. Audit observed that, in five (05) cases, the dressing component was not required and, therefore, the same was to be deducted from the rate of the item.

Violation of the DFR resulted in overpayments amounting to Rs 3,309,054.

Audit pointed out the overpayments in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues in future.

DP No.732,746,752,769&786(2022-23)

3.4.1.1.2 Directors Engineering and ADS-I, LDA, UD Wing, Lahore paid Rs 11,807,301 for the item *"Excavation in foundation of building bridges and other structure"* for 41472 cubic metre. Audit observed that, in three (03) cases, the excavated earth was not required to be re-filled, therefore, the re-filling component was required to be deducted.

Violation of the DFR resulted in overpayments amounting to Rs 5,211,224.

Audit pointed out overpayments in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues in future.

DP No.642,743&748(2022-23)

3.4.1.2 Overpayment due to allowing inadmissible items – Rs 1.096 million

As per items No 411 to 413 of the Specifications of Road & Bridges structure, the rate of the embankment is inbuilt of clearing & grubbing at site, which may read with remarks column of item No. 3 of "Earthwork in ordinary soil for embankments…" in which the rate includes clearing and grubbing content and dressing to the designed section, complete in all respect.

Director ADS-I, LDA UD Wing, Lahore paid Rs 1,096,149 for the item *"Clearing and grubbing the earth"* for a quantity of 30499 square foot. Audit observed that the said payment was unwarranted as the item *"Earthwork in ordinary soil for making embankment including ploughing, mixing etc."* was paid which already included clearing and grubbing.

Violation of Specifications resulted in the overpayment amounting to Rs 1,096,149.

Audit pointed out the overpayment in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

DP No.650(2022-23)

3.4.1.3 Overpayment against unexecuted quantity of Asphalt Wearing Course – Rs 1.030 million

According to rule 7.29 of DFR Volume-I, before signing the bill, SDO should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Director ADS-I, LDA, UD Wing Lahore paid Rs 23,324,360 for the item *"P/L asphalt wearing course"* for 1175 cubic metre. Audit observed that a subsequent item of tack coat was executed for a quantity of 22460 square metre; therefore, the area available for AWC (with 2 inches or 0.05 meter thickness) was 1123 cubic metre only.

Violation of the DFR resulted in the overpayment amounting to Rs 1,030,470.

Audit pointed out the overpayment in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

DP No.632(2022-23)

Irregularities resulting in non-recoveries

3.4.1.4 Non-recovery of cost of vehicles from the contractors – Rs 92.200 million

As per clause 37 of the additional clauses of the bidding/contract document, the contractor was bound to provide vehicles to the employer within one week of the signing of the contract agreement for each package of the work.

Directors, Engineering and ADS-II, LDA, UD Wing, Lahore, awarded contracts amounting to Rs 3,345.368 million to different contractors in which the contractors were required to provide vehicles for supervisory staff. Audit observed that the contractors neither provided the vehicles nor the authority recovered the cost of vehicles from the contractors. The detailed is as under:

(Amount in Rs)

Sr. No	DP No.	Vehicles	No. of Vehicles	Tentative Rate	Amount
1	680 (2022-23)	1300CC	4	4,328,000	17,312,000
2		1000CC	4	3,569,000	14,276,000
3	777 (2022-23)	Kia Sportage or Hyundai	2	7,149,000	14,298,000
4		Toyota Yaris or Honda City	2	4,609,000	9,218,000
5		Suzuki Cultus	2	2,754,000	5,508,000
6	779 (2022-23)	1300CC	4	4,328,000	17,312,000
7		1000CC	4	3,569,000	14,276,000
				Total	**92,200,000**

Violation of the contract agreement resulted in non-recoveries amounting to Rs 92,200,000.

Audit pointed out the non-recoveries in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

Miscellaneous irregularities

3.4.1.5 Undue blockage of funds – Rs 2,344.498 million

According to Rule 290 of Treasury Rules (Volume-I), "no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants". In addition, as per rule 8 of Treasury Rules (Volume-II), money should not be drawn in advance or more than immediate requirements or merely, to prevent a lapse of funds.

Director Finance, LDA, UD-Wing Lahore had been holding an amount of Rs 2,344.498 million under the head ADP/Deposit funds against various works for long. Audit observed that only Rs 49.337 million was utilized during the FY 2021-22.

Violation of the rules resulted in undue blockage of funds amounting to Rs 2,344.498 million.

Audit pointed out undue blockage of funds in October 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that the works were not executed because an electrical cable (132 KV) was to be laid by LESCO in front of Shalimar Garden. Audit reiterated its earlier stance and contended that the authority did not produce any record. The Committee directed the authority to produce the record for verification to Audit and to timely surrender the funds in the current financial year if not utilized. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the Committee's directives besides fixing responsibility and strengthening internal controls to prevent the recurrence of this issue.

DP No.625(2022-23)

3.4.1.6 Non-imposition of penalty due to delay in completion of works – Rs 255.696 million

As per clause 39(a) of the contract agreement, the time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor. In case of non-compliance with the schedule of work or programme, the contractor shall pay as compensation an amount equal to one per cent of the amount of the contract subject to a maximum of 10%.

Director ADS-II, LDA, UD-Wing, Lahore awarded various contracts amounting to Rs 2,556,961,000 under "Construction of LDA City Naya Pakistan Apartments, Lahore" in April 2021 with a stipulated period of ten (10) months. Audit observed that after a lapse of one year, only 11% of the works had been executed. Further, the authority neither imposed penalties amounting to Rs 255,696,100 at the rate of 10% of contract cost nor took any action against the contractors.

Violation of the contract agreement resulted in non-imposition of the penalties amounting to Rs 255,696,100.

Audit pointed out non-imposition of the penalty in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

DP No.685(2022-23)

3.4.1.7 Unjustified payment due to inadmissible item – Rs 5.464 million

According to clause 14 of the contract agreement, "the contractor is expected to make himself acquainted with the weather conditions, etc., and make his arrangements in such a manner that unfinished work is not in danger from storms, floods, etc. A claim by the contractor for a loss caused by any such eventuality will not be entertained by the Government" and according to clause 20 of the contract agreement "The contractor shall indemnify and keep indemnified the Government against all losses and claims for injuries or damage caused to any person or any property whatever".

Director Engineering, LDA, UD Wing Lahore paid Rs 5,464,257 for the items viz. *"Wax based curing compound (2 coats)"* and *"Safety/protection measure for electric poles"*. Audit observed that the contractor was responsible for protection of works/property. Therefore, the payment was unjustified.

Violation of contract agreement resulted in unjustified payments amounting to Rs 5,464,257.

Audit pointed out unjustified payments in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

DP No.736&738(2022-23)

3.4.1.8 Unjustified payment of shifting of utility services – Rs 3.337 million

According to additional conditions of contract agreement, “Work will be executed strictly according to the scope and provisions of technically sanctioned estimate. Item of work executed in violation of provision of the sanctioned estimate in respect of location, scope, specification, quantity and rate would not be entered nor paid by the field formation”.

Director ADS-I, LDA, UD-Wing Lahore paid Rs 3,336,837 for the items viz. *“Shifting of water connections”, “Shifting of Sui gas connections”,* and *“Shifting of Sewer connection”*. Audit observed that the items were not in the original TS estimate and paid as non-BOQ items, which was not admissible and tantamount to change in scope.

Violation of the contract agreement resulted in the unjustified payment amounting to Rs 3,336,837.

Audit pointed out the unjustified payment in October 2022.

SDAC meeting was not scheduled despite repeated reminders.

Audit recommends early recovery.

DP No.660(2022-23)

3.4.2 Water & Sanitation Agency, Lahore

Irregularities

Irregularities resulting in non-recoveries

3.4.2.1 Non-recovery of income tax – Rs 1.397 million

As per FBR's clarification vide No.5/WHT-U-03 dated 24.04.2018, the income tax was required to be deducted from the contractors on the gross value of work done including amount of PST u/s 153 of Income Tax Ordinance 2001.

Director Construction-II, Water and Sanitation Agency (WASA), LDA, Lahore paid various contractors for different works without ensuring strict observance of tax rules. Audit observed that the agency deducted the income tax by excluding the amount of PST. The detail is as under:

(Amount in Rs)

DP No.	Sub-para No.	Amount of PST	Income Tax @ 7.5%
3 (2021-22)	4	7,980,533	598,540
	13	7,328,832	549,662
	27	1,016,873	76,265
		2,304,303	172,823
		Total	**1,397,290**

Violation of the FBR's instructions resulted in non-recovery of income tax amounting to Rs 1,397,290.

Audit pointed out the non-recovery in January 2022.

The para was discussed in the SDAC meeting held on 11.08.2022. The agency explained that income tax and PST were deducted from each payment as per prescribed rates. Audit informed that agency did not deduct income tax on gross amount by including PST as per section 153 (1) (b) of Income Tax Ordinance, 2001. The Committee directed the agency to recover income tax as per rules. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Miscellaneous irregularities

3.4.2.2 Non-auction of unserviceable material (copper wire) – Rs 41.982 million

According to para 4.40 of the Public Works Department Code, the auction of unserviceable material should be made on book value nearer to the market value/rates after approval of the survey report from the competent authority.

Director P&S, WASA, LDA, Lahore did not auction copper wire for a quantity of 27988 kg amounting to Rs 41,982,000 (27988 kg x Rs 1,500 approximately) despite lapse of 3 years.

Violation of the PWD Code resulted in non-auction of copper wire amounting to Rs 41,982,000.

Audit pointed out the non-auction in January 2022.

The para was discussed in the SDAC meeting held on 11.08.2022. The agency explained that auction process was underway. Audit emphasized expediting auction process. The Committee directed the agency to expedite the matter. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.64(2021-22)

3.4.3 Parks & Horticulture Authority, Lahore

Irregularities

Irregularities resulting in overpayments

3.4.3.1 Overpayment due to inadmissible contractor's profit – Rs 3.849 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 03.03.2005,read with FD's notified template for electrical items in 2022, 12.5% contractor profit and overhead charges are allowed.

Director Finance, Parks and Horticulture Authority (PHA), Lahore paid for various non-scheduled items without ensuring strict observance of applicable requirements. Audit observed that the authority prepared the rate analyses of electric items by including 20% contractor's profit and overhead instead of 12.5%.

Violation of the FD's instructions resulted in overpayments amounting to Rs 3,848,857.

Audit pointed out the overpayments in February 2022.

The paras were discussed in the SDAC meeting held in August and December 2022. The authority explained that 10% contractor's profit and 10% overhead charges were included in the rates after approval of competent authority. Audit informed that the authority paid contractor's profit and overhead charges at the rate of 20% instead of at the rate of 12.5%. The Committee directed the authority, in DP No. 164, to inquire the matter by Director Engineering and Deputy Secretary (Technical) within 15 days, and in DP No. 345, to recover the amount at the rate of 7.5%. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.143,164&345(2021-22)

Irregularities resulting in non-recoveries

3.4.3.2 Non-recovery of 1% tree plantation and horticulture charges – Rs 513.850 million

As per Chief Minister Punjab's directives No.PSO/DS/ CMS/11/0T47 (B) 0104636 dated 11.07.2011 and HUD & PHE Department's letter No. SO(UD)1-29/2011 dated 05.12.2018, executing authorities/agencies were liable to make a provision of 1% for tree plantation and horticulture works in the estimates of the development schemes and subsequent transfer of the same to Parks and Horticulture Authority Lahore at the start of work.

Director Finance, PHA, Lahore was required to receive 1% of the cost of development schemes for tree plantation and horticulture charges amounting to Rs 513,850,000 from LDA and WASA Lahore. Audit observed that the charges were not recovered.

Violation of the Chief Minister's directives resulted in non-recoveries amounting to Rs 513,850,000.

Audit pointed out the non-recoveries in February 2022.

The paras were discussed in the SDAC meeting held on 10.08.2022. The authority explained that matter had already been taken up with concerned authorities. Audit contended that the matter had been inordinately delayed. The Committee directed to inquire the matter through Director Administration (PHA) and Deputy Secretary (HUD&PHED) within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.131&163(2021-22)

3.4.3.3 Non/less recovery of shops sign boards/advertisement fee – Rs 27.363 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Marketing, PHA, Lahore, in eight (8) cases, did not collect shops sign boards/advertisement fee from various business entities.

Violation of the PFR resulted in non-recoveries amounting to Rs 27,363,363.

Audit pointed out the non-recoveries in February 2022.

The paras were discussed in the SDAC meeting held on 10.08.2022. The authority, in seven (07) cases, admitted recovery and intimated that Rs 1,600,000 had been recovered, in DP No. 56, explained that the matter was sub-judice in court. Audit informed that no record had been produced to substantiate the recovery. The Committee directed the authority to get the record verified besides holding inquiry through Director Administration and DS Coordination (HUD) within 15 days and to pursue the matter vigorously in the court of law. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.46,51,53,55,56,166,167&168(2021-22)

Irregularities resulting in undue financial benefit to contractors

3.4.3.4 Undue benefit due to obtaining less amount of additional performance guarantee – Rs 1.670 million

As per general direction, No. 26(A) of the agreement, read with FD's letter No. RD(Tech)FD-1-2/83/VI(P) dated 24.01.2006, if a contractor quotes his rates 5% or more below the estimated rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance.

Director Engineering, PHA, Lahore, awarded the contract at 16% below TS estimate. Audit observed that the authority obtained additional performance guarantee amounting to Rs 2,800,000 instead of Rs 4,469,850.

Violation of the FD's instructions resulted in undue benefit to the contractor amounting to Rs 1,669,850.

Audit pointed out the undue benefit in February 2022.

The para was discussed in the SDAC meeting held on 10.08.2022. The authority produced the orders of Lahore High Court dated 08.06.2021 elaborating that 10% additional performance security had to be obtained. Audit informed that the orders of LHC were issued with reference to a specific contractor of the LG&CD. The Committee directed the authority to get the irregularity condoned from FD within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.86(2021-22)

Miscellaneous irregularities

3.4.3.5 Non-return of loan by PHA Rawalpindi to PHA Lahore – Rs 12.000 million

As per para 9 and 10 of the Summary to Chief Minister dated 22.05.2012, a loan amounting to Rs 12,000,000 out of the fund of PHA Lahore was approved for PHA Rawalpindi, which was to be returned in the next financial year 2012-13.

Director Finance, PHA, Lahore gave a loan amounting to Rs 12,000,000 to PHA Rawalpindi on 24.05.2012 which was to be returned by 30.06.2013. Audit observed that the authority did not make any effort for recovering the loan.

Violation of the Chief Minister's instructions resulted in non-return of loan amounting to Rs 12,000,000.

Audit pointed out the non-return of loan in February 2022.

The para was discussed in the SDAC meeting held on 10.08.2022. The authority explained that PHA Rawalpindi was requested several times for payment of loan amount. Audit contended that the matter had been inordinately delayed. The Committee directed the authority to expedite repayment of loan through administrative department. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.134(2021-22)

3.4.3.6 Irregular payment due to non-approval of rate analysis – Rs 11.288 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Directors, Finance and Engineering, PHA, Lahore, in seven (07) cases, paid for various non-standardised items. Audit observed that the authority neither got approval of the rate analyses nor sent the same to FD for vetting and standardization.

Violation of the FD's instructions resulted in irregular payments of Rs 11,287,965.

Audit pointed out the irregular payments in January 2022.

The paras were discussed in the SDAC meeting held on 10.08.2022. The authority explained that rate analyses were available. Audit contended that the authority did not produce the approved rate analyses. The Committee directed the authority to, in DP No. 74 and 76, constitute a committee comprising Director (Engineering) and Deputy Secretary (Technical) to conduct an inquiry and report within 15 days, and in four (04) cases, rationalize the rates incorporated in the rate analysis on the basis of quotation/input rates and get them standardised from FD within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XV)

3.4.4 Ravi Urban Development Authority, Lahore

Irregularities

Irregularities resulting in non-recoveries

3.4.4.1 Non-recovery of mobilization advance – Rs 156.750 million

As per Para-5 of notification issued by the FD vide No. RO(Tech)F-D.18-44/2006 dated 07.12.2007, recovery of mobilization advance shall commence after the lapse of 20% of contract period or after the execution of the 20% of the works (in financial terms) whichever is earlier. Further, according to clause 60.11(d)(i), proportional recovery through amortization at 10% of each invoice until the full advance payment has been recovered.

Chief Executive Officer, Ravi Urban Development Authority (RUDA), Lahore awarded the contract “Development of river training works along sapphire bay (Zone-3)” to a contractor amounting to Rs 3,135 million on 01.12.2021 with completion time of twelve (12) months. The authority granted mobilization advance to the contractor on 03.03.2022 amounting to Rs 156,750,000. Audit observed that though more than twenty percent (20%) of contract period had elapsed, recovery of the advance had not been started.

Violation of the FD’s instructions resulted in non-recovery of mobilization advance amounting to Rs 156,750,000.

Audit pointed out the non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that work was halted due to litigation. Audit contended that the authority had not produced any record to substantiate its stance. Further, more than 90% of contract period had elapsed; therefore, penalty shall be imposed as per agreement besides recovery of advance from the contractor. The Committee directed the authority to recover the advance and get it verified from

Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.583(2022-23)

3.4.4.2 Non-recovery of cost from contractor for non-provision of facilities – Rs 5.294 million

According to Special Provision (SP) No. 20 of the contract agreement, the contractor will provide a site office for the employer/engineer and transportation facilities with POL.

Chief Executive Officer, RUDA, Lahore awarded the contract "Development of river training works along sapphire bay (Zone-3)" to a contractor amounting to Rs 3,135,000,000. Audit observed that various facilities e.g., site office along with all facilities, rent of vehicle and POL charges were to be provided by the contractor at site which had not been provided and the authority did not recover the cost from the contractors. The detail is as under:

(Amount in Rs)

Sr. No.	Name of Facilities	Qty	Rent of vehicles	Amount	Amount for 06 month
1	Site office along with all facilities as per agreement (LS)	1	-	-	2,000,000
2	Rent of Vehicle	4	120,000	480000	2,880,000
3	POL Charges upto 300 Littre	300	230	-	414,000
				Total	**5,294,000**

Violation of the contract agreement resulted in non-recovery amounting to Rs 5,294,000.

Audit pointed out the non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority admitted the recovery. Audit contended to expedite the recovery. The Committee directed the authority to recover the cost of non-provision of facilities from contractors and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.587(2022-23)

3.4.4.3 Non-deduction of PST – Rs 4.128 million

As per amendment letter No. PRA/MTN/6707 dated 24.08.2017, the rate of Punjab Sales Tax for construction works and maintenance & repair works was required to be deducted at the rate of 5% and 16%, respectively.

Chief Executive Officer, RUDA, Lahore made payment amounting to Rs 82,560,000 for legal services. Audit observed that PST at the rate of 5% was not withheld by the authority while making payment on account of legal charges/legal services.

Violation of the PRA instructions resulted in non-deduction of PST amounting to Rs 4,128,000.

Audit pointed out the non-deduction of PST in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that the matter was sub-judice. Audit contended that the taxes ought to be deducted. The Committee directed the authority to proactively follow the matter in court and take action as per direction of the court. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.592(2022-23)

Irregularities relating to procurements

3.4.4.4 Mis-procurement/irregular payment due to violation of PPRA Rules – Rs 331.882 million

As per section 12 and 26 of PPRA Rules 2014, the selection process of a firm or consultants in a short consultancy, where the cost of consultancy does not exceed Rs 3,000,000, shall be carried out by considering at least three quotations. Any procurement exceeding Rs 3,000,000 shall be advertised on the authority's website, the procuring agency's website, and in at least two national daily newspapers (in English and Urdu) of wide circulation.

Chief Executive Officer, RUDA, Lahore, in eleven (11) cases, made payments to various contractors for different procurements in FY 2021-22. Audit observed that authority made irregular procurements through quotations instead of competitive bidding.

Violation of the PPRA rules resulted in irregular payments amounting to Rs 331,882,325.

Audit pointed out the irregular payments in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that the procurements had been made under RUDA Procurement Regulations 2020 duly approved by the Board of RUDA in light of the RUDA Act 2020. Audit contended that no cogent reasons were given by the authority that warranted formulation of separate procurement regulations. These procurement regulations were against the principles of transparency and competition as enshrined in the PPRA Act 2009 and the PPRA Rules 2014. In fact, the regulations did not conform to Article 18 of the Constitution of Pakistan, which gives a right to every citizen to enter into lawful trade. All development authorities such as LDA, IDAP etc. followed prescribed PPRA Rules even for works of urgent nature. This trend may tempt other authorities to develop their own procurement regulations and that would result in diluting universal applicability of PPRA rules which has the mandate to regulate procurement of goods, services and works in public sector in whole of the Punjab. Further, as per section 23 of the PPRA Act 2009, exemption was to be obtained from PPRA Board to make the procurements exempt from application of the PPRA Rules 2014. It is pertinent to mention here that quorum of RUDA Board was not complete when the regulations were placed before the Board and the MOM were not signed. Therefore, approval of the regulations was also not proper. In the instant cases, the authority had not even followed these regulations which prescribed tendering in case of procurement above Rs 10,000,000. In all these cases the authority had committed splitting to avoid tendering. The Committee directed the authority to place the matter before the RUDA Board which shall revisit the rationale for having separate regulation and submit a comprehensive report as to why the authority cannot work under PPRA Rules 2014 within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XVI)

Miscellaneous irregularities

3.4.4.5 Non-imposition of penalties on illegal housing schemes – Rs 321.200 million

According to RUDA Act 2020, a person, local body or government agency shall not, within the area, plan or develop any scheme except with the concurrence of the authority. According to section 32 of the Punjab Development of Cities Act 1976 and section 34 (Part-B of the schedule) of the act amended on 13.03.2014, any violation of the act/orders of authorised officers of the authority and allotting selling or using the land for any purpose without the approval of the authority is punishable with imprisonment or with fine through court at the maximum limit 15,000 (fifteen) thousand before 12.03.2014 and after amended in Act on 13.03.2014, the imprisonment for three years or with fine which may extend to one hundred thousand rupees or with both, if in case the accused was directed by the authority for immediate discontinuance of offence the court may impose a further fine which may extend to 10,000 rupees per day by the court.

Chief Executive Officer, RUDA, Lahore identified eighty-eight (88) illegal private housing schemes in FY 2021-22. Audit observed that developers of the housing schemes were carrying out development works as well as selling plots, however, the authority neither took legal action against the developers nor imposed penalties at the rate of Rs 10,000 per day.

Violation of the RUDA Act resulted in non-imposition of penalties against illegal housing schemes amounting to Rs 321,200,000.

Audit pointed out the non-imposition of penalties in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that notices had been sent to some societies and penalties would be imposed in due course when the societies would apply for registration. Audit contented that the authority did not take proactive measures, under section 40 of RUDA Act 2020, against the developers who were carrying out their businesses of construction and sale with impunity. The Committee directed the authority to take action against all illegal housing societies across the board and submit a comprehensive report within 3 months. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.576(2022-23)

3.4.4.6 Unauthorized advance payment – Rs 131.547 million

As per FD's letter No.SO(TT)6-4/2021(036)/18133 dated 18.06.2021, regarding operation of the Assan Assignment Account, no withdrawals from the Assan Assignment Account are permissible as advance withdrawals and withdrawn from the Assan Assignment Account shall only be admissible to discharge validly accrued liability/booked expenditure. Further, according to Rule 290 of Treasury Rules (Volume-I), "no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants". In addition, as per rule 8 of Treasury Rules (Volume-II), money should not be drawn in advance or more than immediate requirements or merely, to prevent a lapse of funds.

Chief Executive Officer, RUDA, Lahore, in ten (10) cases, made advance payments amounting to Rs 131,547,000 in FY 2020-21 on account of buildings rent, lawyers fee, insurance, marketing, printing, water filling and zoom license to various companies/contractors in violation of the rules. The detail is as under:

(Amount in Rs)

Sr. No.	Contractors/venders	Date of Payment	Total Amount
1	Fazleghani Advocates	Misc. dates	43,245,000
2	Masud & Mirza Associates	Misc. dates	29,745,000
3	M. Communication	21.10.2021	17,043,032
4	Mrs. Nasreen – Owner (office Building Rent)	30.09.2021	15,000,000
5	Askari General Insurance	27.04.2022	11,283,658
6	Mrs. Nasreen – Owner (office Building Rent)	07.12.2021	10,000,000
7	National Security for Printing & Publications	01.09.2021	3,861,000
8	Madina Photocopy	24.09.2021	421,560
9	Quarshi	12.04.2022	44,265
10	PTCL	2021-2022	903,850
		Total	**131,547,365**

Violation of the FD's instructions resulted in unauthorized advance payment amounting to Rs 131,547,365.

Audit pointed out the unauthorized advance payment in August 2022.

The para was discussed in the SDAC meeting held on 06.01.2023. The authority explained that Chairman/CEO is fully authorized and empowered to sanction advance drawl. Audit contended that lumpsum advance payments had been made in violation of standing instructions. Further, there was no guarantee that the recipients of these advance payments would not default. For instance, Rs 43,000,000 had been given to a law firm without any agreement or without any security that the firm would not default. The Committee directed the authority that ex-post facto agreements shall be made with the contractors by including guarantee/penalty related clauses if the retrieval of the advances was not possible. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.602(2022-23)

3.4.5 Punjab Central Business District Development Authority, Lahore

Irregularities

Irregularities resulting in overpayments

3.4.5.1 Overpayment due to allowing inadmissible 10% surcharge to CAA – Rs 2,555.258 million

As per para 2(b) of Summary for the Chief Minister dated 14.07.2021, revenue sharing shall be based on a percentage per ownership in net profits with the first three years as grace for development of infrastructure of PCBDDA with GOP share as 57.4% and that of Civil Aviation Authority (CAA) as 42.60%.

Chief Executive Officer, Punjab Central Business District Development Authority (PCBDDA), Lahore transferred/mutated land measuring 52 acres in favour of CAA for sharing money with ratio 42.6% of net profit after a grace period of three years. Audit observed that advance payment was made to CAA on account of share of profit for Rs 2,342,319,375 along with 10% inadmissible surcharge for Rs 212,938,125.

Violation of the Chief Minister's instructions resulted in advance payment amounting to Rs 2,342,319,375 and overpayment of Rs 212,938,125.

Audit pointed out the overpayment in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The Authority explained that Rs 2,342,319,000 including a 10% surcharge of Rs 212,938,000 was paid to CAA as the first charge from a 42.6% share in profits. It would be deducted/adjusted from the profit share after a grace period of three years. Audit contended that the advance payment was made in violation of the Chief Minister's directives wherein payment was to be made after the completion of the grace period. The Committee directed the authority to seek ex-post facto approval from the Chief Minister and get it verified from Audit within

30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.503(2022-23)

Irregularities resulting in non-recoveries

3.4.5.2 Less/non-recovery of auction money, surcharge and earnest money from the bidders – Rs 24,309.060 million

According to clause 2.1 of the contract agreement (Lahore Prime) dated 04.11.2021, the authority agrees to sell, transfer, convey, and assign the absolute title to and unencumbered ownership of the property unto the developer and the developer hereby agrees to purchase and acquire the property from the authority against the payment of purchase price. Further, as per para C(a) of the Information Memorandum (terms & conditions of Lahore Down-Town), upon issuance of the letter of acceptance, the successful bidder shall deposit 10% of the sale price as 1st installment after adjusting the earnest money, within 45 days of its issuance.

Executive Director, Commercial, PCBDDA, Lahore sold twelve (12) plots through open auction to different builders/bidders in FY 2021-22. Audit observed that despite the lapse of due time as per the contract agreement, the authority did not recover the auction money along with surcharge. Moreover, the bidders who did not deposit the 1st installment, the authority also did not forfeit earnest money.

Violation of the contract agreement resulted in non-recovery of Rs 12,006,571,833.

Audit pointed out the non-recovery in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that due dates had been extended by the PCBDDA Board and efforts were being made for effecting recoveries from the bidders. Audit contended that extensions were post bid amendments which were not permitted. Therefore, recovery should be made from the bidders along with a 20% surcharge. The Committee directed the authority to recover the due amounts, i.e., Rs 24,309.060 million along with 20% surcharge (at par of KIBOR rates), by January 2023 and get it verified from Audit within three (03) months. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.516,518&520(2022-23)

3.4.5.3 Non-recovery of mobilization advance – Rs 357.920 million

As per Para-5 of notification issued by the FD vide No.RO(Tech)F-D.18-44/2006 dated 07.12.2007, recovery of mobilization advance shall commence after the lapse of 20% of contract period or after the execution of the 20% of the works (in financial terms) whichever is earlier. Further, according to clause 60.11(d)(i) of the FIDIC agreement, proportional recovery through amortization at 10% of each invoice until the full advance payment has been recovered.

Chief Executive Officer, PCBDDA, Lahore awarded two contracts to M/s NLC with completion time of twelve (12) months. Audit observed that 1st contract was awarded on 29.10.2021 wherein mobilization advance amounting to Rs 70,270,000 was granted which was still outstanding even after lapse of more than 20% period. The 2nd contract was awarded on 15.03.2022, on FIDIC basis, wherein mobilization advance amounting to Rs 287,649,000 was granted but its recovery had not been started.

Violation of the contract agreement resulted in non-recovery of mobilization advance amounting to Rs 357,920,000.

Audit pointed out the non-recovery of mobilization advance in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that the recoveries would be made upon submission of IPCs by the contractors. Audit contended that as per contract agreement, the recovery of mobilization advance was required to be recovered after the lapse of 20% of completion time, hence, recovery be made with 12% surcharge. The Committee directed the authority to effect the recovery from contractors along with 12% surcharge and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.512(2022-23)

3.4.5.4 Non-recovery of cost from contractor for non-provision of facilities – Rs 3.000 million

According to clause 66(1)(2) of contract agreement of other development works i.e. Infrastructure works, the cost of provision of office and transportation facilities shall be deemed to have been covered in the contractor's overhead and profit. Further, as per Special Provision (SP) No. 20 of the contract agreement, the contractor will provide a site office for the employer/engineer and transportation facilities with POL.

Chief Executive Officer, PCBDDA, Lahore awarded the contract "Infrastructure and sewerage works etc." to a contractor on 15.03.2022. Audit observed that various facilities e.g., furniture, laptops, desktop computers and rental vehicles etc., were to be provided by the contractor at site which had not been provided. The authority did not recover the cost from the contractor.

Violation of the contract agreement resulted in non-recovery of cost of facilities from contractor amounting to Rs 3,000,000.

Audit pointed out the non-recovery in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The Authority explained that the two Suzuki Cultus cars were provided on 22.12.2021. Audit contended that the vehicles were not provided at the time of initiation of the project as per the contract agreement. Therefore, recovery was to be made from the contractor. The Committee directed the authority to effect due recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.514(2022-23)

Irregularities resulting in loss to government

3.4.5.5 Loss due to cost overrun – Rs 1,248.903 million

As per section 14 of the PCBDDA Act 2021, any person employed by the authority who is responsible for the loss or waste of money shall be liable to pay the loss suffered by the authority.

Executive Director Technical, PCBDDA, Lahore got approved PC-1 and TS estimate of the work "Construction of two underpasses at Kalma Chowk" for easy approach to PCBDDA plots. Audit observed that the authority did not award and execute the scheme timely. The original cost of the scheme was Rs 3,698,658,000 as per original PC-1 which was increased to Rs 4,947,561,000 due to delay.

Violation of the Act resulted in loss amounting to Rs 1,248,903,085.

Audit pointed out the loss in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that bids were invited on 09.05.2022 from government organizations for G2G contracting because work was time bound and the area was sensitive. The authority made every possible effort for a timely award but the deadline was extended twice at the request of the contractor, i.e., M/s NLC. The extension was given by the PMC and approved by Executive Director (Technical). Audit contended that the premise of urgency had been nullified by the delay in awarding the contract and with regard to sensitivity the authority had not provided anything to prove its stance of G2G contracting. The delay resulted in a loss of Rs 1.249 billion. The Committee directed the authority to place the matter before the Board for seeking ex-post facto approval regarding G2G contracting on the basis of the sensitivity associated with the project. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.505(2022-23)

3.4.5.6 Loss due to application of incorrect MRS – Rs 383.467 million

As per FD's letter No.RO (TECH)/FD/2-6/98 dated 21.10.2006, the approved scheme shall be technically sanctioned at the rates on which scheme was administratively approved, irrespective of any change in market rates at the time of technical sanction. Further, as per section 14 of PCBDDA Act 2021, any person employed by the authority who is responsible for the loss or waste of money shall be liable to pay the loss suffered by the authority.

Executive Director Technical, PCBDDA, Lahore awarded the contract "Construction of Car Parking Plaza" to a contractor. Audit observed that the authority approved the TS estimate by applying MRS 1st bi-annual 2022 instead of admissible MRS 2nd bi-annual 2021. The detail is as under:

(Amount in Rs)

Name of Items	Cost as per MRS applied	Cost as per MRS to be applied	Difference
Super Structure	237,556,527	218,737,899	18,818,629
Retaining/Shear Walls	60,971,399	56,260,544	4,710,855
Sub Structure without shuttering	166,168,405	153,893,858	12,274,547
Providing and fabrication of mild steel reinforcement for cement G-60	1,387,493,223	1,066,962,225	320,530,997
Fabrication of mild steel reinforcement deformed bar etc.	114,835,507	87,703,882	27,131,625
Total	**1,967,025,061**	**1,583,558,408**	**383,466,653**

Violation of the FD's instructions resulted in loss of Rs 383,466,652.

Audit pointed out the loss in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The Authority explained that due to unprecedented inflation, MRS rates of construction materials rose substantially in 1st bi-annual 2022 than in 2nd bi-annual 2021 (on which PC-I was approved). Subsequently, the P&D Board issued guidelines for revision in notification No.7 (78)/PO(PB)/P&D/2021 dated 17.12.2021. Audit contended that as per the notification, revised administrative approval was mandatory and sanction of TS estimate by the Executive Director (Technical) without the approval of the Board was illegal. The Committee directed the authority to obtain ex-post approval from the Board within 10 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.504(2022-23)

Irregularities resulting in undue financial benefit to contractors

3.4.5.7 Undue financial benefits by allowing possession without full payment – Rs 6,105.150 million

As per section 3 of the Management and Transfer of Properties by Development Authorities Act, 2014, any authority shall transfer its property through open auction or through a joint venture with a partner whereby full payment may be received through open auction.

Executive Director Commercial, PCBDDA, Lahore allowed buyers/builders to construct and sell property without making full payments for the purchased plots. Audit observed that the buyers made a payment of merely 20% and 25% of sale price in Downtown and Lahore Prime, respectively, which was not allowed. The detail is as under:

(Amount in Rs)

Plot Name	Total Gross Sale	Received Amount	Amount due as on 30.06.22
P-1	3,816,000,000	1,908,000,000	1,908,000,000
P-4	2,034,500,000	1,017,250,000	1,017,250,000
P-5	1,422,500,000	711,50,000	711,250,000
DT-1	655,200,000	20,000,000	635,200,000
DT-2	501,000,000	20,000,000	481,000,000
DT-3	408,500,000	204,250,000	204,250,000
DT-4	360,000,000	190,000,000	170,000,000
DT-5	421,000,000	20,000,000	401,000,000
DT-6	528,600,000	283,000,000	245,600,000
DT-7	614,600,000	283,000,000	331,600,000
		Total	**6,105,150,000**

Violation of the Act resulted in undue financial benefit of Rs 6,105,150,000.

Audit pointed out the undue financial benefit in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that PCBDDA should not be compared with other authorities because it proceeds according to its own bylaws, prescribed procedures and approved provisions of IM. Further, notice had been issued to M/s Onyx for selling flats/shops in market. Audit contended that the permission to sell the flats/shops on merely 20% payment of the auction money was violation of section 3 of the Management and Transfer of Development Authorities Act, 2014 and the Transfer of Property Act, 1882. For instance, M/s NOVA and M/s Onyx Developers had started marketing/selling flats/shops as per available evidence. Moreover, the authority had no mechanism to check selling of shops/flats above limit price and save general public from fraud. The Committee directed the authority to place the matter before the Board for taking action under law against illegal selling and to formulate regulations regarding selling/marketing of shops/flats within 60 days and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.529(2022-23)

3.4.5.8 Less receipt of earnest money in auction of properties in Downtown – Rs 106.000 million

As per para 1.1 of the Information Memorandum (terms & conditions of Lahore Prime), 2% earnest money was provided for participating in the auctions of plots.

Executive Director Commercial, PCBDDA, Lahore auctioned plots in Downtown to different bidders with only 1% earnest money instead of 2% as charged in Lahore Prime plots. Therefore, the authority collected less earnest money from the bidders. The detail is as under.

(Amount in Rs)

Sr. No.	Plot Name	Client name	Reserve Price	Earnest Money Required @ 2%	Earnest Money received	Less Recovery
1	DT-1	Pothohar Builders	2,100,000,000	42,000,000	20,000,000	22,000,000
2	DT-2	Nova City Developers	1,800,000,000	36,000,000	20,000,000	16,000,000
3	DT-3	Onyx Developers	1,500,000,000	30,000,000	20,000,000	10,000,000
4	DT-4	Kingdom Valley	1,500,000,000	30,000,000	20,000,000	10,000,000
5	DT-5	Kingdom Valley	1,500,000,000	30,000,000	20,000,000	10,000,000
6	DT-6	Grand Arc Builders	1,800,000,000	36,000,000	20,000,000	16,000,000
7	DT-7	Grand Arc Builders	2,100,000,000	42,000,000	20,000,000	22,000,000
					Total	**106,000,000**

Violation of the contract agreement resulted in less receipt amounting to Rs 106,000,000.

Audit pointed out the less receipt in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that the earnest money of all Prime and Downtown plots had been obtained from the bidders and requisite record had been produced. Audit contended that earnest money was required to be obtain as per the Land Auction Regulations 2021 of PCBDDA. The Committee directed the authority to place the matter before the Board and submit a comprehensive report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.519(2022-23)

Irregularities relating to procurements

3.4.5.9 Irregular procurements through quotations – Rs 124.234 million

Under Section 26 of the Punjab Procurement Regulatory Authority Act 2009, Governor of the Punjab make the Rules 46A(a) and 12 of PPRA Rules 2014, the selection process of a firm of consultants in a short consultancy, where the cost of consultancy does not exceed Rs 3,000,000, the firm shall be selected by considering at least three quotations. Any procurement exceeding Rs 3,000,000 shall be advertised on the website of the authority, the website of the procuring agency, and in at least two national daily newspapers (in English and Urdu) of wide circulation.

Director Procurement, PCBDDA, Lahore paid various contractors for different procurements in FY 2021-22. Audit observed that authority procured through single/three quotations instead of competitive bidding.

Violation of the PPRA rules resulted in irregular procurements of Rs 124,234,000.

Audit pointed out the irregular procurements in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that the procurements were made in accordance with Procurement Regulations duly approved by the Board under Section 34(4), 53 and 5(3) of the LCBDDA Act 2021. Audit contended that no cogent reasons were given by the authority that warranted formulation of separate procurement regulations. These procurement regulations were against the principles of transparency and competition as enshrined in the PPRA Act 2009 and the PPRA Rules 2014. In fact, the regulations did not conform to Article 18 of the Constitution of Pakistan, which gives a right to every citizen to enter into lawful trade. All development authorities such as LDA, IDAP etc. followed prescribed PPRA Rules even for works of urgent nature. This trend may tempt other authorities to develop their own procurement regulations and that would result in diluting universal applicability of PPRA rules which has the mandate to regulate procurement of goods, services and works in public sector in whole of the Punjab. Further, as per section 23 of the PPRA Act 2009, exemption was to be obtained from PPRA Board to make the procurements exempt from application of the PPRA Rules 2014. It is pertinent to mention here that quorum of PCBDDA Board was not complete, 3rd and 4th Board Meeting held on 13.10.2021 and 11.02.2022, respectively, when the regulations were placed before the Board and the MOM were also not signed. The CEO signed the MOM as Chairman, whereas, under Section 10(3) of the Act, the CEO was answerable to the Board. Therefore, there was conflict of interest and the regulations were not approved. In the instant cases, the authority had not even followed these regulations which prescribed tendering in case of procurement above Rs 10,000,000. In all these cases the authority had committed splitting to avoid tendering. In DP No. 530, the Committee directed the authority to condone the matter from FD and in remaining cases, directed the authority to place the matter before the PCBDDA Board which shall revisit the rationale for having separate regulation and submit a comprehensive report as to why the authority could not work under PPRA Rules 2014 within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.508,509,530,533&539(2022-23)

Miscellaneous irregularities

3.4.5.10 Loss due to non-execution of tripartite agreement – Rs 3,457.000 million

As per agenda No. 3 minutes of the 4th Board Meeting of Punjab Central Business District Development Authority, the CEO briefed that the mechanism of the profit-sharing formula will be followed regarding the proceeds of the auction as per the contract agreement between the parties, i.e., Board of Revenue (BOR) and Civil Aviation Authority (CAA).

Director Legal, PCBDDA, Lahore sold twelve (12) plots through open auction to different builders/bidders in FY 2021-22. The authority did not execute the tripartite agreement with CAA and BOR which had to decide mechanism of profit-sharing regarding proceeds of the auction due to which the bidders of plots in Lahore Prime Nos. 4 and 5 did not pay the balance dues amounting to Rs 3,457,000,000.

Violation of the directions of Board resulted in loss amounting to Rs 3,457,000,000.

Audit pointed out the loss in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that the tripartite agreement had been submitted for legal vetting to the Law Department, Government of the Punjab. Audit contended that the matter had been inordinately delayed which had resulted in loss due to non-receipt of auction money. The Committee directed the authority to expedite the matter and get the agreement signed for early recoveries. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.535(2022-23)

3.4.5.11 Irregular and wasteful expenditure on hiring of PMC – Rs 57.112 million

As per P&D letter No.4(24)PO(CONS) P&D/97-Vol-III dated 27.07.2017, the Owner's Engineer (OE) or Project Management Consultant (PMC) shall be appointed in all EPC, BOT, PPP Projects and projects of unique and complex nature and for EPC contracts, there will be no provision for resident supervision or TPV, and OE/PMC will serve as a consultant from start to end as a client representative. OE/PMC will validate the project's performance and output/outcome. EPC contractor would essentially comprise engineering consultants besides the contracting team from its budget, provision of which is usually made in the estimates. However, for both cases above, factory acceptance tests, pre-shipment tests, etc., services will be outsourced by OE/PMC to specific service providers.

Executive Director Technical, PCBDDA, Lahore paid Rs 57,112,084 to a project management consultant. Audit observed that the consultant was hired without open advertisement/competition which was irregular. Further, the Director Technical/Engineering served the same purpose, therefore, hiring of PMC was wasteful. The detail is as under:

(Amount in Rs)

Sr. No.	Date	Reference	Vendor	Description	Amount
1	22.03.2022	JV/LCBDDA /22/03/194	National Eng. Services Pak Pvt Ltd.	1st bill NESPAK for Aug. and Sep 2021	9,106,012
2	28.04.222	JV/LCBDDA /22/04/252	National Eng. Services Pak Pvt Ltd.	2nd bill NESPAK for Oct. Nov. Dec 2021	10,417,138
3	30.06.2022	JV/LCBDDA /22/06/345	National Eng. Services Pak Pvt Ltd.	3rd bill NESPAK for Jan to May2022	19,007,646
4	29.10.2021	JV/LCBDDA /21/10/29	National Eng. Services Pak Pvt Ltd.	PM consultancy services	18,581,288
				Total	**57,112,084**

Violation of the P&D instructions resulted in irregular and wasteful payment of Rs 57,112,084.

Audit pointed out the irregular and wasteful payment in July 2022.

The para was discussed in the SDAC meeting held on 05.01.2023. The authority explained that the services of consultant M/s NESPAK were hired for the purpose of technical assistant, engineering expertise and project management. Audit contended that technical directorate of the authority was hired for the same purpose. Moreover, it is conflict of interest that same consultant M/s NESPAK performed as an engineer incharge, design consultant as well as supervisory. The Committee directed the authority to suspend the contract of PMC immediately and seek ex-post facto approval from Board. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.538(2022-23)

3.4.6 Multan Development Authority, Multan

Irregularities

Irregularities resulting in overpayments

3.4.6.1 Overpayment due to application of inadmissible items – Rs 5.443 million

As per clause 28 of the contract agreement, the cost of machinery or any test shall be borne by the contractor. He would be responsible for establishing a site office and laboratory at the site of work to make the required tests and arrangements at the site of work.

Director Engineering, MDA, Multan paid Rs 5,443,520 for the items viz. "*Fuel consumption only for generator*" and "*Operational cost of site office and for maintaining laboratory*". Audit observed that provision of the said items was the responsibility of the contractor as per the contract agreement.

Violation of the contract agreement resulted in overpayments amounting to Rs 5,443,520.

Audit pointed out the overpayments in February 2022.

The paras were discussed in the SDAC meeting held on 20.10.2022. The authority explained that the payments were made for temporary Command and Control Center of PMA and after approval of consultant. Audit informed that the items were the contractor's responsibility as per contract agreement. The Committee directed the authority, in DP No. 232, to recover/withhold the overpaid amount till its approval in revised estimate, and in DP No. 218, to refer the matter to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.218&232(2021-22)

3.4.6.2 Overpayment due to inadmissible contractor's profit – Rs 3.159 million

As per FD's letter No. RO(Tech)FD-18-29/2006 dated 03.03.2005, read with FD's notified template for electrical items in 2022, 12.5% contractor profit and overhead charges are allowed.

Director Engineering, Multan Development Authority (MDA), Multan, paid for various non-scheduled items in which Audit observed that the authority prepared the rate analysis of electric items by including 20% contractor's profit and overhead instead of 12.5%.

Violation of the FD's instructions resulted in overpayment amounting to Rs 3,158,869.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that 20% contractor's profit and overhead charges were approved by PDWP. Audit informed that only 12.5 % contractor's profit and overhead were allowed on electrical items. The Committee directed the authority to get the record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.382(2021-22)

3.4.6.3 Overpayment due to incorrect rate – Rs 1.910 million

As per MRS chapter 25, the rate of item 52, "Providing and fitting all types of the glazed aluminum window etc." for the 2nd bi-annual 2016, was Rs 4,866.20 per sq.m.

Director Engineering, MDA, Multan paid for the non-BOQ item *"Providing and fitting all types of glazed aluminum windows of anodized bronze colour partly fixed and partly sliding using delux sections etc."* for a quantity of 188.46 sq.m at the rate of Rs 15,000 per sq.m. Audit observed that as per MRS, admissible rate of the same item was Rs 4,866.20 per sq.m.

Violation of the MRS resulted in overpayment amounting to Rs 1,909,815.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. The authority explained that the section of aluminum window was not for double glazed window as mentioned in BOQ. Audit informed that the same item was also available in MRS at lesser rates. The Committee directed the authority to refer the case to administrative department for technical probe. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.214(2021-22)

3.4.6.4 Overpayment due to non-deduction of shrinkage and inadmissible compaction – Rs 1.626 million

As per MRS chapter No. 3, "Earthwork", 10% shrinkage was required to be deducted while making measurements for earthwork excavation undressed.

Director Engineering, MDA, Multan, in two (02) cases, paid for the items viz. *"Filling of sweet earth including compaction etc"* and *"Formation of embankment"* at the rate of Rs 530 and Rs 512 per cubic metre, respectively. Audit observed that the first item was paid for plantation and grassing where compaction was not required; therefore, recovery of compaction component at the rate of Rs 52 per cubic metre was required. In second item, the authority did not deduct shrinkage at the rate of 10%. The detail is as under:

(Amount in Rs)

Item	Qty (cubic metre)	Rate	Amount	Shrinkage rate	Over payment
Filling of sweet earth etc.	15741.55	52	-	-	818,532
Formation of embankment etc.	15762.08	512	8,070,188	10%	807,018
				Total	**1,625,550**

Violation of the MRS resulted in overpayments amounting to Rs 1,625,550.

Audit pointed out the overpayments in February 2022.

The paras were discussed in the SDAC meeting held on 20.10.2022. The authority explained that the payment was made as per approved TS estimate. Audit informed that authority measured the earth as undressed but did not deduct shrinkage at the rate of 10% and paid for the item on area other than embankment where compaction was not required. The Committee directed the authority to refer the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.224&225(2021-22)

Irregularities resulting in non-recoveries

3.4.6.5 Non-recovery of commercialization fee – Rs 165.325 million

According to rule 37(4)(d) of Punjab Development Authority Land Use Rules 2021, in cases where commercialization has already been allowed before notification of the rules, a fee shall be charged at the rate of 20% of the commercial value of the total area of ownership as provided in the valuation table and for educational and healthcare institutions fee shall be charged at the rate of 10% of the commercial value of the total area of ownership as provided in the valuation table.

Director Town Planning, MDA, Multan, in seven (07) cases, issued notices to owners of different properties for commercialization fee amounting to Rs 165,325,078. Audit observed that the fees were not recovered.

Violation of the rules resulted in non-recoveries amounting to Rs 165,325,078.

Audit pointed out the non-recoveries in March 2022.

The paras were discussed in the SDAC meeting held on 20.10.2022. The authority explained that, in four (04) cases, recovery amounting to Rs 8,155,096 had been effected out of Rs 59,348,355, and in other three (03) cases, the owners had stay orders from courts. Audit informed that the authority had neither produced record of recovery nor stay order to substantiate that it had rigorously pursued the cases. The Committee directed the authority to recover the fees along with 12.5% markup for the period otherwise disciplinary action would be initiated against the concerned. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XVII)

3.4.6.6 Non-recovery of secured advance – Rs 21.094 million

As per para 2.98 (a) of the B&R Department Code read with C&W Department letter No. S.O.III(C&W)2-14/97 dated 29.05.1997, recovery of secured advance so made should not be postponed until the whole of the works entrusted to the contractor has completed. Under normal circumstances, the secured advance be recovered within three months.

Director Engineering, MDA, Multan paid mobilization and secured advance amounting to Rs 41,328,854. Audit observed that the authority did not recover the advances in due time or against value of work done.

Violation of the B&R Code resulted in non-recovery of advances amounting to Rs 41,328,854.

Audit pointed out the non-recovery in February 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. The authority explained that Rs 20,234,854 had been recovered and balance would be recovered. Audit informed and verified that the authority had recovered mobilization advance amounting to Rs 16,776,647 and secured advance for Rs 3,458,207 out of total recovery amounting to Rs 41,328,854. Balance recovery amounting to Rs 21,094,000 on account of secured advance was outstanding. The Committee directed the authority to effect the recovery within 03 months, failing which the amount would be recovered with interest at the rate of 12.5% p.a. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.235(2021-22)

3.4.6.7 Less recovery due to levy of incorrect land conversion fee – Rs 24.753 million

As per the DOR valuation table, the rate of conversion of land for commercial use is different based on commercial areas. Further, as per letter No. 3639/ACC/RA dated 03.12.2011 o/o the Assistant Commissioner, Multan, the market price of land in front of Bosan Road is Rs 610,000 per marla and Rs 170,000 per marla to the extent of 50 feet depth and beyond 50 feet depth, respectively.

Director Town Planning, MDA, Multan, in six (06) cases, calculated less commercialization fee by applying incorrect land conversion fee resulting in less recovery and undue financial benefit to the owners.

Violation of the rules resulted in less recoveries amounting to Rs 24,752,616.

Audit pointed out the less recoveries in March 2022.

The paras were discussed in the SDAC meeting held on 20.10.2022. The authority explained that land conversion fee had been calculated as per rates given by Additional Deputy Commissioner Revenue (ADCR) Multan. Audit informed that authority did not calculate the conversion fee as per rates published in the valuation table issued by the DOR Multan. The Committee directed the authority to recover outstanding amount within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XVIII)

3.4.6.8 Non-recovery of fine and scrutiny fee – Rs 15.228 million

As per the decision of the Governing Body, MDA, in 69th meeting, held on 02.06.2016, fines/penalties for non-construction of the building/violation of the building plan will be recovered at the rate prescribed by the owner as per regulation 3.5.1 of MDA's Building and Zoning Regulations 2007.

Director Town Planning, MDA, Multan, in eight (08) cases, fined property owners for violation of building plans. Audit observed that the authority failed to recover Rs 15,227,663 on account of fine and scrutiny fee.

Violation of the MDA's notification resulted in non-recoveries of Rs 15,227,663.

Audit pointed out the non-recoveries in March 2022.

The paras were discussed in the SDAC held on 20.10.2022. In DP No. 296, the authority explained that the MD waived the penalty fee which was approved by the governing body. Audit contended that owners were fined for violation of building plan and subsequent waiving of by MD/Governing Body was tantamount to undue financial benefit. The Committee referred the matter to Administrative Department to conduct probe after fact finding report by DG MDA. In DP No. 310, the authority recovered building plan fee but building plan scrutiny fee was not recovered at the rate of Rs 18 per sft. The Committee directed to effect the recovery within 30 days. In other four (04) cases, the authority admitted recovery but did not effect, and in DP No. 292 and 313, the authority effected partial recovery amounting to Rs 77,312 out of Rs 409,686. Audit emphasized that the recovery be expedited. The Committee directed the authority to effect admitted and balance recovery and get it verified from Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XIX)

3.4.6.9 Non-recovery of rent of shops – Rs 9.608 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Finance, MDA, Multan had estimated revenue amounting to Rs 22,000,000 pertaining to Zakria Shopping Center. Audit observed that the authority realised revenue amounting to Rs 12,392,000 only.

Violation of the rules resulted in non-recovery amounting to Rs 9,608,000.

Audit pointed out the non-recovery in February 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. The authority explained that against the estimated revenue of Rs 5,500,000 in case of Car Parking Plaza and Zakria Shopping

Center an amount of Rs 3,229,000 was received. The estimated recovery could not be realised because of stay orders issued by Hon'ble Lahore High Court, Multan Bench, Multan. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed that DG MDA take action within 07 days against Director (Enforcement) and Director (E&LM), MDA Multan regarding negligence and delay in open auction and vacation by illegal occupants or to complete the process of open auction within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.252(2021-22)

3.4.6.10 Non-recovery of dismantled material – Rs 4.478 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Director Engineering, MDA, Multan, in three (03) cases, paid for various works but did not recover cost of the material from the contractors.

Violation of the Specification resulted in non-recoveries of Rs 4,478,422.

Audit pointed out the non-recoveries in February 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. In DP No. 226 and 227, the authority explained that due recovery would be made/adjusted before finalization of works. In DP No. 258, the authority explained that the steel calculated by Audit was at higher side. However, due recovery had been made. Audit contended that due recovery had not been made. The Committee directed the authority to make due recovery and get it verified from Audit.

Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.226,227&258(2021-22)

HR/employees related irregularities

3.4.6.11 Unjustified payment of pay and allowances – Rs 1.931 million

As per FD's notification No. FD (HUD)1-21/2019 (MDA) MTN dated 26.07.2021, employees of all the development authorities who are already drawing technical allowance shall not be entitled to 50% MDA allowance.

Director Finance, MDA, Multan paid MDA allowance at the rate of 50% of basic pay to various engineers of MDA in addition to technical allowance at the rate of 1.5 times the basic pay in violation of the FD's instructions which was recoverable.

Violation of the FD's instructions resulted in unjustified payment of Rs 1,931,160.

Audit pointed out the unjustified payment in February 2022.

The para was discussed in the SDAC meeting held on20.10.2022. The authority explained that MD directed to recover the inadmissible MDA allowance from the engineers on 06.09.2021 on which the incumbents filed writ petition in the Hon'ble LHC, Multan Bench, Multan. The Hon'ble Court vide order dated 11.10.2021 restrained the authority from taking any coercive measure. Audit informed that the authority did not produce record of status quo. The Committee directed the authority to pursue the case in the court and to produce record of day to day hearings to Chair and Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.261(2021-22)

Miscellaneous irregularities

3.4.6.12 Less realisation of revenue – Rs 41.664 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Finance, MDA Multan, set a revenue target of Rs 48,877,000 for FY 2020-21. Audit observed that, in three (03) cases, an amount of Rs 7,213,000 only was collected.

Violation of the rules resulted in less realisation of revenue of Rs 41,664,000.

Audit pointed out the less realisation of revenue in February 2022.

The para was discussed in the SDAC meeting held on20.10.2022. The authority explained that revenue target could not be achieved due to litigations. Audit contended that the matter had been inordinately delayed. The Committee directed the authority to, in DP No. 248, take action within 07 days against Director (Enforcement) and Director (E&LM) on negligence and delay in auction and vacation by illegal occupants, in DP No. 249, initiate and finalize probe against concerned within 30 days and to complete the process of auction, and in DP No. 250, take up the matter with administrative department and FD for ultimate decision within 15 days and produce record to Audit for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.248,249&250(2021-22)

3.4.7 Parks & Horticulture Authority, Multan

Irregularities

Irregularities resulting in non-recoveries

3.4.7.1 Less/non-recovery of outdoor advertisement fee – Rs 56.124 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Marketing, Parks and Horticulture Authority (PHA), Multan, in sixteen (16) cases, failed to recover advertisement fee amounting to Rs 56,124,000 on account of outdoor advertisement.

Violation of the rules resulted into less/non-recoveries amounting to Rs 56,124,000.

Audit pointed the less/non-recoveries in March 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. In twelve (12) cases, the authority explained that it had sent the istaghasa to the Special Judicial Magistrate. Audit informed that the authority did not produce the record showing vigorous pursuance of the cases. The Committee directed the authority to effect recovery within 10 days and get it verified from Audit. In other three (03) cases, the authority explained that as per sou moto notice of Supreme Court of Pakistan all types of boards on public land were banned. All board were installed on private land and rate of publicity fee was Rs 30 per sq.ft per month. Audit informed that the authority applied Rs 30 per sq.ft per month instead of applicable rate of Rs 45 sq.ft per month because all boards of A-category were installed on government land and roads. The Committee directed the authority to provide fact finding report regarding total boards which were placed at government land within 07 days. In DP No. 265, the authority explained that due amount would be recovered. The Committee directed DG PHA to inquire the matter and submit fact finding report within 03 days and to effect recovery and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XX)

3.4.7.2 Non-recovery of registration fee and advertisement charges – Rs 21.884 million

As per conditions 5(1) of the Punjab Gazette (Extra Ordinary), June 29, 2017 and 7 of PHA Outdoor Advertisement Regulations 2017, the registered advertiser may get the renewal on an annual basis on payment of a prescribed fee before the 30th of June every year, and the charges for shop signs shall be levied and collected by the authority according to the rates and manner prescribed from time to time.

Director Marketing, PHA, Multan, in three (03) cases, did not recover registration/renewal fee and advertisement charges amounting to Rs 21,884,487 from various advertisers.

Violation of the rules resulted in non-recoveries amounting to Rs 21,884,487.

Audit pointed out the non-recoveries in March 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. The authority explained that cases had been sent to the court of Special Judicial Magistrate for recovery of balance amount. Audit informed that the authority did not produce the record showing vigorous pursuance of the cases. The Committee directed the authority to effect recovery within 10 days and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.286,287&288(2021-22)

3.4.8 Faisalabad Development Authority, Faisalabad

Irregularities

Irregularities resulting in overpayments

3.4.8.1 Overpayment due to inadmissible rate – Rs 73.697 million

As per MRS rates notified by FD, 2nd Biannual 2021, the rates for "Providing and casting in situ pile of 26 i/d and 30 i/d" are Rs 1,479.79 and Rs 2,240.41 per rft respectively.

Director Finance, Faisalabad Development Authority (FDA), Faisalabad paid for the non-scheduled item "*Providing and casting in situ pile of 26 i/d and 30 i/d*" at the rate of Rs 3,972.87 per rft and Rs 4,561.89 per rft for the quantities of 7366.50 rft and 23834.79 rft, respectively. Audit observed that the rates of same dia piles on mechanised mode, were standardized in 2nd bi-annual 2021 by FD as Rs 1,479.79 per rft and Rs 2,240.41 per rft, respectively. Therefore, the paid rates of the non-standardised items were on higher side.

Violation of the MRS resulted in overpayment amounting to Rs 73,697,262.

Audit pointed out the overpayment in February 2022.

SDAC meeting was held on 05.12.2022 but the para could not be discussed because the authority did not submit working paper.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.207(2021-22)

3.4.8.2 Overpayment due to inadmissible technical allowance to officer – Rs 1.496 million

As per FD's No. FD(HUD)/Misc/2021 dated 02.12.2021 technical allowance was admissible to the engineers working against sanctioned posts specifically engaged in technical/engineering works only.

Director Finance, FDA, Faisalabad paid technical allowance at the rate of 1.5 times the basic pay w.e.f. 01.07.2019 to 31.08.2021to an officer who was appointed on contract basis as Assistant Director (non-technical/BPS-17) on 25.03.2010. His service was regularised on 12.06.2015 and promoted as Deputy Director (non-technical/BPS-18) on 25.07.2020. Audit observed that the technical allowance was not admissible to the officer.

Violation of the FD's instructions resulted in overpayment amounting to Rs 1,495,650.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 05.12.2022. The authority explained that the matter was sub-judice. Audit emphasized to expedite recovery. The Committee directed the authority to recover the amount with interest besides fixing responsibility. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.201(2021-22)

Irregularities resulting in non-recoveries

3.4.8.3 Irregular expenditure from the head of contingency – Rs 5.216 million

As per Sr. No. 2 (under Note 2) & Sr. 13 of Delegation of Financial Powers and Rules 2009/2014 (Powers common to all departments) (contingency) read with Rule 8.3 of PFR vol-1, no expenditure which is novel or doubtful in character may be incurred from contingencies except with the prior sanction of Government. (i)The expenditure could be charged or be incurred on purchase of stationery, surveying equipment, testing instruments, computers, printers, plotters and scientific drawing instruments required for the preparation of estimates, furniture and equipment for site office, etc. for the same works/estimates. (ii) Diversion would not be for the purchase/Repair of vehicles or for the construction of residential or office accommodation other than the site office for the same works/projects.

Director Engineering/Chief Engineer, FDA, Faisalabad awarded the contract 'Construction of additional lanes on both sides of RB Canal Faisalabad'. Audit observed that the authority paid Rs 5,216,892 out of the head of contingency instead of using proper heads of accounts.

Violation of the FD's instructions resulted in irregular expenditures amounting to Rs 5,216,892.

Audit pointed out the irregular expenditures in April 2017.

The para was discussed in the SDAC meeting held on 26.12.2017. The authority explained that, in DP No. 82, only vehicles deployed on the project were repaired, and in DP No. 83, the expenditure was incurred on advertisement and fee of legal advisor. Audit contended that the expenditure could not be charged to the head of contingency of the project. The Committee directed for detailed verification and to issue warning. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No.82&83(SAR 2016-17)

3.4.8.4 Less recovery of government taxes – Rs 3.253 million

As per Income Tax Ordinance 2001, the 7.5% income tax was required to be deducted while making payments to contractors. Further, as per PRA instructions No. PRA/MTN/1974 dated 16.08.2017, the new works (electrical and mechanical works, including air conditioning) are taxable by serial No. 14 of the Punjab Sales Tax on Services Act, 2012. The rate of PST for construction services is 5%.

Director Finance, FDA, Faisalabad paid Rs 65,057,284 for the contract 'Installation of 11 KV HT/LT distribution network and handing over to FESCO'. Audit observed that the nature of work was providing and installation but the authority deducted income tax at the rate of 4.5% instead of 7.5% and did not deduct PST at the rate of 5%.

Violation of the Ordinance and PRA instructions resulted in less recoveries of government taxes amounting to Rs 3,252,864.

Audit pointed out the less recoveries in February 2022.

The para was discussed in the SDAC meeting held on 05.12.2022. The authority explained, in DP No. 206, PST was not applicable as the payments items were supply items, in DP No. 208, PST was deducted at the rate of 5% on taxable amount as civil works in line with the clause 14 of second schedule. Audit informed that the nature of works was providing and installation and major portion involved civil works e.g. excavation, laying of PVC pipe and back filling. Therefore, income tax at the rate of 7.5% and PST at the rate of 5% was required to be deducted on total value of work done. The Committee referred the case to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.206&208(2021-22)

3.4.8.5 Non-recovery of penalties from developers of illegal housing schemes – Rs 1.000 million

As per Director General FDA letter No. 319-27/DG/FDA-19 dated 06.05.2019, a penalty amounting to Rs 100,000 shall be charged per advertisement from the developer of the illegal private housing schemes.

Director Finance, FDA, Faisalabad got published various advertisements for public awareness against ten (10) illegal housing societies in FY 2019-20. Audit observed that penalty at the rate of Rs 100,000 per society was not recovered.

Violation of the rules resulted in non-recovery amounting to Rs 1,000,000.

Audit pointed out the non-recovery in February 2022.

The para was discussed in the SDAC meeting held on 08.12.2022. The authority explained that directions had been conveyed to the concerned for compliance. Audit contended that the matter had been inordinately delayed. The Committee directed the authority to place the matter before the board. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.351(2021-22)

3.4.9 Parks & Horticulture Authority, Faisalabad

Irregularities

Irregularities resulting in non-recoveries

3.4.9.1 Less recovery of advertisement fee and surcharge – Rs 52.131 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Coordination and Marketing, PHA, Faisalabad did not recover the advertisement fee and surcharge amounting to Rs 52,131,000 in FY 2019-20.

Violation of the rules resulted in less recoveries of advertisement fee and surcharge amounting to Rs 52,131,000.

Audit pointed out the less recoveries in February 2022.

The para was discussed in the SDAC meeting held on 05.12.2022. The authority explained that notices had been served and the outstanding dues had been declared as arrear of land revenue and forwarded to ADCR Faisalabad. Audit informed that the matter had been inordinately delayed. The Committee directed the authority to effect recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.170,174,176,178&179(2021-22)

3.4.9.2 Less recovery of advance income tax – Rs 16.162 million

According to Section 236(A) of the Income Tax Ordinance 2001, the advance tax was required to be collected @ 10% of the value of lease including a lease of the right to collect tolls, fee or other levies, by whatsoever name called.

Director Coordination and Marketing, PHA, Faisalabad awarded contract for the rights of collection for outdoor advertisement during financial year 2020-21 amounting to Rs 161,617,095. Audit observed that advance income tax at the rate of 10% was not recovered from the contractor.

Violation of the rules resulted in less recovery of advance income tax amounting to Rs 16,161,709.

Audit pointed out the less recovery in February 2022.

The para was discussed in the SDAC meeting held on 05.12.2022. The authority explained that the advance income tax had been declared as arrear of land revenue. The case had been sent to ADCR, Faisalabad for recovery. Audit contended that the matter had been inordinately delayed. The Committee directed to effect recovery. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.194(2021-22)

3.4.9.3 Non-recovery of auction price – Rs 2.425 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Coordination and Marketing, PHA, Faisalabad awarded various contracts of canteens in FY 2020-21. Audit observed that the authority did not recover an amount of Rs 2,424,884 on account of auction price.

Violation of the rules resulted in non-recovery amounting to Rs 2,424,884.

Audit pointed out the non-recovery in February 2022.

The para was discussed in the SDAC meeting held on 05.12.2022. The authority explained that the outstanding recovery pertaining to canteens had been declared as arrear of land revenue and forwarded to ADCR Faisalabad. Audit contended that the matter had been inordinately delayed. The Committee directed to effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.195(2021-22)

Miscellaneous irregularities

3.4.9.4 Improper maintenance of revenue collection record – Rs 286.032 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury. Further, as per section 26 of PHA Act 2012, any person authorized by the authority may enter and survey any premises or land at a reasonable time and after due notice of inspection, for the purpose of the Act, rules or regulations.

Director Coordination and Marketing, PHA, Faisalabad collected revenue amounting to Rs 286,032,000 in FY 2019-20 through self-collection arrangements. Audit observed that proper record such as counterfoils of issued challans, issuance book of challans, survey reports showing number of sites, recovery registers of all categories, description of sites and area, etc. was not maintained. Therefore, the collection of due revenue could not be authenticated and the possibility of misappropriation could not be ruled out.

Violation of the rules resulted in improper maintenance of record amounting to Rs 286,032,000.

Audit pointed out the improper maintenance of record in February 2022.

The paras were discussed in the SDAC meeting held on 05.12.2022. In DP No. 171, the authority explained that register of receipts had been maintained against issuance of deposit challans. Audit informed that counterfoils of challans were not maintained to check receipt against each challan. In DP No. 175, the authority explained that a list of hoarding boards size and record categories were available along with details of shop signs with sizes. Audit contended that proper survey of all the advertisement board/signs etc. was not conducted. The Committee pended the para for re-verification of record in DP No. 171, and directed the authority to undertake comprehensive survey through staff not relating to the assignment of granting NOC collection and monitoring of the outdoor advertisement within 02 months in DP No. 175. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.171&175(2021-22)

3.4.9.5 Unjustified payment of pay and allowances – Rs 1.081 million

As per FD's notification No. FD.PR.12-7/2018 dated 29.07.2019, Civil Secretariat/FDA Allowance at the rate of 50% of basic pay w.e.f. 01.07.2019 was discontinued for those officers who were entitled to grant of the technical/executive allowances.

Director Admin & Finance, PHA, Faisalabad paid PHA allowance at the rate of 50% of basic pay to various officers of PHA in addition to executive allowance at the rate of 1.5 times of basic pay in violation of the FD's instructions which was recoverable.

Violation of the FD's instructions resulted in unjustified payment of PHA allowance amounting to Rs 1,081,168.

Audit pointed out the unjustified payment in August 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority admitted the overpayment and stated that same would be recovered. Audit emphasized on expediting the recovery. The Committee directed the authority to recover the overpayment and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.436(2022-23)

3.4.10 Gujranwala Development Authority, Gujranwala

Irregularities

Irregularities resulting in non-recoveries

3.4.10.1 Non-recovery of rent from the occupants of shops/offices – Rs 12.579 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Admin & Finance, GDA, Gujranwala failed to recover due rent from the occupants of the shops/plaza. The detail is as under:

(Amount in Rs)

Details of outstanding dues	
GDA Trust Plaza	**Amount**
E Block	560,401
Main Block 1st floor	27,308
Main Block ground floor	2,270,719
A Block to M block (Old building)	2,375,991
T Block 1st floor	36,240
T Block ground floor	2,302,378
U Block Ground Floor	3,693,365
GDA Commercial Plaza	
2nd Floor	2,248,334
Total	**13,514,736**

Violation of the rules resulted in non-recovery amounting to Rs 13,514,736.

Audit pointed out the non-recovery in July 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that the rent amounting to Rs 935,442 had been recovered. Audit contended that the rent amounting to Rs 12,579,294 was still recoverable. The Committee reduced the para to Rs 12,579,294 and directed the authority to recover the balance amount within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.411(2022-23)

Irregularities resulting in loss to government

3.4.10.2 Loss due to non-renting of vacant property – Rs 8.440 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director Admin & Finance, GDA, Gujranwala had various government properties which were to be rented out promptly for early realisation of revenue. Audit observed that the authority did not rent out four commercial properties in GDA Trust Plaza since long as under:

(Amount in Rs)

Property No.	Vacant since	Monthly Rent	No. of months	Amount
OB-OD05	26.07.2016	59,483.81	72	4,282,834
OB-OF11A	27.06.2014	22,327.81	96	2,143,470
OB-OL06	09.12.2014	25,812.50	78	2,013,375
			Total	**8,439,679**

Violation of the rules resulted in loss to the Govt. due to non-renting out of vacant property Rs 8,439,679.

Audit pointed out the loss in July 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that auction was being held twice a month but the offices could not be rented out because of non-participation. Audit informed that the authority did not produce record showing serious efforts towards auction of the vacant properties. The Committee directed the authority to probe the matter within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early renting out of properties besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.413(2022-23)

Miscellaneous irregularity

3.4.10.3 Non-return of loan by WASA Gujranwala to GDA – Rs 50.000 million

As per condition No. 4 of the loan agreement between GDA and WASA Gujranwala, "WASA is bound to return the amount immediately after the bailout package from the government of the Punjab during the financial year 2021-22".

Director Admin & Finance, Gujranwala Development Authority (GDA), Gujranwala paid Rs 50.000 million to WASA Gujranwala. Audit observed that WASA had to repay the loan by the end of FY 2021-22 but the loan was not returned.

Violation of the agreement resulted in non-return of loan by WASA Gujranwala to GDA amounting to Rs 50,000,000.

Audit pointed out the non-return of loan in July 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that efforts were being made for return of the loan. Audit informed that the matter had been inordinately delayed. The Committee directed the authority to refer the case to BOG within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.410(2022-23)

3.4.11 Parks & Horticulture Authority, Bahawalpur

Irregularities

Irregularities resulting in overpayments

3.4.11.1 Overpayment due to higher rates of non-standardised items – Rs 1.132 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Director Engineering, PHA, Bahawalpur paid for various non-standardised items for different quantities and rates by taking higher labour and material components in the respective rate analyses.

Violation of the FD's instructions resulted in overpayments amounting to Rs 1,132,253.

Audit pointed out the overpayments in March 2022.

The paras were discussed in the SDAC meeting held on 20.12.2022. The authority explained that, in DP No. 385, the rate difference was due to time gap, in DP Nos. 386 and 390, payment was made as per approved rate analyses, in DP No. 391, rate analysis of razor wire was entered by clerical mistake. Audit informed that rate analyses were not prepared as per the FD's template. The Committee directed the authority to, in DP Nos. 385 and 390, produce record to Audit for verification within 07 days, and in DP Nos. 386 and 391, effect due recovery within 07 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XXI)

Irregularities resulting in non-recoveries

3.4.11.2 Non-recovery of rent and penalty thereon – Rs 5.825 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury. Further, as per clause 8 of the lease agreement, if the lessee fails to deposit rent within the due date, a 5% penalty will be imposed for the first 10 days and 10 % on the remaining 20 days.

Director General, PHA, Bahawalpur awarded various lease agreements but did not recover rent amounting to Rs 7,490,702. Audit observed that the authority neither imposed penalty nor took steps for rescission of contracts.

Violation of the rules resulted in non-recovery amounting to Rs 7,490,702.

Audit pointed out the non-recovery in March 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that Rs 1,666,190 had been recovered. Further, cases had been forwarded to ADCR Bahawalpur to collect/recover arrear of land amounting to Rs 5,824,512. Audit emphasized that the recovery be expedited. The Committee directed the authority to effect the balance recovery amounting to Rs 5,824,512 within one (01) month and get it verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.392(2021-22)

Miscellaneous irregularities

3.4.11.3 Lapse of development funds – Rs 101.573 million

According to rule 14.3 of the Punjab Budget Manual, the Statement of Excesses and Surrenders was required to be prepared and submitted to Administrative Department and FD before 31st March.

Director General, PHA, Bahawalpur did not utilize funds amounting to Rs 101,573,000 which were released against different development works during FY 2014-15 to 2020-21.

Violation of the FD's instruction resulted in lapse of funds amounting to Rs 101,573,000.

Audit pointed out the lapse in March 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that total amount of lapse funds was Rs 32,018,000 instead of Rs 101,573,000. Audit informed that no record had been produced in support of the stance and contended that the lapse of funds was a serious issue which underscored negligence of the authority. The Committee directed the authority to get the matter regularised from FD. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.399(2021-22)

3.4.11.4 Non-preparation of financial statements

According to section 19(2) of the Parks and Horticulture Act 2012, the authority shall maintain proper accounts and other records relating to financial affairs, including its assets and liabilities, balance sheet and an account of income & expenditure.

Director General, PHA, Bahawalpur incurred an expenditure of Rs 967.062 million during FY 2014-15 to FY 2020-21 but did not prepare financial statements as per requirement.

Violation of the Act resulted in non-preparation of financial statements.

Audit pointed out the non-preparation of financial statements in March 2022.

The para was discussed in the SDAC meeting held on 20.12.2022. The authority explained that single entry system of accounting was in vogue and balance sheet was not required. After enforcement of double entry system in PHA, Income & Expenditure Statement was being prepared. Audit informed that after enforcement of double entry system preparation of Balance Sheet was mandatory. The Committee directed the authority to get its accounts audited from a Chartered Accountant firm, prepare Balance Sheet and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives.

DP No.398(2021-22)

3.4.12 Parks & Horticulture Authority, Rawalpindi

Irregularities

Irregularities resulting in non-recoveries

3.4.12.1 Non-recovery of advertisement fee – Rs 53.762 million

As per rule 4.7(1) of PFR (Volume-I), it is the primary responsibility of departmental authorities to ensure that all government revenue/dues were correctly and promptly assessed, realised and credited to the proper account of the government treasury.

Director A&F/Marketing, PHA, Rawalpindi did not recover fee of hoarding boards/sky signs amounting to Rs 53,762,000 for the year 2018-19.

Violation of the rules resulted in non-recoveries amounting to Rs 53,762,000.

Audit pointed out the non-recoveries in March 2022.

The paras were discussed in the SDAC meeting held on 08.12.2022. The authority explained that, in DP No. 334, contracts were awarded for Rs 48,000,000 in the FY 2018-19. Hon'ble Supreme Court of Pakistan directed to remove the boards from public sites. Boards were removed from public sites. The contractor filed writ in Lahore High Court which remanded the case to PHA for issuing speaking order. Subsequently, Secretary HUD&PHE decided the case in favour of PHA. Accordingly, notice had been issued to the contractor for the recovery, but the matter was still sub-judice. In DP No. 339, the authority explained that contracts were awarded for Rs 10,000,000 and 48,000,000 in FY 2018-19. Due to the removal of the boards from public sites the recovery targets of sky signs drastically decreased. PHA advertised for auction of sky signs but no bidder participated. In FY 2019-20, PHA made self-recovery but recovery was lesser because boards had been removed. The Committee directed the authority to probe regarding difference between self-recovery and reserve price keeping in view High Court's orders. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.334&339(2021-22)

Miscellaneous irregularities

3.4.12.2 Irregular award for collection rights of shop board fee – Rs 52.800 million

According to rule 12 (2) of PPRA, 2014, a procuring Agency shall advertise any procurement exceeding three million rupees on the website of the PPRA of the procuring agency, if any, and in at least two national daily newspapers of wide circulation, one in English and one in Urdu. As per clause No. 16 of NIT/advertisement notice for auction of collection of taxes, the process of auction would be conducted as per PPRA rules 2014.

Director A&F/Marketing, PHA, Rawalpindi awarded the contract 'Collection rights of advertisement fee' amounting to Rs 4,800,000 in FY 2017-18. Audit observed that the authority extended the contract with 10% annual increase during FY 2018-19 to FY 2019-20 which was violation of PPRA rules which required to award rights of recovery/collection of shop board fee through fresh competitive process/open tendering.

Violation of the PPRA's rules resulted in irregular award amounting to Rs 52,800,000.

Audit pointed out the irregular award in March 2022.

The para was discussed in the SDAC meeting held on 08.12.2022. The authority explained that contract was awarded for Rs 48,000,000 in FY 2018-19. The contract was extended for one year with 10% increase. Then, PHA advertised in different newspapers to outsource the sky signs for FY 2019-20 but no one participated.

Therefore, self-recovery was started as per survey. Audit contended that extension of contract was not admissible under PPRA rules. The Committee directed the authority to probe into the matter. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.340(2021-22)

3.4.13 Koh-e-Suleman Development Authority, Dera Ghazi Khan

Irregularities

Irregularities resulting in overpayments

3.4.13.1 Overpayment due to non-maintaining quoted percentage – Rs 24.146 million

As per para (v) of the Finance Department notification No. RO(Tech)FD.1-2/83-VI dated 29th March, 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Director General, Koh-e-Suleman Development Authority, (KSDA), DG Khan, in two (02) cases, awarded contracts on 2.80% and 4.48% above TS estimates but paid 5.65% and 13.20% above TS estimates, respectively.

Violation of the FD's instructions resulted in overpayments of Rs 24,146,000.

Audit pointed out the overpayments in March 2022.

The paras were discussed in the SDAC meeting held on 20.12.2022. The authority explained that the schemes were on-going and could not be completed due to shortage of funds. Therefore, final recovery/overpayment could not be assessed at present. Audit contended that the recovery ought to be watched up to final bill. The Committee directed the authority to prepare financial statement up to the last paid bill and get it verified from the Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.361&373(2021-22)

3.4.13.2 Overpayment due to inadmissible contractor’s profit – Rs 3.985 million

As per FD’s letter No. RO(Tech)FD-18-29/2006 dated 03.03.2005,read with FD’s notified template for electrical items in 2022, 12.5% contractor profit and overhead charges are allowed.

Director General, KSDA, DG Khan paid for various non-scheduled items in different contracts. Audit observed that the authority, in three (03) cases, prepared the rate analyses of electric items by including 20% contractor’s profit instead of 12.5%.

Violation of the FD’s instructions resulted in overpayments amounting to Rs 3,984,975.

Audit pointed out the overpayments in March 2022.

The paras were discussed in the SDAC meeting held on 20.12.2022. The authority explained that the solar light network was not a sole item which could be purchased directly from a manufacturer. Audit informed that the authority got approved the rate analyses by taking 20% contractor’s profit and overhead instead of 12.5%. The Committee directed the authority to obtain advice from FD and get it verified from Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.362,365&372(2021-22)

3.4.14 Punjab Housing & Town Planning Agency

Irregularities

Irregularities resulting in overpayments

3.4.14.1 Overpayment due to higher rates – Rs 6.783 million

As per FD's letter No. RO(Tech)FD/2-6/98 dated 21.10.2006, the scheme shall be technically sanctioned under Delegation of Financial Power Rules 1990 at the rate on which the scheme was administratively approved irrespective of any change in market rates at the time of technical sanction.

Deputy Directors, PHATA, Bhakkar and Layyah, paid for various items in different contracts at higher rates than provided in the approved PC-I based on MRS 2nd bi-annual 2014 and 1st bi-annual 2012, respectively.

Violation of the FD's instructions resulted in overpayments amounting to Rs 6,782,626.

Audit pointed out the overpayments in February 2022.

The paras were discussed in the SDAC meeting held on 27.06.2022. In DP No. 5, the agency explained that the item was paid after getting approval from the competent authority. In DP No. 6, the agency stated that revised TS estimate would be got approved. Audit informed that payments were to be made on the basis of MRS 2nd bi-annual 2014 and 1st bi-annual 2012, respectively, on which PC-I was approved. The Committee directed the agency to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.05&06(2021-22)

3.4.14.2 Overpayment due to non-utilization of excavated earth – Rs 1.176 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, available useable material from the excavation was to be used in works before using material from an outside source. Further, as per Specification No 17.1(A) (11) (i) of Specifications for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

Deputy Director, PHATA, Layyah paid for the item *"Earthwork for making embankment"* for a quantity of 885960 cubic foot at the rate of Rs 8,664 ‰cft. Audit observed that the agency also paid for the item *"Earthwork excavation in irrigation channel"* for a quantity of 100199 cubic foot but did not adjust the available earth in embankment.

Violation of the Specifications resulted in overpayment amounting to Rs 1,175,754.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 27.06.2022. The agency explained that item was executed as per provision in TS estimate. Audit contended that earth obtained from excavation was to be adjusted for making embankment. The Committee directed the agency to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.15(2021-22)

3.4.14.3 Overpayment due to higher rate of earthwork - Rs 3.787 million

As per TS estimate sanctioned by the Deputy Director, PHATA, Layyah rate of the item *"Earthwork for making embankment lead up to 2 km"* was @ Rs 6,754 ‰cft.

Deputy Director PHATA, Layyah paid for the item *"Earthwork for making embankment"* at the rate of Rs 8,664 ‰cft in 9th running bill. Audit observed that the rate of the original item, as per DNIT, was Rs 6,754 ‰cft against which the contractor had quoted Rs 4,389.94 ‰cft i.e., 35% below the TS estimate. The agency converted the said BOQ item into a non-BOQ item by enhancing the lead from 2 miles to 5 miles which was not admissible.

Violation of the TS estimate resulted in overpayment amounting to Rs 3,787,479.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 27.06.2022. The agency explained that the rate was approved and paid accordingly. Audit informed that no record in support of reply was produced during verification. The Committee directed the agency to get the record verified from Audit within 15 days otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.18(2021-22)

Irregularities resulting in non-recoveries

3.4.14.4 Non-recovery of building period surcharge – Rs 20.506 million

As per condition No. 6 of the allotment order, the allottee shall, within a period of three years from the date of possession of the plot, erect a residential building. Further, as per HUD & PHE Department's letter No. SO(H-II)2-3/92 date 27.10.2010, where the permissible construction period already expired, the allottees of 10 marla plots would be allowed to construct houses by June 2015 by paying a surcharge at the rate of Rs 7,000 per year.

Deputy Directors, PHATA, Layyah and Bhakkar, allotted various plots with stipulated building period for construction. Audit observed that the agency did not recover building period surcharge from the allottees who did not construct the houses within the stipulated building period.

Violation of the allotment order resulted in non-recovery amounting to Rs 20,506,000.

Audit pointed out the non-recovery in February 2022.

The para was discussed in the SDAC meeting held on 27.06.2022. The agency explained that Deputy Directors, Layyah and Bhakkar, had recovered Rs 14,378,000. Audit informed that the record regarding recovery had not been produced for verification. The Committee directed the agency to get the record verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.01(2021-22)

3.4.14.5 Non-completion of work at risk and expense of the contractor – Rs 3.076 million

As per clauses 60 and 61 of the contract agreement, on the default of a contractor to complete the work, his work will be rescinded and the remaining work will be completed at the risk and expense of the original contractor, besides forfeiting his securities.

Deputy Director, PHATA, Bhakkar awarded the contract amounting to Rs 11,766,070 to be completed in nine (09) months and paid an amount of Rs 8,690,180 up to 6th running bill. Audit observed that the contractor defaulted and work was abandoned in 2019 but the agency did not invoke the clauses ibid for completion of the works.

Violation of the contract agreement resulted in non-completion of work amounting to Rs 3,075,890.

Audit pointed out the non-completion of work at risk and expense of the defaulting contractor in February 2022.

The para was discussed in the SDAC meeting held on 27.06.2022. The agency explained that Deputy Director Bhakkar was directed to submit fresh estimate on risk and expense of the original contractor. Audit informed that the agency did not provide record regarding completion of scheme or action taken against the contractor. The Committee showed concern and directed the agency to probe the matter and take action against the contractor besides forfeiture of security. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.09(2021-22)

Irregularities resulting in undue financial benefit to contractors

3.4.14.6 Undue financial benefit due to non-obtaining of additional performance security - Rs 13.219 million

As per general direction No.26 (A) of the contract agreement read with FD's letter No. RD(Tech)FD-1-2/83/VI(P) dated 24.01.2006, if the contractor quotes his rates 5% or more below the TS estimate rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance.

Deputy Director, PHATA, Bhakkar awarded various contracts below 5% of TS estimates. Audit observed that the agency, in three (03) cases, did not obtain additional performance securities amounting to Rs 13,218,685 from the contractors.

Violation of the contract agreement/FD's instructions resulted in the undue financial benefit amounting to Rs 13,218,685.

Audit pointed out the undue financial benefit in February 2022.

The para was discussed in the SDAC meeting held on 27.06.2022. The agency explained that additional performance securities were obtained. Audit informed that no record had been produced to justify the stance. The Committee directed the agency to get the record verified from Audit otherwise refer the matter to FD for condonation within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.19(2021-22)

3.4.15 Public Health Engineering Department

Irregularities

Irregularities resulting in overpayments

3.4.15.1 Overpayment due to allowing secured advance on composite rates – Rs 45.368 million

As per clause 45 of the contract agreement, a secured advance was allowed on the security of material of imperishable nature at the rate of 75% of the market rate.

Executive Engineers, PHE Divisions, Bahawalpur and DG Khan-I, paid secured advance for various items on composite rate, including the cost of labour, instead of paying at the rate of 75% of the material cost. In some cases, the department allowed secured advance on excess quantities then approved in TS estimates. The detail is below:

(Amount in Rs)

DP	Item	Estimated qty	Qty paid	Excess qty	Rate paid	Rate to be paid	Excess rate	Amount of secured advance	Remarks
175 (2021-22)	Tuff tiles	-	643186		76.24	52.50	23.74	15,269,211	Excess rate
	PVC pipe 3″	-	30000		183.26	150	33.26	997,800	Excess rate
	PVC pipe 4″	-	1700		280.8	229	51.80	88,060	Excess rate
	PVC pipe 6″	-	4700		558.15	450	108.15	508,305	Excess rate
305 (2021-22)	Tuff tiles & bricks	297318	695944	398626	-	-	-	24,217,367	Excess qty than TS estimate
	Polyethylene pipe 21″		2600 rft		6375 per rft	5877.26 per rft	497.74 per rf	1,294,124	Excess rate
303 (A) (2021-22)	Tuff tiles	48600	59000	10400	-	-		1,155,000	Excess qty than TS estimate
		-	-	17523	-	-	-	1,838,915	Less recovery
							Total	45,368,782	

Violation of the contract agreement resulted in overpayment amounting to Rs 45,368,782.

Audit pointed out the overpayment in September 2022.

The paras were discussed in the SDAC meetings held in December 2022. The department explained that the secured advance was granted on the material rate. Audit informed that the department granted secured advance at the rate of 75% of MRS rate instead of material input rate. In DP No. 175, the Committee directed the department to effect the recovery of excess paid amount with interest at the rate of 12.5% besides taking action against the responsible(s) and in remaining two cases, probe the matter by Chief Engineer. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.2 Incorrect calculation of the item "Bailing out of water" – Rs 25.304 million

As per sanctioned estimate approved by the Chief Engineer South No. 90-E/2019-20/68 dated 16.01.2020, the formula for conversion of hours into cubic foot was sanctioned as *"1.96/2=0.98 cubic foot or 0.98x22500/6.25=3528 cubic foot per hours".*

Executive Engineer, PHE Division, Bahawalpur paid the item *"Bailing out of water etc."* for the quantity 61,180,000 cubic foot. Audit observed that the department calculated the quantity of the item by multiplying 3528 cubic foot per hour with 24 hours and again multiplied the result with 24 hours i.e. (cubic foot per hour x 24 hours x 24 hours) instead of (cubic foot per hour x 24 hours x 01 hour). Therefore, the department paid excess quantity of 52173745 cubic foot at the rate of Rs 485 ‰cft.

Violation of the TS estimate resulted in incorrect calculation amounting to Rs 25,304,266.

Audit pointed out the incorrect calculation in September 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that payment was made as per TS estimate. Audit informed that measurement was carried out incorrectly by multiplying actual working hours with 24 hours instead of one hour. The Committee directed the department to probe the matter by Chief Engineer and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.165(2021-22)

3.4.15.3 Overpayment due to application of higher rate of earthwork – Rs 20.036 million

As per rule 1.58 of the B&R Code, the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organise and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality.

Executive Engineer, PHE Division-II, DG Khan paid for the item *"Borrow pit excavation undressed lead up to 100 feet (Sub-head Tuff Tiles)"* at the rate of Rs 4,083 ‰cft for a quantity of 3545142 cubic foot. Audit observed that the department paid incorrect item having higher rate instead of the cheaper item "*Earthwork excavation in undressed up to single throw of kassi lead 100 feet*" at the rate of Rs 2,939.65 ‰cft.

Violation of the contract agreement resulted in overpayment amounting to Rs 4,053,338.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that the item was executed as per TS estimate and paid accordingly. Audit informed that as per original TS estimate and contract agreement, the item *"earthwork excavation undressed lead up to a single throw of kassi including transportation of earth lead up to 1 mile"* was payable at the rate of Rs 5,411.22 ‰cft. However, in revised TS estimate the item *"Borrow pit excavation undressed lead up to 5 mile"* was incorporated and paid at the rate of Rs 11,062.80 ‰cft resulting in overpayment of Rs 20,035,657. The

Committee upheld the viewpoint of Audit and directed the department to effect the recovery within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.326(2021-22)

3.4.15.4 Overpayment beyond agreed percentage of contract cost – Rs 13.487 million

As per para (v) of the FD's notification No. RO(Tech)FD.1-2/83-VI dated 29th March, 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of various PHE Divisions awarded contracts at different quoted percentages wherein the contractors quoted imbalance rates. Audit observed that the department, in three (03) cases, made payments beyond the agreed percentages. The detail is as under:

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Payment to be made (% below)	Payment made (% below)	Amount
1	169 (2021-22)	Bahawalpur	6.026 % to 16.28 %	3% to 5%	7,541,287
2	78 (2021-22)	Lodhran	12.26 %	8.29 %	5,242,800
3	310 (2021-22)	DG khan-I	13.50 %	4.78 %	703,380
				Total	**13,487,467**

Violation of the FD's instructions resulted in overpayments amounting to Rs 13,487,467.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meetings held in December 2022. The department explained that the schemes were ongoing and not completed due to shortage of funds. The comparison between agreed and paid amount would be made at the final bills. Audit informed that as per the last paid running bills, the department did not maintain the agreed percentages, which were to be maintained even during execution to curtail undue benefit to the contractors. The Committee directed the department for early completion of the works and preparation of financial statements. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.5 Overpayment due to application of higher rates for non-standardised items – Rs 12.470 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Executive Engineers of various PHE Divisions paid for the items viz. *"P/L crush stone ¼" - ⅜" to 1"", "P/L HDPE Pipe"* and *"P/L tuff tiles"*. Audit observed that the department, in nine (09) cases, paid higher rates instead of admissible rates as per the FD's template. The detail is as under:

(*Amount in Rs*)

Sr. No.	DP. No.	Name of Division	Rate paid (per cft/sft/rft)	Rate payable (per cft/sft/rft)	Excess Rate	Qty (cft/sft/rft)	Over-payment
1	09 (2021-22)	RY Khan	3,050	2,996.27	53.73	47748	2,565,500
2	286 (2021-22)	DG Khan-I	98.75	91.70	7.05	233719	1,647,720
3	235 (2021-22)	Sialkot	113.33	102.70	10.63	160461	1,705,700
4	231 (2021-22)	Sialkot	125.41	102.39	23.02	166155	3,824,888
5	214 (2021-22)	Sialkot	124.12	85.37	38.75	25286.83	979,865
6	225 (2021-22)	Sialkot	112.41	98.84	13.57	91852	1,246,432
7	87 (2021-22)	Chakwal	88.78	62.35	26.43	25394	671,163
8	124 (2021-22)	Sheikhupura	121.51	113.92	7.59	26978.78	204,769
9	162 (2021-22)	Bahawalpur	66.00	59.00	7.00	86967	605,290
			6,332	3,624	2,708.00	358	969,464
			82	73.86	814.00	183,332	1,492,256
						Total	**15,912,856**

Violation of the FD's instructions resulted in overpayments amounting to Rs 15,912,856.

Audit pointed out the overpayments from July to November 2022.

The paras were discussed in the SDAC meetings held from October to December 2022. The department explained that payments were made to the contractors as per approved rate analyses. Audit informed that the rate analyses were approved with excess quantities of crushed stone and labour which had also been clarified by FD. In eight (08) cases, the Committee directed the department to effect due recovery, in DP No. 09, to get approved the rate on the FD's template and in DP No. 162 (sub-para 04), to produce requisite record and get it verified from Audit. The para was reduced to Rs 12,469,996. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.6 Overpayment due to excess measurement of manholes – Rs 11.763 million

As per para 4.6 of Design Criteria of HUD & PHE Department, spacing of manholes in straight lines of sewerage for 9″, 12″, 15″, 27″& 33″diameter is 50′ 100′, 150′, 200′ & 300′ rft respectively.

Executive Engineers, PHE Divisions, Rahim Yar Khan and DG Khan-I paid for the item *"RCC Sewer Pipes"* of different diameters. Audit observed that the department, in four (04) cases, constructed excess manholes than admissible as per design criteria. The detail is as under:

(*Amount in Rs*)

Sr. No.	DP No.	Manhole constructed	To be constructed	Difference	Amount
1	4 (2021-22)	258	115	143	5,739,374
2	17 (2021-22)	168	78	90	2,527,200
3	293 (2021-22)	206	102	104	1,953,019
4	15 (2021-22)	109	94	15	1,543,500
				Total	**11,763,093**

Violation of the design criteria resulted in overpayments amounting to Rs 11,763,093.

Audit pointed out the overpayment in March 2022.

The paras were discussed in the SDAC meetings held on 20.10.2022. The department explained that manholes were constructed as per site requirement, i.e., change in grade of sewer, junction of more than two sewer lines, etc. The payments were made as per work done and TS estimates were under revision. Audit informed that the manholes were constructed over and above the provision in design criteria. The Committee directed the department to produce relevant record i.e. revised TS estimate, map, drawing and design/layout plan to evaluate the requirements and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.7 Overpayment due to incorrect calculation and application of higher rates – Rs 10.106 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

3.4.15.7.1 Executive Engineer, PHE Division-II, DG Khan paid Rs 174,776,688 and Rs 157,277,940 up to 27th running bill and 28th running bill, respectively. Audit observed that the department recovered Rs 17,498,748 instead of Rs 23,840,747 by erroneously calculating less recoverable amounting to Rs 6,341,999.

Violation of the DFR resulted in overpayment amounting to Rs 6,341,999.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department admitted the recovery amounting to Rs 6,341,999. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.319(2021-22)

3.4.15.7.2 Executive Engineer, PHE Division-II, DG Khan paid for the items viz. *"Compaction of earthwork (soft, ordinary or hard soil) all types of soil"* and *"Dressing and leveling of earthwork to designed* *section etc."* for a quantity of 3545142 cubic foot at the rate of Rs 939 ‰cft and at the rate of Rs 401 ‰ cft, respectively. Audit observed that the department incorrectly paid for dressing and leveling in addition to compaction of earthwork as the component of dressing was included in the rate of compaction.

Violation of the DFR resulted in overpayment amounting to Rs 1,421,607.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that the item was executed as per TS estimate and paid accordingly. Audit reiterated its earlier stance. The Committee directed the department to effect the recovery and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.324(2021-22)

3.4.15.7.3 Executive Engineer, PHE Division, Mianwali, in two (02) cases, paid for the items viz. *"Excavation in trenches"* and *"Re-handling of earth"*. Audit observed that excess quantity of re-handling was measured whereas it was required to be paid after deducting area occupied by pipes and sand cushion.

Violation of the DFR resulted in overpayments amounting to Rs 7,052,301.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meetings held on 15.12.2022. The department admitted due recovery amounting to Rs 313,170 and Rs 862,272 against DP No. 198 and 199, respectively. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery and get it verified by

Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No 198&199(2021-22)

3.4.15.7.4 Executive Engineer, PHE Division-I, DG Khan paid for the items viz. *"Earthwork excavation undressed lead up to single throw of kassi lead up to ¼ mile"* and *"P/L dry brick pavement/soling in streets"* for the quantities of 523415.96 cubic foot and 200567.05 cubic foot, respectively. Audit observed that the department did not deduct area of brick soling for a quantity of 200567.05 cubic foot.

Violation of the DFR resulted in overpayment amounting to Rs 1,166,564.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department admitted the recovery. Audit emphasized that the recovery be expedited. The Committee directed the department to effect actual recovery and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.285(2021-22)

3.4.15.8 Overpayment due to excess lead for carriage of stone – Rs 6.561 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 02.08.2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

Executive Engineers of various PHE Divisions paid for the item *"Carriage of stone"* by adopting different routes. Audit observed that the department, in six (06) cases, did not adopt the shortest routes and paid higher rates for the carriage. The detail is as under:

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Lead paid (km)	Lead to be paid (km)	Excess Lead (km)	Amount
1	31 (2021-22)	Bahawalnagar	293	278	15	1,591,962
2	123 (2021-22)	Sheikhupura	251	170	81	1,381,119
3	135 (2021-22)	Sheikhupura	180	172	08	1,104,730
4	202 (2021-22)	Mianwali	1. 37 2. 47	1. 35 2. 16	1. 02 2. 31	1,865,508
5	217 (2021-22)	Sialkot	140	127	13	316,272
6	325 (2021-22)	DG khan II	107	10	97	1,557,310
					Total	**7,816,901**

Violation of the FD's instruction resulted in overpayments amounting to Rs 7,816,901.

Audit pointed out the overpayments from July to December 2022.

The paras were discussed in the SDAC meetings held from October to December 2022. In four (04) cases, the department admitted recovery amounting to Rs 3,411,975. In DP Nos.31 and 325, the department explained that lead was paid as per approved TS estimate. Audit informed that shortest route was to be adopted as per available evidence. The Committee directed the department to effect due recovery in four (04) cases, to refer the matter regarding DP No. 31 to Executive Engineer, Highway Bahawalnagar for submitting report and in DP No. 325, to probe the matter and submit the report within 15 days. The para was reduced to Rs 6,561,247. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.9 Overpayment due to application of higher rates than recorded in MB – Rs 5.930 million

As per item 42 (a) of Chapter 23 of MRS for 1st bi-annual 2017 DG Khan, for the item *"P/L cutting, jointing, testing and disinfecting High Density Polyethylene Pipe (HDPE-100) working pressure pipe in trenches. complete in all respects"* rates of Rs 343.75 per rft, Rs 532.40 per rft and Rs 839.90 per rft were payable for 6″, 8″ and 10″ diameters, respectively.

Executive Engineer, PHE Division-II, DG Khan paid for the item *"P/L cutting, jointing, testing and disinfecting HDPE-100 PN-8"* of various diameters for a quantity of 34297 rft. Audit observed that the department recorded HDPE pipe PN-8 in Measurement Book but applied rates of PN-10.

Violation of the MRS resulted in overpayment amounting to Rs 5,930,334.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that PN-10 pipe was used in the work but recorded entries in the Measurement Book was erroneously written as PN-8. Audit contended that payment was to be made as per record entries. The Committee directed the department to provide lab test reports of executed pipes and get it verified from Audit within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.316(2021-22)

3.4.15.10 Overpayment due to charging of income tax on PST to development funds – Rs 5.564 million

As per section 153(1)(b) of Income Tax Ordinance 2001, income tax may be deducted on gross value of work done (by including all taxes, cost of dismantling material and premium) at the prescribed rates for the particular financial year.

Executive Engineer, PHE Division-I, DG Khan deducted income tax on PST amounting to Rs 5,564,334 and charged the amount to the development schemes instead of effecting the recovery of the income tax from the contractors.

Violation of the Income Tax Ordinance resulted in overpayments amounting to Rs 5,564,334.

Audit pointed out the overpayment in October 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that the actual recovery was worked out to be Rs 2,500,803 which was effected. Audit contended that complete record had not been produced to gauge actual amount of recovery due and the accountal of the recovery effected. The Committee directed the department to effect actual recovery and get the complete record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.288(2021-22)

3.4.15.11 Overpayment due to inadmissible carriage of stone – Rs 3.684 million

As per the approved BOQ/contract agreement, the contractor quoted an item rate of Rs 250 %cft for the finished item, i.e., *"boulder filling grates/gabions including laying readymade wire matters in position etc."*

Executive Engineer, PHE Division, Mianwali paid for the item *"Carriage of stone"* for quantity 575562 cubic foot at the rate of Rs 640.05 %cft. Audit observed that as per original BOQ the item rate quoted by the contractor was complete rate for finished item. Hence, carriage charges approved and paid through variation order was not admissible to the contractor.

Violation of the BOQ/contract agreement resulted in overpayment amounting to Rs 3,683,885.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that carriage was paid as per actual quantity because carriage of stone/boulder was not included in rate analysis of MRS and same was also approved by the competent authority. Audit informed that the contractor quoted his own rates complete in all respects. Therefore, separate payment of carriage through variation order was not admissible. The FD's representative stated that the item was required to be paid complete in all respect as the contractor's bid was submitted with knowledge that payment for carriage was not included in the BOQ. The government cannot be burdened on account of mistake of the department or the contractor and the recovery be effected by the department after fixing the responsibility. The Committee directed the department to refer the matter to FD for advice. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.190(2021-22)

3.4.15.12 Overpayment due to application of higher rate for de-silting – Rs 1.919 million

As per item No.52 Chapter-3 of MRS, 2nd bi-Annual-2019 District Dera Ghazi Khan, rate of Rs 2,438 ‰cft was payable for item *"Earthwork in excavation of drains, irrigation channels through* *excavator/drag lines in all kind of soil and conditions(dry, wet, slush, daldal and under water)".*

Executive Engineer, PHE Division-II, DG Khan paid for the item *"De-silting of anaerobic ponds i/c disposal of sludge"* for a quantity of 538829 cubic foot at the rate of Rs 6 per cubic foot. Audit observed that the department paid higher rate instead of Rs 2,438 ‰cft or Rs 2.438 per cubic foot as available in MRS.

Violation of the FD's directions and MRS resulted in overpayment amounting to Rs 1,919,309.

Audit pointed out the overpayment in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that the item was executed as per TS estimate. Audit informed that department applied the rate using manual labour, whereas, de-silting of pond could only be done through mechanical means. The FD had already introduced a new item in MRS for this purpose, which was to be applied and paid accordingly. The Committee directed the administrative department to probe the matter through Deputy Director (Design) HUD & PHE department regarding execution of work through labour instead of mechanical means and submit the report within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.327(2021-22)

3.4.15.13 Overpayment due to allowing inadmissible cost of horizontal shuttering – Rs 1.224 million

As per MRS item No. 6(a)(ii)(3) of chapter 6 (concrete), the item *"P/L RCC 1:2:4 not requiring form works/horizontal shuttering"*, the rate was @ Rs 302.95 per cubic foot based on 2nd bi-annual 2021, Lodhran.

Executive Engineer, PHE Division, Lodhran paid for the item *"P/L RCC 1:2:4 etc"* at the rate of Rs 414 per cubic foot instead of Rs 302.95 per cubic foot under sub-head "Sullage Carrier and Drains". Audit observed that in the template of item RCC, cost of shuttering was provided with kail wood, nut bolts and greasing and oiling. However, in the construction of slabs of sullage carrier and drain, all components of shuttering were not involved. Therefore, the rate of RCC was required to be reduced.

Violation of the MRS resulted in overpayment amounting to Rs 1,224,215.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department admitted the recovery. Audit emphasized that the recovery be expedited. The Committee directed the department to effect the recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.243(2021-22)

3.4.15.14 Overpayment due to non-deduction of shrinkage – Rs 1.134 million

As per instructions of chapter No. 3, "Earthwork" of MRS, 10% shrinkage was required to be deducted in case work is done with manual labour and 3% to 6% in case work is done by mechanical means.

Executive Engineers, PHE Divisions, Sheikhupura and Lodhran paid for the items viz. *"Earthwork excavation undressed lead up to a single throw of kassi/Phoarah lead up to 1 mile*" and *"Earthwork excavation from outside b/pits lead one mile in ordinary soil etc."* for the quantity 5647500 cubic foot and 193362 cubic foot, respectively.

Audit observed that the department did not deduct 10% shrinkage as stipulated in MRS.

Violation of the MRS resulted in overpayments amounting to Rs 4,684,455.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meeting held in December 2022. Audit informed that in DP No. 120, the department had effected the recovery amounting to Rs 3,828,498 out of Rs 4,292,049. In DP No. 237, the recovery amount to Rs 670,895 was required to be made from the contractors. The Committee reduced the paras to Rs 1,134,446 and directed the department to effect balance recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.120&237(2021-22)

Irregularities resulting in non-recoveries

3.4.15.15 Non-recovery/irregular grant of mobilization advance and non-revalidation of bank guarantee – Rs 35.574 million

As per para-5 of the FD's instructions No. RO(Tech)F-D.18-44/2006 dated 07.12.2007, recovery of mobilization advance shall commence after the lapse of 20% of contract period or after the execution of the 20% of the work (in financial terms) whichever is earlier. The rate of recovery shall be 25% of the value of work done in each running bill.

3.4.15.15.1 Executive Engineer, PHE Division, Lodhran allowed 15% mobilization advance to the contractor on 12.04.2018 for Rs 10,125,000. Audit observed that the bank guarantee against which mobilization advance was granted expired on 31.12.2021 but was not got revalidated. Further, as per last paid 5th running bill dated 07.06.2022, the advance amounting to Rs 6,570,000 was outstanding for more than four years.

Violation of the FD's instructions resulted in non-revalidation/non-recovery amounting to Rs 6,570,000.

Audit pointed out the non-revalidation/non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that the mobilization advance was recovered from security deposit of the contractor vide TE No.2 in November 2022. Audit contended that recovery was to be made from running bills which was not made for more than four years. Further, record regarding recoupment/accountal of security deposit was not shown. The Committee directed the department to produce requisite record besides fixing responsibility against the delinquent. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.79(2021-22)

3.4.15.15.2 Executive Engineer, PHE Division, Bahawalpur awarded the contract on 22.03.2022 for Rs 580,086,000. The department allowed 5% mobilization advance amounting to Rs 29,004,000 to the contractor on 17.06.2022 through 4th running bill. Audit observed that mobilization advance was admissible only at the start of project. The advance was granted not only to park funds but also to give undue benefit to the contractor.

Violation of the FD's instructions resulted in irregular grant of mobilization advance amounting to Rs 29,004,000.

Audit pointed out the irregularity in September 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that initially 10% mobilization advance was allowed which was not obtained by the contractor. Later, the contractor mobilized at site and applied for 5% mobilization advance. Audit informed that mobilization advance was admissible only before the commencement of work. The Committee directed the department to effect the recovery along with 12.5% markup for the period during which advance was utilized by the contractor and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.176(2021-22)

3.4.15.16 Non-recovery of cost of retrieved material – Rs 6.780 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineers, PHE Divisions, Sheikhupura and Lahore paid for the items viz. *"P/F 6" thick RCC manhole cover with angle iron frame 22" dia"*, *"Dismantling of bricks or flagged flooring etc",* and *"Dismantling of brick aggregate".* Audit observed that the department, in three (03) cases, did not recover cost of old bricks, brick bats and steel.

Violation of the Specification resulted in non-recoveries amounting to Rs 13,295,020.

Audit pointed out the non-recoveries during 2022.

The paras were discussed in the SDAC meeting held in 02.12.2022. In DP No. 117, the department recovered full amount of dismantled material but deduction of income tax amounting to Rs 157,701 on the value of dismantled material was not made. In DP No. 97, the department explained that the scheme was ongoing and work was in progress and the recovery would be made accordingly. In DP No. 54, the department recovered an amount of Rs 4,419,553. The Committee directed the department to effect the balance recovery of Rs 6,780,291 and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.54,97&117(2021-22)

3.4.15.17 Non-recovery of government taxes – Rs 4.587 million

According to Punjab Revenue Authority Act 2012, deduction of Punjab sales tax is to be made from payments @ 16% on maintenance and repair works. Further, as per Income Tax Ordinance 2001, the 7.5% income tax was required to be deducted while making payments to contractors.

Executive Engineer, PHE Division, Lodhran paid Rs 19,517,624 to various contractors for O&M of different Rural Water Supply Schemes. Audit observed that O&M was carried out through un-registered contractors without deducting income tax at the rate of 7.5 % for Rs 1,463,821 and PST at the rate of 16% for Rs 3,122,819.

Violation of the PRA and income tax ordinance resulted in non-recovery amounting to Rs 4,586,640.

Audit pointed out the non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that the payments were made to local vendors for minor O&M issues such as rewinding/replacement of motors and transformers and repair of pipes and pumps, etc. Audit contended that utilization of government funds ought to be made in accordance with applicable rules and recovery of taxes be made. The

Committee directed the department to resolve the matter through consultation with stakeholders. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.247(2021-22)

Irregularities resulting in undue financial benefit to contractors

3.4.15.18 Non-obtaining of performance/additional performance security and non-revalidation of additional performance security – Rs 399.061 million

As per clause 7 of the contract agreement read with item (h) Memorandum of Work, and FD's instructions No. RO(Tech)FD-1-2/83(V)(P) dated 06.04.2005, the contractor is required to provide performance security in the shape of bank guarantee @ 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with a cost exceeding Rs 50,000,000. Further, if the contractor quotes his rates 5% or more below the estimated rates, additional performance security of scheduled bank be obtained within 15 days of the receipt of the acceptance equal to below percentage than the estimated cost. The performance security should be re-validated till the completion of the project and the defect liability period.

Executive Engineers of various PHE Divisions, awarded different contracts to the various contractors. Audit observed that the department, in six (06) cases, did not obtain performance and additional performance securities. The detail is as under:

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Contract Amount	Guarantee	Amount
1	307 (2021-22)	DG khan-I	862,665,000	Performance/additional security	176,474,194
2	337 (2021-22)	DG khan-II	1,524,478,009	Performance/additional security	136,165,625
3	250 (2021-22)	Lodhran	1,766,800	Performance security	1,766,800

Sr. No.	DP No.	Name of Division	Contract Amount	Guarantee	Amount
4	130 (2021-22)	Sheikhupura	989,733,571	Performance security	49,486,679
5	07 (2021-22)	Rahim Yar Khan	33,453,279	Additional performance security	12,147,355
6	77 (2021-22)	Lodhran	160,407,831	Additional performance security	23,020,176
				Total	**399,060,829**

Violation of the contract agreement resulted in non-obtaining of performance/additional performance securities amounting to Rs 399,060,829.

Audit pointed out the irregularities during 2022.

The paras were discussed in the SDAC meetings held from October to December 2022. In DP No. 250, the department explained that process of hiring of the consultants was done in CE's office. In the remaining cases, performance and additional performance securities were obtained. Audit informed that the performance guarantee was required to be obtained from the consultants and revalidated in case of expiry. The Committee directed the department to obtain validated performance and additional performance securities and get them verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early revalidation of performance and additional performance securities besides regularization from FD.

3.4.15.19 Irregular enhancement of agreement – Rs 70.647 million

As per clarification by PPRA dated 18.06.2019, enhancement in the original scope of work cannot be allowed under the PPRA rules being a different modality from the concept of variation, which is allowed (to the extent of 20% of the original procurement in the category of works only and based on unforeseen engineering anomalies) in the light of clause 42 of contract agreement circulated by Finance Department.

Executive Engineers, PHE Divisions awarded various contracts. Audit observed that the department, in three (03) cases, enhanced the scope of works by 19% to 67.75% above the agreed cost of the original agreement as under:

(*Amount in Rs*)

Sr. No.	DP No.	Name of Division	Agreement Amount	Payment Made	Enhancement (% age)	Amount
1	115 (2021-22)	Sheikhupura	78,414,232	130,600,151	66.55	52,185,919
2	300 (2021-22)	DG Khan-I	33,026,000	40,826,000	23.62	7,800,000
3	06 (2021-22)	Rahim Yar Khan	27,186,478 6,266,801	34,954,825 9,159,589	28.57 46.16	7,768,347 2,892,788
		Total	**144,893,511**	**215,540,565**		**70,647,054**

Violation of the PPR resulted in irregular enhancement of contract agreements amounting to Rs 70,647,054.

Audit pointed out the irregularity during March to August 2022.

The paras were discussed in the SDAC meetings held from October to December 2022. The department explained that the works were enhanced by the competent authority on demand of residents. Audit informed that the scope of works were enhanced beyond permissible limit. As per clarification issued by PPRA, enhancement was admissible only on the basis of unpredictable engineering scope anomalies that arose in an ongoing project. However, enhancement in scope of work with regard to extension of project going beyond originally advertised/awarded scope of work cannot be allowed as it would be discriminatory, uncompetitive and non-transparent. The Committee directed the department to seek advice from FD, in DP No. 115, condonation from PPRA in DP No. 06, and effect actual recovery in DP No. 300. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

3.4.15.20 Undue financial benefit to the contractor – Rs 7.306 million

As per rule 2.33 of Punjab Financial Rules (Vol-I), every government servant should realise fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part.

Executive Engineer, PHE Division-II, DG Khan made advance payment amount to Rs 23,840,747 for the item *"P/L tuff pavers"* up to 28th running bill without actual work done at site. Audit observed that the department had made fictitious payment amounting to Rs 23,840,747 for the item without the actual work done at site. In the 29th running bill, an amount of Rs 17,498,748 was recovered but Rs 6,341,999 was still outstanding. Further, in 30th and 31st running bills, undue benefit was given when secured advance amounting to Rs 7,306,000 was paid on the same item which was not recovered despite a lapse of more than thirty (30) months.

Violation of the rules resulted in undue financial benefit amounting to Rs 7,306,000.

Audit pointed out the laps in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that advance would be recovered in the next bill. Audit contended that advance was granted to provide financial benefit to the contractor. The representative of the FD argued that department should recover the interest on overpaid amount. The Committee directed the department to effect the recovery of interest at the rate of 12.5% on account of allowing advance payment and also adjust the outstanding secured advance. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.329(2021-22)

3.4.15.21 Undue financial benefit due to higher rate – Rs 1.440 million

As per quotation dated 11.02.2014 of M/s Techno Vision Pvt. Ltd, the sole distributor of John Deere USA generators in Pakistan, quoted rate was Rs 3,796,050 (inclusive of GST, income tax, etc.) and accordingly, TS estimate was sanctioned by the Chief Engineer on 5.03.2014 for Diesel generator Set 200 KVA, manufactured by Caterpillar, Cummins, FG Wilson UK, SDMO France and Caterpillar/John Deere USA only.

Executive Engineer, PHE Division, Bahawalpur paid for the item *"Diesel Generator Sets of 200 KVA etc"* based on rate analysis in which the item was shown as manufactured in and imported from UK. Audit observed that as per bill of lading the generators were transported from China. Therefore, rates were required to be reduced as under:

(*Amount in Rs*)

Rate Paid	Payable Rate	Excess rate	Qty paid	Non-recovery
3,600,000	2,880,000	720,000	02	1,440,000

Violation of the TS estimate resulted in undue financial benefit amounting to Rs 1,440,000.

Audit pointed out the undue financial benefit in September 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that diesel generators were of UK origin. Audit informed that the department produced transport document which showed that the generators were transported from China. The difference between taxes, duties and carriage for UK and China were to be recovered from the contractor. After detail discussion, the Committee directed the department to produce all relevant record regarding origin of UK made generator substantiating its import from UK and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.166(2021-22)

Irregularities resulting in loss to government

3.4.15.22 Loss due to non-recovery of risk and expense – Rs 31.628 million

As per clause 60 and 61 of the contract agreement, read with Law and Parliamentary Affairs Department's letter No.OP-15(119)/2001/ 400/392/C dated 25.10.2001, in case the contractor fails to fulfill his obligation as per contract, either the contract would be rescinded and his security deposit be forfeited to government or the balance left over work would be executed at the risk and expense of the defaulting contractors by another contractor.

Executive Engineer, PHE Division-II, DG Khan awarded a contract on 03.05.2019 for Rs 367,773,000 with completion period of 12 months. Audit observed that the contractor defaulted, and the contract was rescinded. The department calculated risk and expense of Rs 31,628,036. Despite lapse of three years, the department did not effect the recovery from defaulting contractor.

Violation of the contract agreement resulted in non-recovery amounting to Rs 31,628,036.

Audit pointed out the non-recovery in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that the recovery could not be made as the matter was sub-judice. Audit contended that the matter regarding performance guarantee was sub-judice and not the recovery. The Committee directed the department to produce pray of the contractor and effect the recovery (if not sub-judice) and get it verified from Audit within 07 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.320(2021-22)

3.4.15.23 Loss due to award of work by tampering with the rate in the bid documents – Rs 16.887 million

As per clause 11 of General Directions for the Guidance of the Tenderer, the tenderer shall fill in the tender documents in ink. Errors, if any, shall be scored out and corrections rewritten legibly and attested by the tenderer. The tenderer shall duly attest any addition or alteration made after filling the form.

Executive Engineer, PHE Division-II, DG Khan got approved a rate of Rs 78 per sft for the item *"P/L tuff pavers 7000 PSI"* for a quantity of 1876315 cubic foot against which the contractor quoted a rate of Rs 90.80 per sft. Audit observed that the department tampered with the bid and changed the quoted rate to Rs 99.80 per sft. Further, the bidder had not attested the changed rate.

Violation of the contract resulted in a loss amounting to Rs 16,886,835.

Audit pointed out the loss in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that work was allotted and paid at the quoted rate. Audit reiterated its earlier stance and added that tampered bid could have only been accepted with the connivance of the tender committee. The Committee directed the administrative department to probe the matter and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.318(2021-22)

3.4.15.24 Loss due to execution of uneconomical items – Rs 2.236 million

As per rule 1.58 of the B&R Code, the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organise and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality.

3.4.15.24.1 Executive Engineer, PHE Division, Chakwal paid for the items viz. *"Earthwork excavation in irrigation channels, drains etc. shingle and gravel"* at the rate of Rs 15,179.17 ‰cft and *"Earthwork excavation in irrigation channel in ordinary soil"* at the rate of Rs 6,418.78 ‰cft in bed of streets and drains, respectively. Audit observed that the department used two different items having different costs at same location/strata which was unjustified.

Violation of the B&R Code resulted in loss amounting to Rs 1,109,722.

Audit pointed out the loss in August 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that the project was executed at hills of Choa Saidan Shah where soil strata comprised shingle and gravel. Audit contended that the department paid higher rate item because the department had executed two different items on the same location; therefore, suitable and most economical item was to be used. The Committee directed the department to get soil test report and allied record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.92(2021-22)

3.4.15.24.2 Executive Engineer, PHE Division, Rahim Yar Khan paid for the items viz. *"Breaking brick ballast "1.5" to 2""* at the rate of Rs 1,677.25 %cft and *"Dry rammed brick or stone ballast 1.5" to 2""* at the rate of Rs 1,898.75 %cft. Audit observed that the department wrongly paid for two separate items at the rate of Rs 3,576 %cft instead of paying for composite rate of the item "*P/L, watering, ramming brick ballasts gauging from 1.5" to 2"* at the rate of Rs 3,050.52 %cft.

Violation of the B&R Code resulted in loss amounting to Rs 713,215.

Audit pointed out the loss in March 2022.

The para was discussed in the SDAC meeting held on 20.10.2022. The department explained that payment was made according to TS estimate. Audit contended that the most economical item was not adopted. The Committee directed the department for verification of the rates of both items from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.02(2020-21)

3.4.15.24.3 Executive Engineer, PHE Division, Chakwal paid for the item "*Earthwork excavation in irrigation channel and disposed off and dressed within 50 feet"* for a quantity 212477 cubic foot at the rate of Rs 4,426.33 ‰cft. Audit observed that economical and feasible item *"Earthwork excavation up to single throw of kassi"* at the rate of Rs 2,376 ‰cft (item 1(b) of chapter 3 MRS) was available and required to be paid.

Violation of the B&R Code resulted in loss amounting to Rs 413,125

Audit pointed out the loss in August 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that the work was executed in narrow streets where earth could not be disposed off within a single throw of kassi; therefore, it was disposed off with different leads. Audit informed that the department applied incorrect item carrying higher rate. The Committee directed the department to effect the recovery and get it verified from Audit within 7 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.95(2021-22)

3.4.15.25 Non-functioning/operation of sewerage scheme and non-recovery of penalty – Rs 2.070 million

As per minutes of the District Coordination Committee (DCC) meeting held on 21.12.2019, a technical team was constituted to visit the site to redress the grievances, problems/issues and non-functionality of the sewerage scheme "Flooring & Sewerage Mouza Chak No. 53/M Tehsil & District Lodhran". Further, as per clause 39 of the contract agreement, the time allowed for carrying out the works shall be strictly observed by the contractor. If the contractor fails to complete the works within stipulated time, period the contractor shall pay as compensation an amount equal to 1% of the amount of contract, subject to a maximum of 10%.

Executive Engineer, PHE Division, Lodhran in March 2017 paid Rs 20,280,000 for a sewerage scheme. Audit observed that technical team identified several defects in works executed by the contractor such as non-installation of house connections, chocked sewer lines and damage/chocked manholes. As per DDSC decision PHE was to remove defects and operationalize the scheme; however, the department neither removed the defects nor took any action against the contractor for carrying out sub-standard works. Further, the contractor also did not complete work in the gestation period on which penalty amounting to Rs 2,070,300 was not imposed.

Violation of the direction resulted in non-functioning and operation of sewerage scheme as well as non-imposition of penalty amounting to Rs 2,070,300.

Audit pointed out the lapse in August 2022.

The para was discussed in the SDAC meeting held on 15.12.2022. The department explained that the scheme was completed in March 2018 and handed over to CBO. Audit informed that as per District Coordination Committee's (DCC) meeting dated 20.02.2020, the execution of work was sub-standard. Further, no time extension was granted to the contractor. The Committee directed the department to probe the matter by Superintending Engineer and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.252(2021-22)

Miscellaneous irregularities

3.4.15.26 Irregular expenditure on O&M of water supply schemes – Rs 98.565 million

According to FD's letter No. SO(TT)/6-1/2017/pt-III dated 27.06.2019, approval for opening of commercial bank accounts by the authorities of the Government of the Punjab be ensured from Finance Department. As per Chief Engineer (South), PHE Department No. O&M/1377-99-B(4) dated 28.04.2015, i.e. "Policy guidelines for utilization of O&M Provision approved in PC-I", the provision for O&M in the technically sanctioned estimate may be transferred into current/PLS accounts in National Bank of Pakistan, Bank of the Punjab or any scheduled bank under title "O&M of water supply schemes" with joint operation of Executive Engineer and Chairman CBO concerned.

Executive Engineers, PHE Division-I & II, DG Khan maintained two (02) joint bank accounts for O&M of the completed water supply schemes from November 2020 to June 2022. Audit observed that:

- The accounts were opened without FD's approval.
- The accounts were opened in the name of Executive Engineer and CDO of the PHE Divisions instead of Executive Engineer and Chairman CBO.
- Development funds of various schemes were transferred into the accounts, whereas, only a nominal amount against each scheme was to be kept as O&M charges subject to such provision in PC-I and TS estimates.
- An amount of Rs 98,565,410 was drawn in cash from the accounts, which was given to different officials for O&M related activities such as payment to work charge establishment, repair of machinery/motors and POL, etc. Further, the disbursement was made without making entries in monthly accounts and against guidelines where funds from the commercial bank shall be transferred back into a government account as a PWD deposit of Executive Engineer to be disbursed as per procedure in vogue.
- The O&M expenditure was incurred by passing CBOs against the laid down policy wherein CBOs were required to identify problems/O&M works to be executed, report the same to the department for a remedial course of action and verify bills before payment.
- Payments were made to unregistered firms without tender and deduction of government taxes.

Violation of the FD's direction and policy guidelines resulted in irregular expenditure amounting to Rs 98,565,410.

Audit pointed out the irregular expenditure in November 2022.

The paras were discussed in the SDAC meeting held on 28.12.2022. The department explained that the bank accounts were maintained in scheduled banks and no irregularity was committed in incurring the expenditure. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.312&322(2021-22)

3.4.15.27 Undue financial benefit due to non-recoupment of security deposit – Rs 36.718 million

According to Memorandum of Works (d) of the contract agreement, 10% security deposit is retained on the amount of work done up to Rs 5,000,000 and 5% on the amount of work done beyond Rs 5,000,000. The deducted security must be retained in deposit till completion of works, finalization of accounts and expiry of defect liability period.

Executive Engineer, PHE Division-II, DG Khan, awarded contracts in FY 2021-22 in which Audit observed that the department, in three (03) works, effected recoveries of overpayments of Rs 36,718,399 from security deposit of the contractors but did not recoup the same.

Violation of the contract agreement resulted in non-recoupment of security deposit amounting to Rs 36,718,399.

Audit pointed out the non-recoupment of security deposit in November 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that security deposits would be recouped in due course of time. Audit informed that the department did not take any action for the recoupment. The Committee directed the department to, in one (1) work, produce record regarding resumption of the work along with reasons for delay, and in the remaining (02) works, recoupment of securities and final bill within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recoupment of security deposit besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.321(2021-22)

3.4.15.28 Undue financial benefit due to non-deduction/ premature release of security deposits – Rs 32.598 million

As per clause 50 of the contract agreement the amount retained as security deposit shall not be refunded to the contractor before the expiry of 6 months in the case of original work valuing up to Rs 5,000,000 and 12 months or even more as may be determined by the Engineer in-charge with the prior approval of the Chief Engineer in case of works valuing above Rs 5,000,000, after the issuance of certificate of completion of work under clause 40 of contract agreement. According to Memorandum of Works (d) of the contract agreement 10% security deposit is retained on the amount of work done up to Rs 5,000,000 and 5% on the amount of work done beyond Rs 5,000,000. The deducted security must be retained in deposit till completion of works, finalization of accounts and expiry of defect liability period.

Executive Engineer, PHE Division No. I, DG Khan released security deposits amounting to Rs 27,741,359 to various contractors prior to completion of works and expiry of defect liability period. Further, the department did not deduct security deposit amounting to Rs 4,856,871 from the running bills of other contractors.

Violation of the contract agreement resulted in undue financial benefit amounting Rs 27,741,359 and non-deduction of security deposit amounting to Rs 4,856,871.

Audit pointed out the undue financial benefit in October 2022.

The para was discussed in the SDAC meeting held on 28.12.2022. The department explained that securities were released after the completion of works. Audit contended that complete record had not been produced. The Committee directed the department to get the complete record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.306(2021-22)

3.4.15.29 Undue financial benefit due to release of earnest money – Rs 3.965 million

As per direction No. 14 of General Directions for the Guidance of the Tenders, the earnest money of the successful tenderer on the execution of the contract will be adjusted towards the security deposit to be retained from the first payment amounts to the contract. Further, as per SE, PHE Circle, Multan, the concerned officers were directed to get the CDR deposited into government accounts/treasury through challan in revenue head G-10113.

Executive Engineer, PHE Division, Lodhran obtained earnest money at the rate of 3% through CDRs from the contractor for Rs 3,965,000. Audit observed that the CDRs were returned to the contractors and not deposited into government treasury.

Violation of the contract agreement resulted in undue financial benefit amounting to Rs 3,965,000.

Audit pointed out the undue financial benefit in August 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that concerned head clerk returned the CDRs to the contractors. An inquiry under PEEDA Act was conducted and his pension was withheld for four (04) months. Audit contended that the department is using head clerk as a scapegoat. This decision could not be made by the head clerk alone; supervisory officers also failed to perform their duties. The Committee directed the department to revisit the penalty according to pension rules, impose major penalty and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.76(2021-22)

3.4.15.30 Irregular award due to acceptance of fake earnest money – Rs 3.376 million

As per Rule 21(1)(a,d) of PPRA Rules 2014, a procuring agency may, for a specified period, debar a bidder or contractor from participating in any public procurement process of the procuring agency, if the bidder or contractor has acted in a manner detrimental to the public interest or good practice or indulged in any corrupt practice.

Executive Engineer, PHE Division, Lodhran awarded two (02) contracts to the contractor for Rs 91,742,000. Audit observed that the CDRs submitted by the contractor for Rs 3,376,000 were bogus as pointed out by the Branch Manager, Bank Al-Habib Ltd. Multan vide letter dated 15.9.2021.

Violation of the PPR resulted in irregular allotment of works on fake CDRs amounting to Rs 3,376,200.

Audit pointed out the lapse in August 2022.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that contractor was blacklisted by competent authority. Audit contended that the cost of tendering was also required to be recovered. The Committee directed the department to probe the matter by Superintending Engineer and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.75(2021-22)

CHAPTER - 4

IRRIGATION DEPARTMENT

4.1 Introduction

A. Description of Department

The Irrigation Department, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business:

i. Legislation, policy formulation and planning for irrigation and drainage.
ii. Construction and maintenance of: barrages, rivers, canals, tube-wells, drainage schemes, storage of water and construction of reservoirs, and flood control and flood protection schemes.
iii. Basic and applied research in: (a) Irrigation hydraulics; and, (b) Ground water and land reclamation.
iv. Survey of water bodies for data collection and analysis for future planning.
v. Distribution of canal water and assessment of water rates.
vi. Tolls on barrages and waterways.
vii. Administration of the following laws and the rules framed thereunder:
    (a) The Canal and Drainage Act 1873 (VIII of 1873).
    (b) The Soil Reclamation Act 1952 (XXI of 1952).
    (c) The Land Improvement Tax Act, 1975 (XXXI of 1975).
    (d) The On-Form Water Management Ordinance 1981.
    (e) The Punjab Irrigation and Drainage Authority Act 1997 (XI of 1997).
    (f) The Punjab Minor Canal Act, 1905 (III od 1905).
    (g) Water User and Water Management Act.

The Irrigation Department is divided into various zones for operations which are headed by respective Chief Engineers. It has two autonomous bodies, i.e., Punjab Irrigation & Drainage Authority (PIDA) and Punjab Engineering Academy, Niaz Beg, Lahore.

Table 4.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure audited	Revenue/ Receipts audited
1	Irrigation Formations	149	18	16,378.00	2.88
2	Autonomous Bodies	2	-	-	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the Irrigation Department received development and non-development allocations both. However, the department could not utilize development budget and non-development budget to the extent of 19.07% and 9.14%, respectively. Grant wise budgetary position in FY 2021-22 is presented below:

Table 4.1: Variance analysis *(Rs in million)*

Head	Original Budget	Final/Revised Budget	Expenditure	Excess/ (Saving)	Variation %
Non-Development					
PC 21009	23,531.499	25,484.521	23,133.230	(2,351.291)	(9.23)
PC 21010	726.610	775.215	725.936	(49.279)	(6.36)
Sub Total	24,258.109	26,259.736	23,859.166	(2,400.570)	(9.14)
Development					
PC 12037	30,608.708	27,087.304	21,917.069	(5,170.235)	**(19.09)**
PC 22036	169.292	69.292	61.402	(7.890)	**(11.39)**
Sub Total	30,778.000	27,156.596	21,978.471	(5,178.125)	(19.07)
Grand Total	**55,036.109**	**53,416.332**	**45,837.637**	**(7,578.695)**	**(14.19)**

Source: Budget Book and SAP Report (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 10,908.221 million were raised as a result of audit of Irrigation Department. This amount also includes recoveries of Rs 3,949.299 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 4.3: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Reported cased of fraud, embezzlement and misappropriation**	40.739
2	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	351.797
(ii)	Irregularities resulting in non-recoveries	3,597.502
(iii)	Irregularities resulting in loss to government	62.044
(iv)	Irregularities relating to undue financial benefit to contractor	1,202.953
(v)	Miscellaneous irregularities	5,653.186
	Total	**10,908.221**

4.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 1956-57 to 2013-14 (excluding years not discussed in PAC) is as under:

Table 4.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Received	Compliance Awaited	Percentage (%)
1	1956-57 to 1999-2000	1562	-	1562	-
2	2000-01	60	-	60	-
3	2001-02	41	-	41	-
4	2003-04	17	-	17	-
5	2005-06	32	-	32	-
6	2006-07	22	-	22	-
7	2009-10	69	-	69	-
8	2010-11	64	-	64	-
9	2011-12	72	-	72	-
10	2012-13	37		37	
11	2013-14	84	-	84	-
	Total	**2060**		**2060**	

4.4 AUDIT PARAS

Reported cases of fraud, embezzlement and misappropriation

4.4.1 Fraudulent payments due to appointments on bogus disability medical certificates – Rs 35.270 million

As per Director General Health Services Punjab's letter dated 12.08.2022, medical certificates produced by the employees of the Irrigation department were fake/bogus.

During scrutiny of record of the Secretary, Irrigation Department, Government of the Punjab, Audit observed that 43 employees' children were appointed in 2017 under Rule 17-A on bogus disability medical certificates of the employees. As per Director General Health Services Punjab's letter, medical certificates produced by the employees were bogus. Hence, appointments and subsequent salaries to employees were illegal and fraudulent.

Weak internal controls resulted in fraudulent payments amounting to Rs 35,270,000.

Audit pointed out the fraudulent payments in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that 43 employees were terminated and recoveries had been started along with disciplinary proceedings. Audit informed that department did not produce record regarding termination and recovery. The Committee directed the department to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.102(2022-23)

4.4.2 Fraudulent payments of salaries and arrears by tampering with court orders – Rs 5.469 million

As per the judgment of Punjab Labour Court No. 1, Lahore, in case No. 1/07 dated 18.10.2011, the petition was accepted to the effect that the services of the petitioners be regularised in accordance with the law.

During scrutiny of record of the Secretary, Irrigation Department, Government of the Punjab, Audit observed that staff of Executive Engineer, Upper Gogera Division, Sheikhupura tampered with the orders of the Labour Court dated 18.10.2011. The words *'regularisation as per law*' were changed with *'be regularised with all back benefits'* and names of six (06) employees were replaced in the list of petitioners. Twenty-six (26) contract employees were reinstated and regularised. Further, ten (10) employees including the six (06) employees who were not original petitioner were given salaries with back benefits amounting to Rs 5,469,217.

Violation of Punjab Labour Court judgment resulted in fraudulent payments of salaries and arrears amounting to Rs 5,469,217.

Audit pointed out the fraudulent payments in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that inquiries had already been initiated. Audit contended that under PEEDA Act 2006, the inquiry report was to be completed within 60 days. The Committee directed early completion of the inquiries besides effecting recoveries within 60 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.103(2022-23)

Irregularities

Irregularities resulting in overpayments

4.4.3 Overpayment beyond agreed percentage of contract cost - Rs 274.514 million

As per para (v) of the FD's notification No. RO(Tech)FD.1-2/83-VI dated 29th March, 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

Executive Engineers of various Irrigation Divisions awarded various works at different quoted percentages wherein the contractors quoted imbalance rates. Audit observed that the department, in fourteen (14) cases, made payments beyond the agreed percentages.

Violation of the FD's instructions resulted in overpayments amounting to Rs 274,514,000.

Audit pointed out the overpayments from January 2022 to October 2022.

The paras were discussed in the SDAC meetings held from May 2022 to November 2022. In three (03) cases, the department explained that works were in progress and due percentage will be maintained in ensuing bills. In the remaining eleven (11) cases, the department did not get the record verified. Audit contended that agreed percentage ought to be maintained even during execution of works. The Committee directed the department to maintain agreed percentage up to final bill and get the financial statements verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XXII)

4.4.4 Overpayment due to change in specification – Rs 34.171 million

As per clause 41 of contract agreement, the engineer in-charge shall have power to make any alteration in, omission, from addition or substitution for the original specification, drawing, designs and any altered, additional or substituted work shall be paid on the same conditions in all respects on which he agreed to do the main work, and at the same rates as part specified in the tender (bid schedule) for the main work.

Executive Engineer, DG Khan Canal Division-I, DG Khan paid for the non-standardised item "*Providing and casting in situ bored reinforced concrete piles with type C concrete (nominal mix 1:1.5:3) 36" diameter*" at the rate of Rs 3,949.33 per rft. Audit observed that the department changed the ratio of concrete from 1:2:4 to 1:1.5:3 by making post bid amendment. The rate of subject item as per FD's template came to Rs 3,013.48 per rft and it was required to be paid at the rate of Rs 1,935.86 per rft (Rs 3,013.48 – 35.76% quoted premium). Therefore, excess rate of Rs 2,013.47 per rft was got approved and paid accordingly. The detail is as under:

(Amount in Rs)

Item	Quantity	Rate paid	Rate to be paid	Excess rate	Amount
Providing and casting in situ bored reinforced concrete piles with type C concrete (nominal mix 1:1.5:3) 36" diameter	16971 rft	3,949.33 per rft	1,935.86 per rft	2,013.47 per rft	34,170,599

Violation of the contract agreement resulted in overpayment amounting to Rs 34,170,599.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 12.08.2022. The department explained that ratio of concrete was changed from 1:2:4 to 1:1.5:3 by the consultant. Audit contended that RCC 36" diameter pipe with ratio 1:2:4 was available in the original TS estimate. The contractor quoted the rate of subject item at the rate of Rs 3,500 per rft against estimate cost of Rs 5,448 per rft which was 35.76% below. Post bid amendment was made by changing the ratio of RCC from 1:2:4 to 1:1.5:3 and rate was enhanced without calculation of rate as per FD's template to extend undue financial benefit to contractor. Therefore, recovery amounting to Rs 34,170,599 was required to be made. The Committee directed the department to effect recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.62(2021-22)

4.4.5 Overpayment due to approval of rate analysis at higher rate – Rs 16.715 million

According to general condition No. 12.3 of the contract agreement, each new rate or price shall be derived from any relevant rates or prices in the contract with reasonable adjustment to take into account. If no rate or prices are relevant for deriving a new rate or price, it shall be derived from the reasonable cost for executing the works together with profit.

Project Director, New Khanki Barrage prepared rates for the non-BOQ item *"Providing engineered fill under the barrage weir including under sluices and head regulator"* by incorporating the rate of Lawrencepur sand and course aggregate at the rate of Rs 60 per cubic foot each along with 25% contractor's profit and overhead. Audit observed that as per input rates of MRS 1st bi-annual 2014, the market rate for at site Lawrencepur sand was Rs 31 per cubic foot and for aggregate was Rs 44.50. These rates were required to be incorporated in the rate analysis instead of market rates. Therefore, excess rates of Lawrencepur sand at the rate of Rs 29 per cubic foot and course aggregate at the rate of Rs 15.50 were got approved and paid. Further, 30% loose factor on sand was included which was inadmissible.

Violation of the contract agreement resulted in overpayment amounting to Rs 64,829,807.

Audit pointed out overpayment in September 2019.

The para was discussed in the SDAC meetings held in April and December 2021. The department explained that work of providing and placing engineered fill was of different nature and no relevant rate was available in the contract; therefore, rate was derived using market rates. Audit informed that recovery amounting to Rs 16,715,000 was due because of application of higher market rates instead of MRS in rate analysis and 30% loose factor on sand. The Committee reduce the para to Rs 16,715,000 and directed the department to probe the matter by administrative department otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

PAR Para No.14(2019-20)

4.4.6 Overpayment due to inadmissible price variation – Rs 15.706 million

As per clarification of the FD vide A&C No. 2 dated 05.08.2015, the price variation on crush is admissible w.e.f. 01.04.2015 on those projects where rates would be based on 2^{nd} bi-annual 2015 and onwards.

Executive Engineers, CBDC and Small Dams Divisions allowed inadmissible price variation on bajri in violation of criteria *ibid*.

Violation of the FD's instructions resulted in overpayments amounting to Rs 15,705,825.

Audit pointed out the overpayments in January and March 2022.

The paras were discussed in the SDAC meetings held in May and July 2022. The department explained that item containing bajri was executed during 2016, accordingly price variation on bajri was paid. Audit informed that work was awarded on 16.03.2015 and as per FD's notification price variation on bajri was admissible on the works awarded after 01.04.2015. Therefore, recovery on account of inadmissible price variation on bajri was due. The Committee directed the department to effect recovery and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.14&144(2021-22)

4.4.7 Overpayment due to higher rates – Rs 6.016 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Executive Engineer, Layyah Canal Division, Layyah paid for the item *"Carriage of all materials like stone aggregate, spawl, kankar lime, boulders and bajri etc"* from Sakhi Sarwar to site of work with different leads. Audit observed that the department, in four (04) cases, calculated rates at higher side by taking 80% hilly area allowance for carriage of stone which was not admissible as the site of work was a plain area.

Violation of the FD's instruction resulted in overpayments amounting to Rs 6,016,145.

Audit pointed out the overpayments in October 2022.

The paras were discussed in the SDAC meeting held on 06.12.2022. The department explained that lead was calculated by taking 80% hilly area allowance as per MRS 1st biannual 2021. Audit contented that hilly area allowance was inadmissible because it was not being allowed in Highway Divisions, DG Khan and Multan Zones. The Committee accepted the view point of the department to the extent of stone boulder from quarry. In case of spawl, the Committee directed to effect recovery on account of inadmissible 80% hilly area allowance and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.46,63,65&76(2022-23)

4.4.8 Overpayment due to execution of work not provided in the 2nd revised TS estimate – Rs 4.675 million

As per para 5.19 of the B&R Department Code, no excess over a revised estimate can be sanctioned without the concurrence of the FD.

Executive Engineer, DG Khan Canal Division-I, DG Khan paid for various items which were not provided in 2nd revised TS estimate. Further, the department had approved 2nd revised TS estimate without obtaining concurrence of FD.

Violation of the B&R Code resulted in overpayment amounting to Rs 4,675,256.

Audit pointed out the overpayment in February 2022.

The para was discussed in the SDAC meeting held on 12.08.2022. The department explained that concurrence from FD was under approval. Audit contended that the department did not produce any record during verification. The Committee directed the department to get concurrence of FD verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.54(2021-22)

Irregularities resulting in non-recoveries

4.4.9 Non/less recovery of Abiana and water charges – Rs 3,414 million

As per section 36 of the Canal and Drainage Act, 1873, the rates to be charged for canal-water supplied for purposes of irrigation to the occupiers of land shall be determined by the rules to be made by the Provincial Government and the occupier shall pay, accordingly.

During scrutiny of record of the Secretary, Irrigation Department, Government of the Punjab, Audit observed that the department effected recovery on account of Abiana and water charges amounting to Rs 9,039,000,000 whereas the total recoverable amount was Rs 12,453,000,000 during FY 2019-20 to FY 2021-22.

Violation of the Canal and Drainage Act resulted in less recovery amounting to Rs 3,414,000,000.

Audit pointed out the less recovery in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that recovery of Abiana was duty of BOR and maximum khataunies had been forwarded to the concerned revenue offices. Audit contended that government revenue was not being collected due to negligence of irrigation and revenue staff. Further, the water charges were also not being recovered from industrial units. The Committee directed the department to take up the matter with BOR in liaison with revenue staff. Further, the Committee directed the Law Wing of the department for pursuing the matter for early resolution of intra court appeals. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.100(2022-23)

4.4.10 Non-recovery of effluent charges – Rs 149.481 million

As per Irrigation Department's notification No. SO(Rev) Irrigation-2-19/97 dated 12.06.2014, the recovery of drainage charges on account of effluent water was enhanced from 11000 to 35000 per cusec per annum w.e.f. 01.07.2014. In addition, as per rules 4.7(1) of PFR (Volume-I), it is primarily the responsibility of the departmental authorities to ensure that all government revenue/dues are correctly and promptly assessed, realised and credited to the proper account of the government treasury.

4.4.10.1 Executive Engineers of various Irrigation Divisions, in three (03) cases, did not recover effluent charges during FY 2017-18 to 2020-21. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Amount
1	218(2021-22)	LBDC, Khanewal	131,943,314
2	16(2021-22)	Pasrur Link Div. Sialkot	5,493,810
3	86(2021-22)	Drainage Div. Sargodha	2,940,000
		Total	**140,377,124**

Violation of the rules resulted in non-recoveries amounting to Rs 140,377,124.

Audit pointed out the non-recoveries in February 2022.

The paras were discussed in the SDAC meetings held in May and July 2022. In DP No. 16 and 86, the department explained that efforts were being made to effect recovery of effluent charges. The Committee directed the department to effect recovery and get the record verified from Audit within 30 days. In DP No. 218, the department explained that recovery could not be effected due to court case. Audit informed that more than 24 years had elapsed. Further, no record was provided regarding court case. The Committee showed concern and directed Superintending Engineer, Multan Circle to submit fact finding report within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

4.4.10.2 Executive Engineer, LBDC Division, Khanewal, and LCC(W) Division, Jhang, in three (03) cases, did not recover water charges from industrial units, Municipal Corporation and Forest Department for FY 2017-2018 to 2021-2022.

Violation of the rules resulted in non-recoveries amounting to Rs 9,103,411.

Audit pointed out non-recoveries in March 2022.

The paras were discussed in the SDAC meeting held in July 2022. The department admitted recovery in all cases. The Committee directed the department to expedite the recovery and get it verified from Audit within 90 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.205,206&234(2021-22)

4.4.11 Non-recovery of government taxes – Rs 23.313 million

As per PRA notification No. PRA/MTN/1974 dated 16.08.2017, the new works (electrical and mechanical works, including air conditioning) are taxable by serial No. 14 of the Punjab Sales Tax on Services Act, 2012. The rate for construction services is 5%. Further, as per FBR's clarification No. 5/WHT-U-03 dated 24.04.2018, the income tax was required to be deducted from the contractors on the gross value of work done, including PST u/s 153 of Income Tax Ordinance 2001.

Executive Engineers of various Irrigation Divisions, in seven (07) cases, paid different contractors but did not recover PST and income tax on PST amounting to Rs 23,313,132.

Violation of the instructions of PRA and FBR resulted in non-recoveries amounting to Rs 23,313,132.

Audit pointed out the non-recoveries from May to November 2022.

The paras were discussed in the SDAC meetings held from May to November 2022. In five (05) cases, the department admitted recovery. In DP No. 68 and 69, the department explained that the works were awarded on 23.05.2017 and PRA letter regarding PST at the rate of 5% and 16% was issued on 24.08.2017. Therefore, it was not applicable in the instant cases. Audit informed that at that time PST at the rate of 1% was applicable. Further, the income tax was also applicable. The Committee directed the department to effect recovery in all cases on applicable percentages and get it verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annex-XXIII)

4.4.12 Non-recovery of expenditure incurred on tampered outlets – Rs 4.755 million

As per instructions of the government read with IMO, expenditure incurred on the repair of tempered/damaged outlets by the government will be recovered from the culprits who tempered the outlets deliberately, and action under Canal Act 2007 will also be taken against them.

Executive Engineers, Lower Chenab Canal (W) Division, Jhang and LBDC Khanewal incurred expenditure on repair of tampered outlets. Audit observed that the department, in four (04) cases, did not recover applicable fine amounting to Rs 4,755,093 from the delinquents.

Violation of the Canal Act, 2007 resulted in non-recoveries amounting to Rs 4,755,093.

Audit pointed out the non-recoveries in March 2022.

The paras were discussed in the SDAC meeting held in July 2022. In DP No. 199 and 220, the department explained that payment was made on account of repair of defective outlets and tawan case had also been finalized against the culprits. The amount of tawan had been incorporated in khataunies and forwarded to the concerned Tehsil offices for recovery. The Committee directed the department to verify khataunies from Audit within 15 days. In DP No. 225 and 226, the department explained that no field staff had reported wara-shikni. The Chair decided to refer the case to Chief Engineer, Irrigation Sargodha Zone, for fresh probe by the Superintending Engineer other than LBDC Circle to fix the responsibility and frame charges of allegation against the persons at fault. The member of FD stated that de-novo probe may be carried out in the instant case. Audit informed that tampering and wara shikni had been proved in independent probe conducted on the direction of the Secretary Irrigation wherein Executive Engineer, LBDC Khanewal was directed to recover amount of loss from culprits, take police action against culprits and initiate action against Deputy Collector for causing loss to government within 7 days which was not complied with. Audit opinioned that probe already conducted by the Chief Engineer Sahiwal on the directives of administrative department was sufficient and another probe was not required.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.199,220,225&226(2021-22)

4.4.13 Non-recovery of dismantled material – Rs 4.055 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineer, DG Khan Canal Division-I, DG Khan paid for the items viz. *"Dismantling cement concrete reinforced"* and *"Dismantling brick work in line or cement mortar"* but did not recover the cost of dismantled material.

Violation of the Specification for execution of work resulted in non-recovery amounting to Rs 4,055,484.

Audit pointed out non-recovery in February 2022.

The paras were discussed in the SDAC meetings held on 12.08.2022. The department explained that the retrieved material had been taken on stock and recovery would be made in the next bill. Audit informed that the department did not produce any record during verification. The Committee directed the department to get the record verified from Audit otherwise effect recovery within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.59(2021-22)

4.4.14 Non-recovery of penal rent from unauthorized occupant – Rs 1.898 million

As per para 36(E) of Allotment Policy of S&GAD, 1997, amended up to 02.05.2018, a government servant occupying a house illegally, will be charged penal rent at the rate of 60% of his basic salary.

During scrutiny of record of the Secretary, Irrigation Department, Government of the Punjab, Audit observed that Executive Engineer, Operation Water Resource Zone, Lahore was residing in government accommodation without allotment and penal rent amounting to Rs 1,898,434 was outstanding against him.

Violation of the S&GAD's allotment policy resulted in non-recovery of penal rent amounting to Rs 1,898,434.

Audit pointed out the non-recovery in November 2022.

The matter was discussed in SDAC meeting held on 13.12.2022. The department explained that the said residence was allotted to the Executive Engineer by the Development Zone. The Committee transferred the para to Development Zone, Lahore for submission of reply and its verification of record within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.113(2022-23)

Irregularities resulting in loss to government

4.4.15 Loss due to lease of state land without open auction – Rs 38.243 million

As per Irrigation Department's notification No. SO(REV)IRR/12-70/15(pond area) dated 24.06.2015, the Governor of the Punjab approved the procedure and conditions for the lease of available land of the irrigation department in Punjab for temporary cultivation. Selected land may be leased out in lots, not exceeding subsistence holding of 100 kanals each for three years through open auction.

During scrutiny of record of Secretary Irrigation Department, Government of the Punjab, Audit observed that Director Salinity Research, Lahore rented out state land measuring 2527 acre at Chakkanwali Farm Gujranwala to tenants without open auction. The detail is as under:

(Amount in Rs)

Land	Yearly auction rate per acre (as per Director Salinity Research)	Revenue Assessed	Amount recovered through Tenants	Loss
2527 acre	40,000	101,080,000	62,836,796	38,243,204

Violation of the lease policy resulted in loss amounting to Rs 38,243,204.

Audit pointed out the loss in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that the land, if leased out, would be a sort of depriving the poor tenants, besides, involving the government in litigation in addition to creating a chaos. Audit contended that it was mandate of the department to watch the interest of public exchequer with all available resources and implement notified lease policy. Further, the department was bound to implement the lease policy notified by the Government of the Punjab. Therefore, land was required to be auctioned as per notified policy of the government. The Committee directed the department to regularize the matter from FD regarding loss of revenue besides identifying the uncultivated/water log area of irrigation land for cultivation and open auction procedure may be adopted in future. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.116(2022-23)

4.4.16 Loss due to advance payment without execution of work – Rs 18.228 million

According to rule 2.10 (b)(5) of PFR Volume-I, it is not permissible to draw advance from funds for execution of work in future.

Executive Engineer, Development Division, Bahawalnagar made payment for different items amounting to Rs 18,227,942 in 4th running bill dated 22.06.2019. The quantities of the items were reversed in 7th running bill dated 08.10.2019. Audit observed that the payment was made in June just to utilize available funds without execution of work through advance measurements. Further, neither penal action was taken against the responsible functionaries nor interest on the amount was recovered from the contractor.

Violation of the rules resulted in loss amounting to Rs 18,227,942.

Audit pointed out the loss in February 2022.

The para was discussed in the SDAC meeting held in July 2022. The department explained that total amount was recovered from the contractor in the next running bill. Audit informed that consultant’s verification, measurement book, TS estimate and last paid bill were not produced for verification. The Committee directed the department to obtain a report from the concerned Superintending Engineer, fix responsibility for making payment without execution of work and get it verified from Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.319(2021-22)

4.4.17 Loss due to incorrect entries of POL and outturn – Rs 5.573 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, Excavator Division, Faisalabad, in three (03) cases, entered consumption of diesel in log books of various machines in excess of the consumption provided in the manufacture estimates. Further, the department entered outturn in log books which was less than that provided in their manufacture estimates.

Violation of the DFR resulted in the losses due to excessive booking of POL amounting to Rs 5,572,958.

Audit pointed out the losses in March 2022.

The paras were discussed in the SDAC meeting held in July 2022. In DP No. 249 and 250, the department explained that POL and outturn were entered in the log books of machines as per estimate and working hours. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to get consumption of POL and the outturn (work done also verified from client division) booked in log books and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.249,250&251(2021-22)

Irregularities resulting in undue financial benefit to contractors

4.4.18 Undue financial benefit due to non-obtaining/non-revalidation of performance and additional performance securities – Rs 1,184.100 million

As per clause 26(B) of General Directions for the Guidance of Tenderers of the contract agreement, the lowest bidder would provide a performance guarantee @ 5% of the bid price, in case of a bid price exceeding Rs 50,000,000 and to be valid for three months beyond completion time/extended completion time. Further, as per clause 26(A) of the contract agreement, if the total tendered amount is less than 5% of the approved estimation (DNIT) amount, the lowest bidder will have to deposit additional performance security for the same percentage from a Scheduled Bank. Further, the additional performance security lodged by a contractor shall be valid till the expiry of three months of issuance of the completion certificate under clause 40 of the contact agreement.

Executive Engineers of various Irrigation Divisions, awarded works to different contractors. Audit observed that the department, in twenty (20) cases, did not obtain/get revalidated the performance/additional performance securities.

Violation of the contract agreement clause resulted in the undue financial benefit to the contractor amounting to Rs 1,184,100,000.

Audit pointed out the lapses during 2022.

The paras were discussed in the SDAC meetings held from May to November 2022. In DP No. 05 and 06 department deducted performance and additional performance securities from running bills of the contractors. In three (03) cases, the department did not get revalidated performance and additional performance securities after expiry. In other three (03) cases, the department did not obtain performance securities and additional performance securities. In the remaining twelve (12) cases, the department explained that performance and additional performance securities had been obtained. Audit contended that record had not been produced. The Committee directed the department to get the record verified within 15 days and regularize the matter from FD within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XXIV)

4.4.19 Undue financial benefit due to premature release of security – Rs 18.853 million

As per clause 50 of the contract agreement the amount retained as security deposits shall not be refunded to the contractor before the expiry of six (6) months in the case of original works valuing up to Rs 5,000,000 and twelve (12) months for the higher value projects. The security deposit shall not be refunded till the contractor has fulfilled his obligations under contract agreement.

Executive Engineers, Canal Division-I, DG Khan and Development Division, Bahawalnagar released security deposits amounting to Rs 18,852,640 before completion of works whereas these were to be retained till expiry of defect liability period.

Violation of the contract agreement resulted in the undue financial benefit amounting to Rs 18,852,640.

Audit pointed out the undue financial benefit in February 2022.

The paras were discussed in the SDAC meetings held in July and August 2022. In DP No. 81, the department explained that the administrative department directed to finalize and close the project. In DP No. 320, the department explained that due to some unavoidable circumstances security was released. Audit informed that the department did not produce requisite record in support of its stance especially regarding unavoidable circumstances. The Committee referred the matter to administrative department for inquiry and fixing responsibility within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.81&320(2021-22)

Miscellaneous irregularities

4.4.20 Non-utilization of funds – Rs 3,327.388 million

As per para 13.1 of the Budget Manual, the controlling and disbursing officers are responsible for funds placed at their disposal or incurring expenditure against the funds allotted to them. The controlling officer should supervise the proceeding of the disbursing officer and issue instructions to him where necessary.

During scrutiny of record of the Secretary, Irrigation Department, Government of the Punjab, Audit observed that funds of ADP schemes amounting to Rs 3,327,388,000 lapsed during the FY 2021-22. Audit observed that lapse of funds was due to non-tendering of schemes, non-sanctioning of TS estimates and repeated revisions of schemes (Annex-XXV).

Violation of the Budget Manual resulted in non-utilization of funds amounting to Rs 3,327,388,000.

Audit pointed out lapse in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that the funds of ADP schemes could not be surrendered well in time due to ongoing schemes. Audit reiterated its earlier stance on the basis of available evidence and contended that funds lapsed due to mismanagement. The Committee directed to refer the matter to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.114(2022-23)

4.4.21 Wasteful expenditure due to non-allocation of funds for ongoing schemes – Rs 2,125.019 million

As per rule 4 of PPRA Rules, 2014, the object of procurement is to bring value for money to the procuring agency and the procurement process is to be efficient and economical.

During scrutiny of record of the Secretary Irrigation Department, Government of the Punjab, Audit observed that the executing agencies did not demand funds for completion of ongoing schemes during FY 2021-22. Incomplete schemes resulted in wastage of scarce government funds.

Violation of PPRA resulted in wastage of expenditure amounting to Rs 2,125,019,000.

Audit pointed out the lapse in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that the funds were allocated/released as well as surrendered/re-appropriated on recommendations of concerned Chief Engineers. The said matter was also probed at the level of CMIT and administrative department. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to get the final reports of CMIT and administrative department verified from Audit within 15 days.

Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.108(2022-23)

4.4.22 Sanction of non-MRS items at higher rates – Rs 164.230 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

Secretary Irrigation Department, Government of the Punjab, Lahore, accorded Administrative Approval of the mega project *'Construction of Sowara Dam at DG Khan'* amounting to Rs 4.50 billion. Audit observed that the department sanctioned higher rates of non-MRS items in PC-I than available in MRS rates based on 1st bi-Annual 2022 District DG Khan (Annex-XXVI).

Violation of the FD's instructions resulted in sanction of non-MRS items at higher rates amounting to Rs 164,229,476.

Audit pointed out the sanction of non-MRS items at higher rates in November 2022.

The para was discussed in the SDAC meeting held on 13.12.2022. The department explained that PC-I was approved by PDWP. Audit contended that batching plants and transit mixers were required to be used. Therefore, MRS item was required to be approved in TS estimate. Further, PDWP approved the cost of scheme only and accuracy of rates was the responsibility of Superintending Engineer. The Committee directed the department to seek advice from FD and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.101(2022-23)

4.4.23 Non-credit of unclaimed deposits – Rs 33.289 million

As per rule 12.7 of PFR., unclaimed deposits for more than three complete years will, at the close of June of each year should, be credited to government revenue by means of transfer entries in the Accountant General's office.

Executive Engineers, Canal Division-I, DG Khan and Layyah Canal Division, Layyah did not credit unclaimed security deposits amounting to Rs 33,288,563 into government treasury which were lying in Miscellaneous P.W deposit head from 2002 to 2018.

Violation of the PFR resulted in non-credit of lapsed deposits amounting to Rs 33,288,563.

Audit pointed out the lapse in February and October 2022.

The paras were discussed in August and December 2022. In DP No. 84, the department explained that due to torrential rain & flood in 2012, all building structure of Irrigation department at DG Khan were destroyed entirely. In DP No. 49, the department explained that security would be deposited after finalization of work. Audit informed that the department had been retaining the security deposits since 2002. The Committee showed concern and directed to probe the matter through the Superintending Engineer, DG Khan Zone other than the concerned circle within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.84(2021-22)&49(2022-23)

4.4.24 Irregular expenditure due to misclassification – Rs 3.260 million

According to para 3.15 of PFR Volume-I and New chart of classification/NAM, the expenditure incurred on purchase and repair in Government Departments must be charged under the relevant and proper head of account/code.

Executive Engineers, Canal Division, Mianwali and LBDC Khanewal paid Rs 3,259,992 on account of different items during the year 2017-18 to 2020-21 and charged it to incorrect head of accounts A-13401 Main Canal/A-13501-Main Embankment instead of the respective heads of account.

Violation of the PFR resulted in irregular expenditure amounting to Rs 3,259,992.

Audit pointed out the irregularity in March 2022.

The paras were discussed in the SDAC meeting held in July 2022. The department explained that insufficient amount was allocated in the relevant heads of account, therefore, expenditure was credited to head main canal. Audit informed that the expenditure was incurred irregularly. The Committee directed the department to get the matter regularised from FD within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.221&281(2021-22)

CHAPTER – 5

LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT DEPARTMENT

5.1 Introduction

A. Description of Department

The Local Government & Community Development Department, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business:

i. Deal with all matters relating to the local council services and supervision of local governments.
ii. Coordinate population census.
iii. Utilize development funds and development schemes of local governments pertaining to local funds.
iv. Frame rules, regulations and policies under the Punjab Local Government Laws.
v. Process grant-in-aid for local governments.
vi. Deal with matters relating to:
    - (a) Local Governments/Local Councils.
    - (b) Elections, elections petitions/writ petitions, civil suits in regard to local councils.
    - (c) Directorate General Local Government and Community Development department and its subordinate offices.
    - (d) Local taxation and local rates.
    - (e) Punjab Local Government Commission.
    - (f) Defunct Local Councils dissolved under the Punjab Local Government Ordinance, 2001.
vii. Deal with matters relating to urban improvement, renewable and re-development and rural/community development
viii. Deal with policy matters regarding registration of births, deaths and marriages by local governments.
ix. Administration of the following laws and the rules framed thereunder:
    - (a) Cattle Trespass Act, 1871.
    - (b) Hackney Carriage Act, 1879.

(c) The Punjab Graveyards (Preservation and Maintenance) Act, 1958.
(d) Stage Carriage Act, 1961.
(e) The Miani Sahib Graveyard Ordinance, 1962 (W.P. Ordinance XLIV of 1962).
(f) The Punjab Local Government Institutions (Dissolution) (Extension of Limitation) Ordinance, 1971.
(g) The Punjab Local Option (Repeal) Ordinance, 1985.
(h) Dera Ghazi Khan Development Authority Act, 1991.
(i) The Punjab Prohibition of Expressing Matters on Walls Act, 1995.
(j) The Punjab Suspension of Local Councils Ordinance, 1999.
(k) The Punjab Local Government Act 2013 (XVIII 0f 2013)
(l) The Punjab Kite Flying Activities Ordinance, 2001.
(m) The Walled City of Lahore Act 2012 (Act XXXVI of 2012)

The LG&CD Department has an attached department, i.e., Director General Local Government & Community Development, Punjab. It has three autonomous bodies, viz. Punjab Local Government Board, Punjab Local Government Commission and Walled City of Lahore Authority. Further, it has eighteen companies including Punjab Rural Support Programme (PRSP), Punjab Municipal Fund Development Company (PMFDC), nine Cattle Market Management Companies and seven Waste Management Companies.

Table 5.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited
1	LG&CD formations	203	12	8,210.36
2	Authorities/Autonomous Bodies etc. under the PAO	02	01	

B. Comments on Budget and Accounts (Variance Analysis)

B(i). LG&CD Department

In FY 2021-22, LG&CD Department received development and non-development allocations both. However, the department could not utilize development budget and non-development budget to the extent of 17.123% and 9.269%, respectively. Grant wise budgetary position in FY 2021-22 is presented below:

Table 5.2: Variance analysis (LG&CD) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development					
PC 21010	663.929	598.390	550.931	(47.459)	(7.931)
PC 21031	5,830.190	25,431.602	23,084.656	(2,346.946)	(9.228)
Sub-Total	6,494.119	26,029.992	23,635.587	(2,394.405)	(9.198)
Development					
PC 22036	26,586	33,736.651	27,959.852	(5,776.799)	(17.123)
Grand Total	**33,080.119**	**59,766.643**	**51,595.439**	**(8,171.204)**	**(13.671)**

Source: SAP figures for the year 2021-22

B(ii). Walled City Lahore Authority (WCLA)

In FY 2021-22, Walled City Lahore Authority (WCLA) received non-development allocation both. However, the department could not utilize non-development budget to the extent of 4.69%. Grant wise budgetary position in FY 2021-22 was as presented below:

Table 5.3: Variance analysis (WCLA) *(Rs in million)*

Nature of Budgetary Allocation	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development					
PC 21031	389.075	454.946	433.615	(21.331)	(4.69)

Source: SAP figures (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

5.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 609.917 million were raised as a result of audit of Local Government and Community Development

Department. This amount also includes recoveries of Rs 81.657 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 5.4: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1.	**Reported cases of fraud, embezzlement and misappropriation**	6.895
2.	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	53.992
(ii)	Irregularities resulting in non-recoveries	27.665
(iii)	Irregularities relating to undue financial benefit to contractors	278.452
(iv)	Irregularities resulting in loss to government	49.090
(v)	Miscellaneous irregularities	193.823
	Total	**609.917**

5.3 Comments on the status of compliance with PAC directives

5.3.1 Local Government and Community Development (LG&CD) Department

Compliance position with PAC's directives on Audit Report relating to Audit years 1993-94 to 2012-13 (excluding years not discussed in PAC) is as under:

Table 5.5: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	1993-94	1	-	1	-
2	1994-95	10	-	10	-
3	1995-96	5	-	5	-
4	1996-97	73	-	73	-
5	1997-98	232	-	232	-
6	1998-99	48	-	48	-
7	1999-00	84	-	84	-
8	2000-01	26	-	26	-
9	2006-07	3	-	3	-
10	2009-10	14	-	14	-
11	2010-11	4	-	4	-
12	2012-13	10	-	10	-
	Total	**510**	**-**	**510**	**-**

5.3.2 Walled City Authority Lahore (WCAL)

No paras of the authority had been discussed in the PAC till finalization of the report.

5.4 AUDIT PARAS

5.4.1 Local Government & Community Development

Reported cases of fraud, embezzlement and misappropriation

5.4.1.1 Fraudulent award of work by tampering with the bids – Rs 6.895 million

According to general condition No. 11 of the contract agreement, errors, if any, shall be scored out and corrections rewritten legibly and attested by the tenderer and no correction shall be permissible in the rate or amount of the bid schedule or in the tendered price after the opening of the tender.

Executive Engineer, LG&CD Civil Division, Sargodha awarded the work at a contract cost of Rs 6.895 million which was at 0.05% below the estimated cost. Audit observed that another bidder had quoted "2% below" the estimated cost but the bid was tampered with and changed as "2% above". Therefore, the contract was not awarded to the lowest bidder.

Violation of the contract agreement resulted in fraudulent award of work amounting to Rs 6,894,909.

Audit pointed out the irregularity in March 2022.

The para was discussed in the SDAC meeting held on 29.06.2022. The department explained that the recovery amounting to Rs 136,768 had been made. Audit contended that the recovery showed that the department had admitted the wrong doing, i.e., tampering with the official record which was a serious offence. The Committee referred the matter to Director (A&A), LG&CD for probe report/fixing responsibility within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.61(2020-21)

5.4.1.2 Benefiting the contractor through bogus test reports

According to rule 2.33 of PFR Vol-I, every government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence.

Executive Engineer, LG&CD Civil Division, Multan sent samples of various construction material for quality test in different laboratories. Audit observed that Junior Research Officer, Regional Laboratory Highway M&R Multan had declared two (02) out of five (05) test reports as bogus. Therefore, quality of the works could not be authenticated.

Violation of the rules resulted in unauthentic quality of work.

Audit pointed out the matter in September 2022.

The para was discussed in the SDAC meeting held on 15.11.2022. The department explained that all quality tests were performed by external agencies. Audit contended that the responsibility of accepting fake reports rested with the department. The Committee directed the department to refer the matter to the Accountability Board, LG&CD through the office of the Director (A&A)/AD(Audit). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.93(2021-22)

Irregularities

Irregularities resulting in overpayments

5.4.1.3 Overpayment due to excess measurements than TS estimates – Rs 28.040 million

As per condition of sanctioned estimate, payment for earthwork will be made according to cross section & longitudinal sections and approval of lead responsibilities lies with engineer In-charge. Further, according to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, LG&CD Civil Division, Faisalabad paid for the items viz. "*Earthwork in ordinary soil for embankment lead up to 1 mile*", *"PCC 1:2:4"* and *"P/L dry rammed brick or stone ballast 1:6:12"*. Audit observed that the department, in nine (09) cases, measured extra formation width and thickness than provided in approved TS estimates.

Violation of the TS estimate resulted in the overpayments amounting to Rs 28,039,564.

Audit pointed out the overpayments in October 2022.

The paras were discussed in the SDAC meeting held on 14.12.2022. The department explained that works were executed as per cross sections of embankments and no extra payment was made. Audit contended that the quantities in the estimates had not been substantiated with documentary proof. Further, location of sites as not mentioned in MBs. The Committee directed the department to, in five (05) cases, refer the matter to administrative department for probe, in three (03) cases, get regularization from FD within 30 days, and in DP No. 135, get record verified from Audit within 15 days otherwise effect recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.135,140&151(2020-21)

5.4.1.4 Overpayment due to allowing higher than admissible rate – Rs 9.950 million

According to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

5.4.1.4.1 Executive Engineers of various LG&CD Civil Divisions paid for the items viz. *"Earth filling in ordinary soil lead up to 1 mile and 2 mile", "Sub-base course", "Precast boundary wall"* and *"Dry rammed brick or stone ballast".* Audit observed that the department, in six (06) cases, calculated and paid rates which were higher than the rates admissible.

Violation of DFR resulted in the overpayments amounting to Rs 6,610,597.

Audit pointed out the overpayments in March 2022.

The paras were discussed in the SDAC meetings held from June to December 2022. In DP No. 83, the department admitted due recovery amounting to Rs 353,215. In DP No. 37, the department had effected recovery amounting to Rs 64,829. Audit contended that another similar item with compaction up to 95% was also paid on higher side at the rate Rs 13,206.05 ‰cft instead of Rs 11,064.25 ‰cft. Therefore, Rs 232,514 was recoverable. The Committee enhanced the para to Rs 585,729 and directed the department to effect recovery within 15 days along with penalty at the rate 12.5% and issue warning to the delinquents. In DP No. 145 and 163, the department explained that bed run/pit run gravel was not available in surroundings; therefore, sub base course of crushed stone from an approved quarry was used. In DP No. 145, Audit informed that in rate analysis of sub base course, pit run/bed run was included but rate of crush stone was paid. The Committee upheld the viewpoint of Audit and directed to effect recovery within 30 days. In DP No. 163, Audit informed that the department did not produce plasticity index reports/tests, used local sub base pit run/bed run and allowed excess lead. The Committee directed the Superintending Engineer to conduct technical probe within 30 days. In DP No. 166, the department explained that payments were made as per work done. Audit informed that the department paid excess rate. The Committee directed the department to revisit rate analysis and effect due recovery within 15 days. In DP No. 137, the department explained that sub base and dry rammed brick/stone ballast was used under PCC as per sites. Audit informed that record entries were made for brick ballast but rate of sub base course of crush stone was paid. The Committee directed the department to effect the recovery amounting to Rs 1,306,000. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives.

Annex-XXVII

5.4.1.4.2 Executive Engineer, LG&CD Civil Division, Multan paid for the item *"Earthwork in ordinary soil for embankment compaction up to 85% lead 1 mile"* at the rate Rs 10,270.15 ‰cft for earth filling under bed of soling. Audit observed that the admissible item for this work was *"Earthwork excavation up to single throw of kassi lead 1 mile including compaction"* having a rate of Rs 7,782.70 ‰cft.

Violation of the DFR resulted in the overpayment amounting to Rs 2,515,000.

Audit pointed out the overpayment in September 2022.

The para was discussed in the SDAC meeting held on 15.11.2022. The department explained that the payment was made as per site and TS estimate. Audit contended that inadmissible item had been paid. Given the difference of opinion on technical grounds, the Committee referred the matter to FD for advice. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.81(2021-22)

5.4.1.4.3 Executive Engineer, LG&CD Civil Division, Faisalabad paid for the item "*P/F MS sign board size 4 feet x 6 feet*" at the rates of Rs 24,600 to Rs 29,600 each in various works. Audit observed that rate analysis was prepared at higher side by including composite MRS item

"Providing and installing M.S. blind pipe socketed/welded joint, M.S. reducer (where necessary), in tube-well bore hole, including jointing/welding with strainer, etc. complete" instead of the input rate of MS pipe accordingly, the admissible rate was Rs 17,729 for the said item of work.

Violation of the DFR resulted in overpayments amounting to Rs 824,365.

Audit pointed out the overpayments in March 2022.

The matter was discussed in SDAC meeting held on 29.06.2022. The department explained that the payments were made as per TS estimates. Audit contended that the department had paid incorrect rates. The Committee directed the department to effect due recovery. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.44(2020-21)

5.4.1.5 Overpayment due to excess lead for carriage of materials – Rs 7.221 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 02.08.2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

Executive Engineers of various LG&CD Civil Divisions paid for the items viz. "*P/L sub-base course", "base course"* and *"TST"*. Audit observed that the department, in eight (08) cases, paid excess lead due to adoption of longer routes as under:

(Amount in Rs)

Sr. No.	DP No	Name of Division	Lead Paid (km)	Lead payable (km)	Excess lead	Amount
1	57(2020-21)	Sargodha	127	111	16	1,805,007
2	36(2020-21)	Faisalabad	160	133	27	176,962
3	31(2020-21)		124	114	10	173,974
4	143 (2020-21)	Rawalpindi	66	35	31	1,084,803
5	144 (2020-21) (07)			35		816,498
	144 (2020-21) (23)		170	154	16	117,776
	144 (2020-21) (51)		150	110	40	336,320
6	154 (2020-21)		72	20	52	821,372
7	168 (2020-21)		105	10	95	1,001,484
8	148 (2021-22)	Faisalabad	83	63	20	887,184
					Total	**7,221,380**

Violation of the FD's instructions resulted in overpayments amounting to Rs 7,221,380.

Audit pointed out the overpayments in March 2022.

The paras were discussed in the SDAC meeting held on 29.06.2022. In DP Nos.31 and 36, the department explained that correct lead was paid. In DP No. 57, due recovery amounting to Rs 815,418 was admitted. Audit contended that sale point of crush were at Pull 11 instead of at the foothills; therefore, lead from pull 11 was required to be paid. In DP No. 31, the Committee directed the department to refer the matter to FD for clarification of quarry and to ascertain whether the explanation so sought would be applicable retrospectively or not. In DP No. 36, the Committee decided to refer the case to the Urban Unit for measurement of exact distance. In DP No. 57, the Committee directed the department to effect recovery within 15 days. In DP No. 143, the department explained that distance from site of work to the approved quarry was 73 km so, less lead was paid. Audit informed that distance from site of work to Musa Khel quarry was 35 km but 66 km had been applied. The Committee directed the department to effect due recovery within 30 days. The department, in DP No. 144 (sub-para No.23), admitted recovery, and in sub-para No.51, explained that Margala quarry was used having 150 km lead. Audit informed that actual distance was 110 km. The Committee reduced the para to Rs 454,096 and directed the department to effect recovery within 15 days. In DP No. 154, the department explained that due to a clerical mistake name of the approved quarry could not be included in analysis of rate. Audit informed that the material of “course rubble masonry work” was available with 20 km lead. The Committee directed the department to effect recovery within 15 days and get it verified from Audit. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC’s directives.

5.4.1.6 Overpayment due to swapping the quoted percentages in favour of the contractor – Rs 3.648 million

As per general condition No. 9 of the contract agreement, the tenderer shall work out the amount against each item of work in the bid schedule and indicate the total amount of his tender on which he is willing to complete the works. The total amount worked out in the bid schedule shall be entered by the tenderer in his tender as his tender price for the work in case of discrepancy between amounts in figures and in words, the amount in words shall prevail.

Executive Engineer, LG&CD Civil Division, Sargodha awarded the work at 50% below on the item “*Earthwork*” and 21% below on the remaining items in TS estimate. Audit observed that in the bid, the contractor had quoted 21% below for “*Earthwork*” and 50% below for the remaining items but payments were made by swapping the percentages.

Violation of the contract agreement resulted in overpayment amounting to Rs 3,647,518.

Audit pointed out the overpayment in March 2022.

The para was discussed in the SDAC meeting held on 29.06.2022. The department explained that no overpayment had been paid. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the department to refer the matter to FD for advice. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.62(2020-21)

5.4.1.7 Overpayment due to application of incorrect item – Rs 2.100 million

As per MRS 1st bi-annual 2018 for Tehsil Murree and 1st bi-annual 2021 for district Rawalpindi, the rates of the item of works, "Earthwork in the excavation of drains, irrigation channels through excavator/drag lines in all kind of soil and conditions including its disposal and preparation of working pad for the operation of machinery (rates include 100ft lead) vide item No.52 were for execution for machinery @ Rs 1,805 and Rs 2,020.65 per ‰cft, respectively.

Executive Engineer, LG &CD Civil Division, Rawalpindi paid for the item *"Excavation in open cutting up to 5 ft depth in hard soil, surplus material disposed of & dressed within 100 ft'"*. Audit observed that the department, in two (02) cases, did not use economical MRS item (vide No. 52 of chapter 3), i.e., *"Earthwork in excavation of drains, irrigation channels etc. through excavator/drag lines in all kind of soil and conditions including its disposal and preparation of working pad for operation of machinery"*.

Violation of the MRS resulted in the overpayments amounting to Rs 2,100,174.

Audit pointed out the overpayments in October 2021.

The para was discussed in the SDAC meeting held on 15.11.2022. The department explained that the items pointed out by

Audit were applicable for excavation of drains and irrigation channels only and the same para had already been forwarded to FD for clarification. Audit contended that the department paid excess rates by allowing inadmissible item. The Committee referred the matter to FD for clarification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.150(2020-21)

5.4.1.8 Overpayment due to non-deduction of site slope, camber and shrinkage – Rs 1.828 million

As per MRS chapter No. 3, "Earthwork", 10% shrinkage was required to be deducted while making measurements for earthwork excavation undressed. Further, according to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, LG&CD Civil Division, Rawalpindi paid for item *"Making embankment in all kind of soil"* for a quantity of 1192369 cubic foot at the rate of Rs 9,579.85 ‰cft. Audit observed that the department did not deduct 16% (4% site slope and 2% camber and 10 % shrinkage) for a quantity of 190779 cubic foot.

Violation of the MRS/DFR resulted in the overpayment amounting to Rs 1,827,634.

Audit pointed out the overpayment in April 2021.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that complete record would be produced to Audit for verification. Audit contended that requisite deductions had not been made. The Committee directed the department to effect due recovery within 15 days and produce record for verification to Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.170(2020-21)

5.4.1.9 Double payment of carriage – Rs 1.205 million

As per TS estimate, the carriage component was included in the rate analysis of item "*P/L RCC 1:1.5:3*". Further according to rule 7.29 of DFR Vol-I, before signing the bill, a sub-divisional officer should compare the quantities in the bill with those recorded in the Measurement Book and see that all the rates were correctly entered and that calculations were checked arithmetically to be correct.

Executive Engineer, LG & CD Civil Division, Gujranwala paid for the item "*P/L RCC 1:1.5:3*" at the rate of Rs 377.66 per cubic foot for a quantity of 23756 cubic foot. Audit observed that carriage component was already included in the item but the department paid separate cost of carriage for a quantity of 19955 cubic foot at the rate of Rs 6,037.10 %cft which was double payment.

Violation of the TS estimate/DFR resulted in the overpayment amounting to Rs 1,204,703.

Audit pointed out the double payment in September 2022.

The para was discussed in the SDAC meeting held on 22.11.2022. The department admitted recovery. The Committee directed the department to effect recovery in next running bill. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.47(2021-22)

Irregularities resulting in non-recoveries

5.4.1.10 Non/less recovery of dismantled material – Rs 12.859 million

According to para 9(i) of Chapter 18.1 of Specification for Execution of Works 1967, dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Executive Engineers of various LG & CD Civil Divisions paid for different items related to dismantling. Audit observed that the department did not recover cost of dismantled material. The detail is as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Description of Items	Recovery pointed out
1	43(2021-22)	Gujranwala	Dismantling of road pavement	6,240,931
2	33(2021-22)			2,845,659
3	4(2021-22)			1,475,560
4	26(2021-22)		Dismantling of exiting soling	4,630,026
5	52(2020-21)	Faisalabad	Excavation unusable malba	717,000
6	79(2020-21)	Sahiwal	Dismantling of brick soling	235,000
7	29(2020-21)	Faisalabad	Dismantling of soling	159,000
8	38(2020-21)		P/L road edging	136,000
			Total	**16,439,176**

Violation of the Specifications resulted in non-recoveries amounting to Rs 16,439,176.

Audit pointed out the non-recoveries from February to September 2022.

The paras were discussed in the SDAC meetings held from June to November 2022. In six (06) cases, the department admitted recoveries and effected partial recovery of Rs 3,580,000 in DP No. 26. In DP No. 29 and 52, the department explained that the retrieved material was unsuitable for reuse. The Committee directed the department to, in the six (06) cases, effect balance recovery amounting to Rs 12,859,000, and in the remaining, DP No. 29 and 52, prove its stance through documentary evidence/test reports. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

5.4.1.11 Non-recovery of General Sales Tax – Rs 6.220 million

According to para 4(ii) of the FBR's letter No.1(42)STM /2009/99638-R dated 24.07.2013, in case of public works, it may be ensured that the contractors engaged make purchases only from sales tax registered persons. Since contractors carrying out government works against public tender must have a BOQ (Bill of Quantity), the contracting department/organization must need such contractors to present sales tax invoices of all the material mentioned in the BOQ as evidence of its legal purchase, before payment is released.

Executive Engineers of various LG&CD Civil Divisions paid for the items viz. "*Tuff pavers", "Steel", "Generator"* and *"TP paint*". Audit observed that the department, in six (06) cases, neither obtained GST invoices nor deducted GST at the rate of 17%.

Violation of the FBR's instructions resulted in non-recoveries amounting to Rs 11,146,873.

Audit pointed out the non-recoveries in March 2022.

The paras were discussed in the SDAC meetings during June 2022. In six (06) cases, the department explained that GST invoices were available and produced to Audit for verification. Audit contended that in DP No. 109, the department produced partial record. In the remaining five (05) cases, the department neither deducted GST nor produced invoices. The para was reduced to Rs 6,220,000. The Committee directed the department to, in DP No. 32, effect recovery, and in DP No. 47, refer the matter to FD for clarification and in the remaining four (04) cases, to get the record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.07,32,47,48,76&109(2020-21)

5.4.1.12 Non-recovery of price de-escalation on diesel – Rs 1.481 million

According to clause 55 of the contract agreement, where any variation (increase or decrease) to the extent of 5% or more in the price of an item of works takes place after acceptance of the tender and before completion of works, the amount payable should be adjusted to the extent of actual variation in the cost of the item of works.

Executive Engineer, LG&CD Civil Division, Rawalpindi, in two (02) cases, did not recover de-escalation on account of decrease in the price of diesel.

Violation of the contract agreement resulted in the non-recovery amounting to Rs 1,481,313.

Audit pointed out the non-recovery in October 2021.

The para was discussed in the SDAC meeting during 12.12.2022. The department explained that the recovery would be effected on receipt of funds. Audit emphasized early recovery. The Committee directed the department to effect due recovery within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.156(2020-21)

5.4.1.13 Non-recovery on account of payment without JMF – Rs 1.355 million

According to condition No.6 of FD's notification No. RO (TECH)FD2-3/2004 dated 02.08.2004, the rate for an item of carpeting shall be fixed by the Chief Engineer based on different percentages of bitumen ranging from 3% to 6%, and payment will be made to the contractor as per Job Mix Formula or actual bitumen used in work.

Executive Engineer, LG & CD Civil Division, Gujranwala paid for the item *"P/L premixed bituminous 2 inch thick AWC with 4.5% bituminous contents"*. Audit observed that payments were made with 4.5% bituminous contents without JMF and extraction test reports.

Violation of the FD's instructions resulted in the non-recovery amounting to Rs 3,581,210.

Audit pointed out the non-recovery in September 2022.

The para was discussed in the SDAC meeting held on 22.11.2022. The department explained that the payments were made as per JMF and extraction test reports. Audit informed that partial record was produced for verification. The Committee took serious view for incomplete production of record and directed the department to call explanation of the incumbents. During re-verification, the para was reduced to Rs 1,355,000. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.68(2021-22)

Irregularities resulting in undue financial benefit to contractors

5.4.1.14 Non-obtaining of performance/additional performance securities – Rs 278.452 million

According to clause 7 of contract agreement read with item (h) memorandum of works and FD's notification vide letter No.RO (Tech)FD-1-2/83(V)(P) dated 06.04.2005, the contractor is required to provide performance security in the shape of bank guarantee at the rate 5% of the accepted tender price within 15 days of receipt of acceptance letter in the case of tenders with cost exceeding Rs 50,000,000.

Furthermore, as per clause-26(A) of the contract agreement, in case the total tendered amount is less than 5% of the approved estimation (DNIT) amount, the lowest bidder will have to deposit additional performance security from a Scheduled Bank.

Executive Engineers of various LG&CD Civil Divisions awarded the works to different contractors at percentages above/below. Audit observed that the department, in ten (10) cases, did not obtain performance securities/additional performance securities from the contractors as under:

(Amount in Rs)

Sr. No.	DP No.	Name of Division	Nature	Amount
1	60 (2021-22)	Gujranwala	Addl. P/Security	107,540,261
2	75 (2021-22)	Multan	Addl.P/Security	47,783,000
3	50 (2021-22)	Gujranwala	P/Security	44,152,500
4	27 (2020-21)	Lahore	Addl.P/Security	18,571,000
5	75 (2020-21)	Bahawalpur	Addl.P/Security	14,547,000
6	149 (2020-21)	Rawalpindi	Addl.P/Security	14,174,285
7	26 (2020-21)	Lahore	P/Security	11,864,000
8	96 (2020-21)	Bahawalpur	Addl.P/Security	10,100,000
9	15 (2020-21)	Lahore	P/Security	6,944,000
10	08 (2020-21)	Lahore	P/Security	2,776,000
			Total	**278,452,046**

Violation of the contract agreements resulted in non-obtaining of performance/additional performance securities amounting to Rs 278,452,046.

Audit pointed out the lapse from January to September 2022.

The paras were discussed in the SDAC meetings held from June to November 2022. The department explained that, in five (05) cases, additional performance securities had been taken in the shape of CDRs, in four (04) cases, performance guarantees would be produced, and in DP No. 149, additional performance guarantee was deducted from the contractor's bills. Audit informed that the department, in five (05) cases, neither accounted for the CDRs nor recorded date of release of the securities, in DP No. 149, neither obtained nor deducted additional performance security, and in the remaining four (04) cases, produced no record. The Committee directed the department to, in five (05) cases, refer the matter to FD for regularization along with penalty at the rate 12.5% for giving undue financial benefits to the contractors, in four (04) cases, get complete record verified from Audit within 15 days, and in DP No. 149, refer the matter within a week to Superintending Engineer, LG&CD department for report and produce record for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives.

Irregularities resulting in loss to government

5.4.1.15 Loss due to execution of uneconomical items of works – Rs 49.090 million

As per rule 1.58 of the B&R Code, the divisional officers are immediately responsible for the proper maintenance of all works in their charge and the preparation of projects and of designs and estimates, whether for new works or repairs. It is also part of their duties to organise and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality.

5.4.1.15.1 Executive Engineers of various LG&CD Civil Divisions paid for the items viz. *"P/L sub-base course"* and *"Cement concrete stone ballast with ratios 1:6:18 and 1:7:20"* under bed of PCC 1:2:4 and tuff paver. Audit observed that the department, in seven (07) cases, did not use economical MRS item *"P/L watering and ramming brick ballast 1½" to 2" (40 mm to 50 mm) gauge mixed with 25% sand".*

Violation of the B&R Code resulted in the losses amounting to Rs 46,466,000.

Audit pointed out the losses in January to September 2022.

The paras were discussed in the SDAC meetings held from June to November 2022. In five (05) cases, the department explained that the items were executed as per TS estimates. Audit contended that the department neither got approved design criteria of road pavement nor adopted the one being used by other public works departments e.g., HUD&PHE department. The Committee directed the department to either get approved its own design criteria from competent authority or follow the already approved design criteria of HUD&PHE department dated 29.05.2005. In DP No. 91, the department explained that crush stone aggregate was durable than dry rammed bricks ballast and used accordingly. Audit informed that the department paid for item *"P/L sub-base course of crushed stone aggregate with compaction by power road roller"* in narrow streets which were less than 10′ wide. The Committee directed the department to probe the matter through Superintending Engineer, LG&CD within 30 days and to recover the difference of compaction charges. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early compliance with the SDAC's directives.

DP No.1,5,25,78,91,142(2020-21)&30(2021-22)

5.4.1.15.2 Executive Engineer, LG&CD Civil Division, Multan, in two (02) cases, paid for the item *"Relaying of sub-base course of brick ballast"* at the rate Rs 6,144.31 %cft. Audit observed that an economical item *"P/L sub-base course of brick aggregate, including compaction of sub-base course material to required depth, camber, grade & density"* was available in MRS (item No. 2 of Chapter 18) at the rate of Rs 5,432.70 %cft which was required to be used. Further, recovery of dismantled old bricks would have resulted in a saving.

Violation of the B&R Code resulted in the losses amounting to Rs 2,624,416.

Audit pointed out the losses in September 2022.

The paras were discussed in the SDAC meeting held on 15.11.2022. The department explained that the item was paid after approval. Audit contended that the economical item was not used. The Committee directed the department to solicit advice from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.82&86(2021-22)

Miscellaneous irregularities

5.4.1.16 Irregular expenditure without lab test reports - Rs 34.644 million

As per clause 28(i) of the contract agreement, all materials and workmanship shall be of the respective kinds described in the contract and by the instructions of the Engineer-in-charge and shall be subjected from time to time to such tests as the Engineer-in-charge may direct at the place of manufacture or fabrication or on the site or at all or any of such places.

Executive Engineer, LG&CD Civil Division, Multan, paid Rs 34,644,591 for the items viz. *"Pacca Brick Work", "Sub-base & base course", "Fabrication of mild steel"* and *"RCC"*. Audit observed that lab tests were not conducted.

Violation of the contract agreement resulted in irregular expenditure amounting to Rs 34,644,000.

Audit pointed out the irregularity in September 2022.

The para was discussed in the SDAC meeting held on 15.11.2022. The department explained that the works were executed as per specifications. Audit contended that quality of the works could not be gauged without lab tests. The Committee directed to refer the matter to the Accountability Board, LG&CD through the office of the Director (A&A)/AD(Audit). Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from competent forum besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.77(2021-22)

5.4.1.17 Irregular cash payments to suppliers and pensioners/payees - Rs 10.297 million

As per FD's letter No. IT(FD)3-6/92 dated 04.01.1993, all payments should be made through cross cheque in the name of valid payee only.

The Director, LG&CD, Multan Division (including DDLG and ADLGs of Multan, Khanewal, Lodhran and Vehari) paid Rs 10,297,112 under various heads. Audit observed that the department withdrew the amounts in the name of DDO and made cash payments to the suppliers and pensioners. Moreover, it could not be ascertained that whether the valid payees had been paid or not.

Violation of the FD's instructions resulted in the irregular payment amounting to Rs 10,297,112.

Audit pointed out the irregular payment in October 2022.

The para was discussed in the SDAC meeting held on 28.11.2022. The department explained that the payments were made through vendor account. In certain cases where petty amount was involved, the payments were made through cash. Audit contended that all payments were made in cash by the DDO. The Committee directed the department to get the record verified from Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.97(2021-22)

5.4.1.18 Non-adjustment of earnest money – Rs 10.271 million

As per condition No. 14 of the general directions of tender and clause 48 of the contract agreement, the earnest money of the successful tenderer on the execution of the contract covering work will be adjusted towards the security deposit to be retained from the first amounts(s) payable to the contractor under the contract.

Executive Engineer, LG&CD Civil Division, Rawalpindi, in eight (8) cases, awarded works but 2% earnest money, received in the shape of CDR, was neither accounted for nor adjusted against the security deposits.

Violation of the contract agreement resulted in non-adjustment of earnest money amounting to Rs 10,271,433.

Audit pointed out the irregularity in October 2021.

The para was discussed in the SDAC meeting held on 12.12.2022. The department admitted the lapse and stated that the CDRs were obtained but not adjusted. Audit contended that the CDRs were not produced for verification. The Committee directed the department to produce the record for re-verification to Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.169(2020-21)

5.4.1.19 Irregular blockage of funds – Rs 9.500 million

According to Rule 290 of Treasury Rules (Volume-I), "no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants". In addition, as per rule 8 of Treasury Rules (Volume-II), money should not be drawn in advance or more than immediate requirements or merely, to prevent a lapse of funds.

Executive Engineer, LG &CD, Civil Division, Rawalpindi deducted Rs 9,500,000 on account of testing charges, in addition to deduction of 5% retention money, in the month of June 2021 which were then released in July and August 2021. Audit observed that the retention was just to avoid lapse of funds and tantamount to undue favour to the contractor. Further, test reports were neither available in record nor produced for verification.

Violation of the contract agreement resulted in irregular retention of funds amounting to Rs 9,500,000.

Audit pointed out the irregularity in October 2021.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that testing charges were deducted near close of the fiscal year. Audit informed that the deductions were made on the basis of advance measurements for the value of work not done at site to park funds/to bypass the financial controls. The Committee directed the administrative department to conduct technical probe within 30 days with reference to execution of works and release of payment by Executive Engineer and Divisional Accounts Officer and probe report along with tests conducted be produced to Audit for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.164(2020-21)

5.4.1.20 Irregular payment without soil classification-Rs 5.986 million

According to para No. 202-1 of the Book of Specification of Road & Bridges 1971, every contractor employed on the construction, widening, and improvement programme of a road shall be required to provide and maintain a field test laboratory. The laboratory will have the equipment listed in the Highway Department Quality Control Manual. Necessary laboratory furniture required to facilitate the testing work will also be provided. The contractors shall also be required to employ necessary qualified technical staff to carry out the specified tests, including classification of soil.

Executive Engineer, LG&CD Civil Division, Rawalpindi paid for the item *"Excavation of soft rock for making embankment"*. Audit observed that the department, in three (03) cases, paid for the item without soil classification report. Therefore, the nature of soil, i.e., soft soil, soft rock, hard soil, ordinary soil, medium hard rock or hard rock, etc, was not gauged.

Violation of the Specifications resulted in irregular payment amounting to Rs 5,985,580.

Audit pointed out the irregularity in October 2021.

The para was discussed in the SDAC meeting held on 12.12.2022. The department explained that soil test reports were obtained. Audit informed that soil classification reports were required to be obtained before preparation of TS estimate. The Committee upheld the view point of Audit and directed the administrative department to conduct a technical probe within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.141(2020-21)

5.4.1.21 Unauthentic expenditure due to non-recording of site/location in MB – Rs 4.513 million

As per rule 2.22 of section D, chapter-II of B&R Department Code, i.e., "Preparation of Projects", the papers to be submitted with the project for work will consist of a report, a specification and a detailed statement of measurements, quantities and rates, with an abstract, showing the total estimated cost of each item. No lump sum provision should be made in the estimate. Further, as per instruction No. 1 and 7 of the preface of Measurement Book, the book is a most important record being the basis of all accounts of quantities and the description of the work must be lucid so as to admit easy identification and check.

Executive Engineer, LG&CD Civil Division, Faisalabad, in four (04) union councils, paid for the items viz. *"Earth filling"* and *"Brick pavement"* for quantities of 313681 cubic foot and 14541 cubic foot, respectively, up to 6th running bill. Audit observed that in PC-I and TS estimate, length of earth filling was got approved on lump sum basis for

11350 rft, breadth 19′, height 1.75′ and brick soling 10′ width without mentioning the exact location/site/UC.

Violation of the B&R Code resulted in un-authentic expenditure amounting to Rs 4,513,062.

Audit pointed out the unauthentic expenditure in October 2022.

The para was discussed in the SDAC meeting held on 14.12.2022. The department explained that site plan was available in the project file where areas/locations were mentioned. Audit informed that quantities could not be substantiated without recording site/locations in MBs. The Committee directed to probe the matter by the administrative department within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.139(2021-22)

5.4.2 Walled City of Lahore Authority

Irregularities

Irregularities resulting in non-recoveries

5.4.2.1 Non-recovery of income tax on auction – Rs 5.750 million

According to condition of acceptance letter dated 21.10.2021, the successful bidder shall deposit income tax at the rate 10 %. Further, as per Section 236 A of Income Tax Act 2001" any person making sale by public auction, of any property or goods belonging to the government, shall collect advance tax on the basis of sale price of such property from the person to whom such property or goods are being sold.

Director General, Walled City of Lahore Authority (WCLA), Lahore awarded the contract for 'Operation management of e-ticketing surveillance for Lahore Fort' for Rs 5,750,000 on 21.10.2021. Audit observed that the successful bidder did not deposit advance income tax at the rate of 10%.

Violation of the Income Tax Ordinance resulted in the non-recovery amounting to Rs 5,750,000.

Audit pointed out the non-recovery in August 2022.

The para was discussed in the SDAC meeting held on 22.11.2022. The authority admitted the recovery. The Committee directed the authority to effect recovery within two (02) weeks and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.25(2021-22)

Miscellaneous irregularities

5.4.2.2 Irregular award of work in violation of approved evaluation criteria – Rs 118.612 million

As per rule 32 of the Punjab Procurement Rules, 2014, all bids shall be evaluated by the evaluation criteria and other terms and conditions outlined in the prescribed bidding document. Further, as per evaluation criteria and advertisements published in newspapers, the contractors should have experience in the conservation of historical buildings/monuments, also relevant experience in the illumination of historic/heritage buildings/monuments for electrical works etc. The company also should have a valid Electrical License issued by the Government of the Punjab.

Director General, (WCLA), Lahore invited bids for the contract "Conservation & Redevelopment of Old DCO office Complex Sargodha" on 28.09.2020. Two contractors submitted the bids and one was declared non-responsive. Audit observed that the bidder declared successful was also not responsive because he had no experience of related works and had no electrical license.

Violation of the PPRA Rules and evaluation criteria resulted in the irregular award of work amounting to Rs 118,612,000.

Audit pointed out the irregular award of work in August 2022.

The para was discussed in the SDAC meeting held on 22.11.2022. The authority explained that the contractor participated in tender as a joint venture and the project was underway. The technical and financial bids were found responsive by the bid evaluation committee. Audit informed that the firm was registered as individual firm in the Registrar Office, Multan. Bidding documents were submitted as an individual firm. In case of joint venture firms should had been registered with SECP as JV. The Committee directed the authority for verification of registration as JV within 15 days. During re-verification on 13.12.2022, Authority's representative provided undertaking from the partners for intactness of the joint venture. However, it was not relevant. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.9(2021-22)

CHAPTER – 6

PUNJAB DAANISH SCHOOLS & CENTRES OF EXCELLENCE AUTHORITY

6.1 Introduction

A. Description of Authority

The Punjab Daanish Schools and Centres of Excellence Authority (PDS&CEA) was established under "Punjab Daanish Schools and Centres of Excellence Authority Act 2010". The purpose of the Act was to make provisions for the establishment and efficient management of the PDS&CEA with a view to provide quality in elementary, secondary and higher secondary education to the unprivileged segments of the society.

This report is based on audit of construction of buildings of PDS&CEA in various districts of the Punjab.

Table 6.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	Formations	01	01	5,225.700	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the PDS&CEA received development and non-development allocations both. However, the percentage of unutilized development budget and non-development budget was 0.12% and 0.17%, respectively. This reflects that the authority had been successful in utilizing the available funds. Grant wise budgetary position in FY 2021-22 is as presented below:

Table 6.2: Variance analysis *(Rs in million)*

Grant No and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants					
PC-21015	3,001.000	2,989.000	2,984.000	(5.000)	(0.17)
Development Grants					
PC-22036	1,000.000	1,000.000	1,000.000	-	-
Total	**4,001.000**	**3,989.000**	**3,984.000**	**(5.000)**	**(0.12)**

Source: Departmental figures (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

6.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 934.816 million were raised as a result of audit of PDS&CEA. This amount also includes recoveries of Rs 230.188 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 6.3: Overview of Audit Observations *(Rs in million)*

Sr. No	Classification	Amount
1.	**Irregularities**	**-**
(i)	Irregularities resulting in overpayments	15.787
(ii)	Irregularities resulting in non-recoveries	214.401
(iii)	Irregularities relating to procurements	679.289
(iv)	Miscellaneous irregularities	25.339
	Total	**934.816**

6.3 Comments on the status of compliance with PAC directives

Compliance position with PAC's directives on Audit Report relating to Audit years 2012-13 to 2015-16.

Table 6.4: Compliance of PAC directives

Sr. No.	Audit Report Year	Outstanding Directives	Compliance Reported	Compliance Awaited	Percentage (%)
1	2012-13	36	-	36	-
2	2013-14	07	-	07	-
3	2014-15	21	-	21	-
4	2015-16	07	-	07	-
	Total	**71**	-	**71**	-

6.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

6.4.1 Overpayment due to higher rates of items of works – Rs 10.125 million

According to FD’s instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD’s website. The standardised analysis shall be used to work out the rate of items as far as possible.

General Manager (Engineering), PDS&CEA, Lahore, paid for non-standardised items viz. *“Extra labour and wastage of materials in reinforced brick work in F&P etc.”* and *“Extra labour for RCC in slab of raft/strip foundation”*. Audit observed that the authority, in three (3) cases, approved rates at higher side by taking into account excess material, labour and/or wastage.

Violation of the FD’s instructions resulted in overpayments amounting to Rs 10,125,481.

Audit pointed out the overpayments in August 2022.

The paras were discussed in the SDAC meeting held on 18.11.2022. In DP Nos.42 and 52, the authority explained that the item of reinforced concrete in pacca brick work was different from the item actually executed at site. The rate analyses included extra labour for cutting and wastage of bricks because it involved their placement within steel bars aligned horizontally and vertically. Audit reiterated its earlier stance on the basis of available evidence. In DP No. 49, the authority admitted recovery. The Committee directed the authority, in DP Nos.42 and 52, to review the rate analyses, get it vetted by FD and effect due recovery within 30 days. In DP No. 49, the Committee directed to effect recovery within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.42,52&49(2021-22)

6.4.2 Overpayment beyond agreed percentage of contract cost – Rs 5.662 million

As per para (v) of the Finance Department notification No. RO(Tech)FD.1-2/83-VI dated 29th March, 2005, the final cost of tender/payment shall be the same percentage above/below the amount of revised sanctioned estimate as it was at the time of approval of the tender, so as to pre-empt excess payment. Further, as per clause 47-A of contract agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in TS estimate, the payment of items whose rates are lower will be made at tendered rates but the payment for such items whose rates are higher shall be made at the rates depicted in TS estimates, the balance payment shall be withheld till the completion of the work.

General Manager (Engineering), PDS&CEA, Lahore awarded the contract at 6.77% below estimated cost wherein the contractor quoted imbalance rates. Audit observed that the authority made payment beyond agreed percentage which was 2.54% above the estimated cost.

Violation of the FD's instructions resulted in overpayments amounting to Rs 5,661,597.

Audit pointed out the overpayments in August 2022.

The para was discussed in the SDAC meeting held on 18.11.2022. The authority explained that the estimate had been revised. Audit informed that relevant provisions of FD were not adhered to which was evident from the fact that an amount of Rs 5,661,597 was paid up to 15th running bill which was 2.54% above the estimated cost instead of being 6.77% below. The Committee directed the authority to prepare financial/comparative statement up to the last paid quantities, effect due recovery and get it verified from Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.17(2021-22)

Irregularities resulting in non-recoveries

6.4.3 Non-recovery on account of risk and expense from the contractor – Rs 122.023 million

As per clauses 60 and 61 of the contract agreement, on the default of a contractor to complete the work, his work will be rescinded and the remaining work will be completed at the risk and expense of the original contractor, besides forfeiting his securities.

General Manager (Engineering), PDS&CEA, Lahore in two (2) cases, awarded contracts on 20.06.2017 with a completion period of 15 months. The contractors defaulted and the contracts were rescinded on 23.07.2018 and balance works were awarded at risk and expense of original contractors on 22.06.2020 and 09.07.2020. Audit observed that the authority neither forfeited performance security nor recovered the due amount on account of risk and expense from the original contractors.

Violation of the contract agreement resulted in non-recoveries amounting to Rs 122,023,000.

Audit pointed out the non-recoveries in August 2022.

The paras were discussed in the SDAC meeting held on 18.11.2022. The authority explained that the cases were referred to FIA for lodging FIRs against the contractors. Deputy Commissioner Lahore had also been requested to recover the amount by attaching properties of defaulting contractors under arrear of Land Revenue Act 1967. Audit contended that the authority despite admittance of the irregularity had not vigorously pursued the matter against the contractors and other delinquents. The Committee referred the matter to the administrative department for inquiry to fix responsibility within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.29&30(2021-22)

6.4.4 Non-recovery of mobilization advance – Rs 88.299 million

According to FD's letter No. RO(Tech)F.D.18-44/2006 dated 07.12.2007, the recovery of mobilization advance will be made at the rate of 25% of work done in each bill after expiry of 20% of completion period or 20% of the work done whichever is earlier.

General Manager (Engineering), PDS&CEA, Lahore, in two (2) cases, granted mobilization advance of Rs 101,895,000 to the contractors in September 2017. Audit observed that the authority recovered only Rs 13,595,669 against the recoverable amount of Rs 101,895,000.

Violation of the FD's instructions resulted in non-recoveries amounting to Rs 88,299,331.

Audit pointed out the non-recoveries in August 2022.

The paras were discussed in the SDAC meeting held on 18.11.2022. The authority explained that the cases of recovery were pending with Deputy Commissioner Lahore by attaching properties of defaulting contractors under arrear of Land Revenue Act 1967. Audit contended that lapse regarding the non-recoveries of balance mobilization advance lied with the authority because proper scrutiny was not carried out before grant of the advance such as verification of bank guarantees. Further, the authority had not taken penal action against the delinquents. The Committee referred the matter to the administrative department for inquiry and fixing responsibility within

30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.31&32(2021-22)

6.4.5 Less recovery of income tax – Rs 4.079 million

As per section 153(1)(c), division-III of Part-III of the 1st schedule, Income Tax Ordinance, 2001 (updated up to 30.06.2018), for the execution of contracts, rate of deduction of income tax in case of other than companies (non-filers) is 15%.

General Manager (Engineering), PDS&CEA, Lahore, in two (2) cases, deducted income tax at the rate of 7.5% from the payments of contractors (a joint venture) till May 2018. Audit observed that the joint venture was not registered with FBR, so income tax was required to be deducted at the rate of 15%.

Violation of the Income Tax Ordinance, 2001 resulted in less recoveries amounting to Rs 4,078,702.

Audit pointed out the less recoveries in August 2022.

The paras were discussed in the SDAC meeting held on 18.11.2022. The authority explained that payments were made after deducting income tax at the rate of 7.5% as per rules. Audit reiterated its earlier stance on the basis of available evidence. The Committee referred the matter to the administrative department for inquiry to fix responsibility within 30 days, effect due recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.33&34(2021-22)

Irregularities relating to procurements

6.4.6 Irregular award of work to unregistered joint venture – Rs 679.289 million

As per rule 2.33 of PFR Volume-I, every government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence. Further, as per rule 31 & 32 of PPRA 2014, a procuring agency shall formulate an appropriate evaluation criteria listing all relevant information against which a bid is to be evaluated and such evaluation criteria shall form an integral part of the bidding documents. All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding document.

General Manager (Engineering), PDS&CEA, Lahore awarded two (2) contracts on 20.06.2017 to a joint venture with a completion period of 15 months. Audit observed that the evaluation committee and the consultant committed serious lapses in evaluation of bids and award of tender. These lapses are given as under:

- Evaluation criteria was not formulated.
- Bid documents were submitted by the contractor as a joint venture on 17.06.2017 and acceptance letters were issued on 20.06.2017. However, partnership deed of the joint venture was shown to be made on 25.05.2017 on an e-stamp paper issued on 21.07.2017 i.e. after the submission of bid documents and issuance of acceptance letters.
- The contractors were not registered with Pakistan Engineering Council (PEC) at the time of award of contract.
- The joint venture was neither registered with Registrar of Firms as an Association of Persons (AOPs) nor with Securities Exchange Commission of Pakistan (SECP) as a company.

Violation of the PPRA rules resulted in award of work to unregistered JV amounting to Rs 679,288,993.

Audit pointed out the irregularity in August 2022.

The para was discussed in the SDAC meeting held on 18.11.2022. The authority explained that the contracts were awarded as per rules. Audit informed that serious deviations from prescribed rules were made apparently to accommodate the contractors instead of rejecting the bids at the outset and that this state of affairs warranted inquiry. The Committee referred the matter to the administrative department for inquiry to fix responsibility within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.28(2021-22)

Miscellaneous irregularities

6.4.7 Sanction of non-standardised items at higher rates – Rs 25.339 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardised analysis shall be used to work out the rate of items as far as possible.

General Manager (Engineering), PDS&CEA, Lahore, in ten (10) cases, got approved non-standardised items *"P/L glazed ceramic tiles, porcelain tiles, pre-polished marble chine verona* and *fair face gutka cladding of various sizes"* by taking excess quantities of material and labour than specified in the FD's template.

Violation of the FD's instructions resulted in sanction of non-standardised items at higher rates amounting to Rs 25,338,622

Audit pointed out the issues in August 2022.

The paras were discussed in the SDAC meeting held on 18.11.2022. The authority explained that the works were awarded to contractors as per approved PC-1. Audit informed that the rate analyses comprised excess quantities of material and labour. Audit had been pointing out the issues of higher rates since long. In 2022, FD endorsed the viewpoint of Audit by incorporating lesser quantities of material and labour in its template. Therefore, the FD's templates were result of audit observations. The Committee directed the authority to refer the case to FD for advice regarding retrospective application within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XXVIII)

CHAPTER – 7

PUNJAB MASSTRANSIT AUTHORITY

7.1 Introduction

A. Description of Authority

Punjab Masstransit Authority (PMA) is a statutory body established by Government of the Punjab with the purpose of planning, construction, operation and maintenance of mass transit systems in major cities of the province for providing safe, efficient and comfortable urban transportation system. PMA has outsourced all of its operation and maintenance services to tap private sector's expertise. PMA mainly focuses on planning, contracting of services and oversight of contracts.

The paras included in this report have been selected from previous MFDAC reports of FY 2018-19 and 2019-20.

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the Punjab Masstransit Authority received budget through development and non-development allocations both. Grant wise budgetary position in FY 2021-22 is presented below:

Table 7.1: Variance analysis *(Rs in million)*

Grant No and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants					
PC-21030	15,323.920	-	15,323.920	-	-
Development Grants					
PC-22036	-	-		-	-
Total	**15,323.920**	**-**	**15,323.920**	**-**	**-**

Source: Departmental figures for the year 2021-22

7.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 891.207 million were raised as a result of audit of Punjab Masstransit Authority. This amount also includes recoveries of Rs 799.547 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 7.2: Overview of Audit Observations *(Rs in million)*

Sr. No	Classification	Amount
1.	**Irregularities:**	**-**
(i)	Irregularities resulting in overpayments	190.271
(ii)	Irregularities resulting in non-recoveries	609.276
(iii)	Irregularities resulting in loss to government	66.576
(iv)	Irregularities relating to procurements	25.084
	Total	**891.207**

7.3 Comments on the status of compliance with PAC directives

No paras of the authority had been discussed in the PAC till finalization of the report.

7.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

7.4.1 Overpayment due to allowing higher rates than the provisions of the contract agreement – Rs 174.495 million

As per the contract agreement with M/s Platform, Rs 360 per km on guaranteed 70000 km per bus per year and beyond guaranteed 70000 km reduced rate of Rs 252 per km per bus per year were required to be paid.

Managing Director, PMA, Lahore awarded the contract of 'Procurement, operation & maintenance of 45 articulated metro buses at Lahore' to M/s Platform Pvt Ltd at the rate of Rs 360 per km per bus for 70000 km and Rs 252 per km per bus beyond 70000 km. Audit observed that the buses travelled 4765691 km for which the authority made payment at the rate of Rs 360 per km per bus, whereas, payment at the rate of Rs 360 per km per bus was to be made for initial 3150000 km (70000 x 45) and at the rate of Rs 252 per km per bus for the remaining 1615691 km.

Violation of the contract agreement resulted in overpayment amounting to Rs 174,494,628.

Audit pointed out the overpayment in June 2019.

The para was discussed in the SDAC meeting held on 27.04.2022. The authority explained that payments were made as per the contract agreement. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to produce record for verification within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.17(2018-19)

7.4.2 Overpayment due to non-revalidation of the distance covered in diverted trips – Rs 15.776 million

As per clause 8.1.12 of the contract agreement, executed between PMA and M/s Daewoo Express, the PMA will make payments to M/s Daewoo Express, against kilometers on the basis of reports provided by M/s Inbox Business Technologies, i.e., AFC-BSS service provider.

Managing Director, PMA, Lahore awarded the contract ‘Procurement, operation and maintenance of feeder buses for integrated bus operations in Lahore’ to M/s Daewoo Express Pakistan. Audit observed that M/s Inbox Business Technologies did not authenticate the distance of 153473.59 km on account of diverted trips being beyond the scope of contract agreement. Extra payments were made by PMA on the said unauthenticated distance. Therefore, an amount of Rs 15,775,901 was overpaid.

Violation of the contract agreement resulted in overpayment amounting to Rs 15,775,901.

Audit pointed out the overpayment in June 2019.

The para was discussed in the SDAC meeting held on 27.04.2022. The authority explained that the payments were made as per report provided by the AFC-BSS service provider. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to produce record or effect recovery and get it verified by Audit within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.19(2018-19)

Irregularities resulting in non-recoveries

7.4.3 Non-recovery of price de-escalation – Rs 526.801 million

As per annexure-C of RFP/contract agreement made with M/s Platform Pvt. Ltd, as a result of variation in cost/inflation, the adjustment of price escalation/de-escalation would be calculated on the basis by the formula, *"percent increase or decrease = PI = [(New Value – Previous Value)/Previous Value] x 100"*.

Managing Director, PMA, Lahore awarded the contract 'Procurement/operations & maintenance of 45 Articulated metro buses at Lahore' to M/s Platform. Audit observed that the authority did not effect recovery from the contractor on account of de-escalation of the prices for the period from February 2013 to June 2018 amounting to Rs 526,801,210.

Violation of the contract agreement resulted in non-recovery amounting to Rs 526,801,210.

Audit pointed out the non-recovery in June 2019.

The para was discussed in the SDAC meeting held on 27.04.2022. The authority explained that as per clause 14.2 of the contract agreement, only escalation was required to be paid and in case of de-escalation, the bid rate was to be paid. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to obtain clarification from FD within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No.16(2018-19)

7.4.4 Less recovery of penalties due to post award amendment in the contract agreement – Rs 80.617 million

As per para 31 of PPRA rules 2014, no bidder shall be allowed to alter or modify his bid after opening the bids. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid. Further, in original sub-clause of the contract agreement No.57, the penalty on default of an escalator would be at 0.1% per day of a single escalator cost.

Managing Director, PMA, Lahore awarded the contract 'Operation and maintenance of escalators at all metro stations for a defect liability period' wherein penalty for default of an escalator was fixed at 0.1% per day of the cost of an escalator. Audit observed that thirty (30) escalators out of hundred (100) remained non-operational/out of order from 10.02.2015 to 30.06.2019 on which the penalty was to be imposed. However, authority amended the contract agreement and levied a penalty of Rs 28,000 per month instead of 0.1% per day of the cost of an escalator.

Violation of the contract agreement rules resulted in less recoveries of penalties for Rs 80,616,600.

Audit pointed out the less recoveries in June 2019.

The para was discussed in the SDAC meeting held on 27.04.2022. The authority explained that extension/amendment in contract was made without any violation of rules because original defect liability period of 24 month had elapsed. Audit reiterated its earlier stance on the basis of available evidence. The Committee referred the matter to the administrative department for conducting probe and submitting the report to Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.22(2018-19)

7.4.5 Non-recovery of dismantled material – Rs 1.858 million

According to para 9(i) of Chapter 18.1 of Specifications for Execution of Works 1967, dismantled material is the property of the government, and the cost of it should either be recovered from the contractor as credit of dismantled material or it should be counted, measured and recorded for open auction.

Managing Director, PMA, Lahore, in two (02) cases, made payments for the contract 'Replacement and maintenance of electricity fans at designated places in Lahore Metro Bus System' but did not recover an amount of Rs 1,858,334 on account of the cost of dismantled material.

Violation of the Specifications resulted in non-recoveries amounting to Rs 1,858,334.

Audit pointed out the non-recoveries in June 2019 and October 2020.

The paras were discussed in the SDAC meetings held in April and July 2022. The authority explained that scrapped material and equipment had been recorded in inventory registers which would be auctioned in near future subject to approval by the competent authority. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to produce complete record for verification within 15 days and advised early auction. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery and strengthening internal controls to avoid the recurrence of such issues.

DP No.14(2018-19)&38(2020-21)

Irregularities resulting in loss to government

7.4.6 Loss due to award of work beyond 4.5% acceptable tender limit – Rs 66.576 million

As per FD's letter No. R.O(Tech)FD-2-3/85 Vol-IV dated 07.01.1992, read with the DFR 2016, acceptance of tenders shall be subject to the condition that the rates quoted/or amounts tendered are such that the total cost of the project will not exceed the amount, for which technical sanction has been accorded, by more than 4.5%.

Managing Director, PMA, Lahore awarded the contract 'Procurement, operation and maintenance of feeder buses for integrated bus operations in Lahore' to M/s Daewoo Express Pakistan at the rate of Rs 140 per km for 38 buses having length of 8 meters. Audit observed that reserve price was Rs 120 per km but the authority awarded the contract at 16.67% above the reserve price.

Violation of the FD's letter and DFR resulted in loss amounting to Rs 66,576,000.

Audit pointed out the loss in June 2019.

The para was discussed in the SDAC meeting held on 27.04.2022. The authority explained that the contract had been awarded as per rules. The rates being quoted by Audit are the estimated rates mentioned in PC-I. M/s Daewoo had initially quoted Rs 179 per km and subsequently, voluntarily offered a rebate of Rs 39 per km. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to refer the case to FD for advice/clarification regarding award of the works within 4.5%. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early clarification from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.23(2018-19)

Irregularities relating to procurements

7.4.7 Irregular award of work without sanctioned estimates – Rs 25.084 million

According to FD's instruction No. RO(Tech)FD-18-23/2004 dated 21.09.2004, the rate analysis for a non-standardised item shall be approved by SE, giving specifications of the material used as per FD's website. The standardized analysis shall be used to work out the rate of items as far as possible.

Managing Director, PMA, Lahore, awarded the works of M&R to various contractors, in which Audit observed that, in five (5) cases, the estimates were neither prepared nor got sanctioned from the competent authority. Further, the payments were made without recording details in MBs.

Violation of the FD's instructions resulted in irregular award of work amounting to Rs 25,084,000.

Audit pointed out the irregularities in June 2019 and October 2020.

The paras were discussed in the SDAC meetings held in April and July 2022. The authority explained that there were no irregularities in the process of M&R works. Technical Evaluation Committee including a financial specialist scrutinized the financial bid. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the authority to refer the case to FD for condonation. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early condonation of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.3,4,5,6(2018-19)&33(2020-21)

CHAPTER – 8

ENERGY DEPARTMENT

8.1 Introduction

A. Description of Department

The Energy Department, Government of the Punjab, is mandated to carry out the following functions as per Rules of Business:

i. Administrative control and check on the works of Electric Inspectors Lahore and Multan.
ii. Standardization of specifications in respect of electric appliances, machinery & installations.
iii. Dealing with matters related to distribution of Power and Area Electricity Boards; acquisition, revocation or amendment of licenses of electric supply undertaking and approval of loads; regulation controlling and granting Electrical Contractor Licenses and Supervisors Competency Certificate and other matters connected with Licensing Board Lahore and Multan; and village electrification including formulation and devising criterion for selection of villages and tube-well electrification.
iv. Development of a power policy for Punjab Development of power generation by exploiting hydel, thermal and renewable energy resources. Conservation of energy; Off-grid distributed power generation; Promotion of energy efficiency through appliance regulation, building codes, urban design and other means; Energy innovations; Public private partnerships for energy production, conservation, efficiency & audit.
v. Monitoring of electricity tariff in Punjab. Coordination and reconciliation with Federal Government on electricity charges.
vi. Administration of the following laws and the rules framed there-under:

    a) The Electricity Act, 1910.
    b) The Electricity Rules, 1937.
    c) The Punjab Electricity Act, 1939.
    d) The Punjab Electricity (Emergency Powers) Act, 1941.

e) The Punjab Electricity Emergency Powers (Conduct of Supply) Act, 1949.
f) The WAPDA Act, 1958.
g) The Electricity Control Ordinance, 1965.
h) The Electricity Act (Punjab Amendment) Ordinance, 1971.
i) The Motion 2Pictures Ordinance, 1979.
j) The Electricity (Amendment) Ordinance, 1979.
k) The Pakistan Standards and Quality Control Authority Act, 1996.
l) The Regulation of Generation, Transmission and Distribution of Electricity Power Act, 1997.
m) The Offences in Respect of Electricity (Emergency Provisions) Ordinance, 1998

The Energy Department Punjab Power Development Board has an autonomous body and six (06) companies, viz. Quaid-e-Azam Solar Power Company (Pvt.) Ltd., Quaid-e-Azam Thermal Power Company (Pvt.) Ltd., Punjab Energy Holding Company, Quaid-e-Azam Wind Power Company, Punjab Coal Power Company Ltd. and Punjab Renewable Energy Company Ltd.

Table 8.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	Formations	11	01	1,769.680	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, the Energy Department received development and non-development allocations both. However, the department could not utilize non-development budget to the extent of 9.58% whereas an over-expenditure of 4.54% was done from development budget. Grant wise budgetary position in FY 2021-22 is as presented below:

Table 8.2: Variance analysis *(Rs in million)*

Grant No and Nature	Original Budget	Revised Budget	Actual Expenditure	Variation Excess/ (Saving)	Variation in %
Non-Development Grants					
PC-21008	299.735	321.792	286.203	(35.589)	(11.06)
PC-21010	183.044	173.987	162.082	(11.905)	(6.84)
Sub Total	482.779	495.779	448.285	(47.494)	(9.58)
Development Grants					
PC-22036	4,393.347	4,127.016	4,009.433	(117.583)	(2.85)
PC-22037	2606.653	665.000	1,000.000	335.000	50.37
Sub Total	7,000.000	4,792.016	5,009.433	217.427	4.54
Grand Total	**7,482.779**	**5,287.795**	**5,457.718**	**169.920**	**3.21**

Source: Budget book (FY 2021-22)

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

8.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 367.768 million were raised as a result of audit of Energy Department. This amount also includes recoveries of Rs 23.742 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 8.3: Overview of Audit Observations *(Rs in million)*

Sr. No	Classification	Amount
1.	**Irregularities:**	-
(i)	Irregularities resulting in non-recoveries	23.742
(ii)	Irregularities resulting in undue financial benefit	268.610
(iii)	Miscellaneous irregularities	18.446
(iv)	Value for money	56.970
	Total	**367.768**

8.3 Comments on the status of compliance with PAC directives

No paras of the authority had been discussed in the PAC till finalization of the report.

8.4 AUDIT PARAS

Irregularities

Irregularities resulting in non-recoveries

8.4.1 Non/less recovery of government taxes – Rs 23.742 million

As per Finance Bill 2021, 7% income tax was applicable on FBR-registered contractors executing development works. Further, as per FD Letter No. PRA/MTN/1979 dated 16.08.2017, 5% PST would be charged on development schemes started/executed w.e.f. 01.07.2017.

Managing Director, Punjab Energy Efficiency & Conservation Agency (PEECA), Lahore, in six (06) cases, awarded various contracts wherein the income tax at the rate of 3% was deducted from payments. Audit observed that the contracts were awarded for finished works; therefore, income tax at the rate of 7% was due. Further, the agency did not deduct PST at the rate of 5%.

Violation of the FBR's and FD's instructions resulted in non/less recoveries amounting to Rs 23,741,612.

Audit pointed out the non/less recoveries in August 2022.

The para was discussed in the SDAC meeting held on 01.12.2022. The agency explained that applicable taxes were deducted. Audit informed that agency did not deduct PST and deducted lesser income tax. The Committee directed the agency to produce complete record regarding deduction of all applicable taxes to Audit for verification within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.32(2022-23)

Irregularities resulting in undue financial benefit to contractors

8.4.2 Non-obtaining of additional performance securities - Rs 268.610 million

According to FD's instructions No. RD (Tech)FD-1-2/83/VI(P) dated 24.01.2006, if contractor quotes his rates 5% or more below the estimated rates, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance letter.

Managing Director, PEECA, Lahore, awarded various contracts to different contractors. Audit observed that in thirteen (13) cases, the contracts were awarded 7.7% to 12% below the estimated cost. However, the agency did not obtain additional performance securities.

Violation of the FD's instructions resulted in non-obtaining of additional performance securities amounting to Rs 268,610,000.

Audit pointed out the irregularity in August 2022.

The para was discussed in the SDAC meeting held on 01.12.2022. The agency explained that as per PPRA rules, 10% performance security was obtained. Audit reiterated its earlier stance on the basis of available evidence. The Committee referred the case to FD for regularization. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.17(2022-23)

Miscellaneous irregularities

8.4.3 Unauthorized advance payment – Rs 18.446 million

As per FD's letter No.SO(TT)6-4/2021(036)/18133 dated 18.06.2021, regarding operation of the Assan Assignment Account, no withdrawals from the Assan Assignment Account are permissible as advance withdrawals and withdrawn from the Assan Assignment Account shall only be admissible to discharge validly accrued liability/booked expenditure. Further, according to Rule 290 of Treasury Rules (Volume-I), "no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants". In addition, as per rule 8 of Treasury Rules (Volume-II), money should not be drawn in advance or more than immediate requirements or merely, to prevent a lapse of funds.

Managing Director, PEECA, Lahore made various advance payments amounting to Rs 18,445,984 on account of hiring of vehicles, rent of office building, electricity bills and consultancy services.

Violation of the FD's instructions & Treasury rules resulted in unauthorized advance payments amounting to Rs 18,445,984.

Audit pointed out the unauthorized advance payments in August 2022.

The para was discussed in the SDAC meeting held on 01.12.2022. The agency explained that payments were made as per contract agreement. Further, due to non-availability of funds in July 2022, the electricity bills for the month of July 2022 were paid in advance. Audit reiterated its earlier stance on the basis of available evidence. The Committee directed the agency to get the matter regularised from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD and strengthening internal controls to avoid the recurrence of such issues.

DP No.03(2022-23)

Value for money

8.4.4 Non-utilization of funds – Rs 56.970 million

As per general instructions 1(i) of Assan Assignment Account Procedures, (local currency) 2020, "assignment account shall be part of the provincial consolidated fund. The unspent balance at the close of the financial year shall be surrendered by respective offices as per government instructions, otherwise, it shall be treated as a lapsed amount. Further, as per FD's letter No. SO(Energy)3-781/2016(P) dated 11.11.2021 regarding permission for advance withdrawal and transfer of funds from Assan Assignment Account to Bank of the Punjab for the opening of Letter of Credit (LC) of the project PGDP, "undisbursed amount, if any, shall be deposited into Punjab Government Account No.1, immediately".

Managing Director, PEECA, Lahore did not utilize non-developments funds amounting to Rs 56,969,931 which lapsed.

Violation of the instructions resulted in lapse of funds amounting to Rs 56,969,931.

Audit pointed out the non-utilization of funds in August 2022.

The para was discussed in the SDAC meeting held on 01.12.2022. The agency explained that the administrative department was intimated regarding unspent funds for taking up the matter with FD. Audit contended that it was not a valid justification for lapse of funds. The Committee directed the agency to get the matter regularised from FD. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early regularization of the matter from FD and strengthening internal controls to avoid the recurrence of such issues.

DP No.01(2022-23)

CHAPTER – 9

INFRASTRUCTURE DEVELOPMENT AUTHORITY PUNJAB

9.1 Introduction

A. Description of Authority

Infrastructure Development Authority of the Punjab (IDAP) is an autonomous body established under the Infrastructure Development Authority of the Punjab Act 2016, for planning, designing, construction and maintenance of infrastructure in the province, in line with the best international practices, to cope with the futuristic development needs. It is a specialized organization free of encumbrances prevalent in public sector departments. Its purpose is to get mega infrastructure projects executed efficiently, aesthetically, and transparently without compromising quality or entailing delays. Complete project management services including feasibility, design, contract management, execution, supervision and third-party evaluation are catered for by the authority to the client department.

IDAP offers a variety of services to various departments in areas including buildings (multi-purpose for client departments), highways (roads, bridges, flyovers), public transport (mass transit solutions), water resources (irrigation infrastructure), public health (water supply, sewerage, water treatment plants, solid waste), housing (multi-purpose housing, low-income housing) and energy infrastructure (thermal, hydel, solar, biomass, wind).

The Secretary, Implementation & Coordination Department Government of the Punjab is the Principal Accounting Officer of the authority.

Table 9.1: Audit profile *(Rs in million)*

Sr. No.	Description of Formations	Total No. of Formations	Audited Formations	Expenditure Audited	Revenue/ Receipts Audited
1	Formations	05	01	5,906.108	-

B. Comments on Budget and Accounts (Variance Analysis)

In FY 2021-22, IDAP received development and non-development allocations both. However, the department could not utilize development budget and non-development budget to the extent of 57.71% and 16.28%, respectively. Grant wise budgetary position in FY 2021-22 is as presented below:

Table 9.2: Variance analysis *(Rs in million)*

Grant & Nature	Deposit received	Revised deposit received	Expenditure	Excess/ (Saving)	Variation
Development	24,629.441	-	10,415.678	(14,213.767)	(57.71)
Non-development	967.318	-	809.818	(157.500)	(16.28)
Total	**25,596.759**	-	**11,225.496**	**(14,371.267)**	**(56.14)**

Source: Budget & Expenditure statements of the Authority

C. Sectoral analysis on the achievements against targets agreed under MTDF/MTBF

Brief comments on targets achieved under MTDF are given in Chapter No. 1, i.e., Sectoral Analysis.

9.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 7.175 million were raised as a result of audit of Infrastructure Development Authority, Punjab. This amount also includes recoveries of Rs 7.175 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

Table 9.3: Overview of Audit Observations *(Rs in million)*

Sr. No.	Classification	Amount
1	**Irregularities:**	-
(i)	Irregularities resulting in overpayments	7.175

9.3 Comments on the status of compliance with PAC directives

No paras of the authority had been discussed in the PAC till finalization of the report.

9.4 AUDIT PARAS

Irregularities

Irregularities resulting in overpayments

9.4.1 Overpayment due to non-utilization of excavated earth – Rs 3.974 million

As per section 411 of Standard Specifications for Roads & Bridges Construction 1971, available useable material from the excavation was to be used in works before using material from an outside source. Further, as per Specification No 17.1(A) (11) (i) of Specification for Execution of Works 1967 (Volume-I Part-II), if cutting and filling were to be done simultaneously, all suitable materials obtained from excavation would be used in filling.

The Chief Executive Officer, IDAP, Lahore paid for the item *"Earthwork in ordinary soil for embankments lead up to 100 ft. (30 m), including ploughing and mixing etc. complete in all respects"* for a quantity of 858826 cubic foot. The authority also paid for another item *"Excavation of foundation of building and other structures in ordinary soil up to any lift"* for a quantity of 450602 cubic foot under the same head. Audit observed that the authority did not adjust a quantity of 300401 cubic foot of excavated earth.

Violation of the Specifications resulted in overpayment amounting to Rs 3,973,707.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 24.11.2022. The authority explained that excavated material from structure works and waiting area was unsuitable for earthwork for embankments which was validated by test reports. Therefore, earth was required to be brought from outside. Audit contended that as per report, clay content was 57% in excavated material; therefore, reduced rate was required to be applied (vide item No. 21(a)) only against 43% of excavated quantity on account of sandy material. The Committee directed the authority to revise the rate, effect due recovery and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.05(2022-23)

9.4.2 Overpayment due to excess lead of carriage of stone – Rs 3.201 million

As per condition No. 5 of FD's letter No. RO(Tech)F.D 2-3/2004 dated 02.08.2004, the material of crushed stone aggregate and sand material shall be carried from the nearest quarry and the shortest route shall be used/adopted for carriage.

The Chief Executive Officer, IDAP, Lahore paid for the item *"Carriage of 100 cubic foot (2.83* cubic metre*) of all material like stone, aggregate, spawl, kankar line (unskilled), surkhi etc."* in which Audit observed that the authority paid lead of 303 km for carriage of stone from Sikhanwali quarry instead of nearest/practicable route from Sakhi Sarwar quarry with lead of 163 km.

(Amount in Rs)

Rate paid (per cft)	Rate to be paid (per cft)	Difference (per cft)	Quantity Paid (cft)	Overpayment
57.34	45.59	11.75	241018.23	2,831,964
64.69	51.44	13.25	27,875.18	369,346
			Total	**3,201,310**

Violation of the Specifications resulted in overpayments amounting to Rs 3,201,310.

Audit pointed out the overpayment in August 2022.

The para was discussed in the SDAC meeting held on 24.11.2022. The authority explained that material was carried from the approved quarry. Audit informed that Sakhi Sarwar quarry was already being used by IDAP in other projects. The Committee directed the authority to recover the overpayment and get it verified from Audit within 30 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.13(2022-23)

CHAPTER – 10

THEMATIC AUDIT

10.1 Water (H_2O) Pollution - Role of Regulators in Controlling Water Pollution

10.1.1 Introduction

Water (H_2O), one of the basic elements on which life depends, plays a vital role in growth and development. The physical, biological, and chemical properties of drinking water have immense importance because any slightest tremor affects human health[10]. Water pollution occurs when micro-organisms and toxic chemicals of domestic and industrial waste come into contact with water bodies and leach into groundwater and freshwater resources[11]. Water contamination originates from microbiological and chemical sources.

In a study, it was observed that 24% of the residents of Lahore were consuming water contaminated with Arsenic (As) in 2020[12]. About 73%, 100%, 64%, 94%, 100%, and 88% of drinking water samples of Sheikhupura, Lahore, Gujranwala, Multan, Kasur, and Bahawalpur, respectively, were found highly contaminated with Arsenic (As)[13].

Thus, water contaminated with Arsenic plays a catalyst role in spreading endemic and pandemic diseases. In rural and urban areas of Pakistan, cases of water borne diseases like typhoid, dysentery, cholera, gastroenteritis and hepatitis are systemically reported[14]. The situation remains grave, and longs for remedial measures.

Water pollution has become one of the major threats to public health in Pakistan. Drinking water quality is poorly managed, monitored and reported. Pakistan is ranked 80th among 122 nations regarding

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[10] (Jonnalagadda & Mhere, 2001)
[11] (Arora, 2006)
[12] (Water pollution, 2020)
[13] (Sulehria & Mustafa, 2012)
[14] (Daud & Deeba, 2017)

drinking water quality[15]. The quality parameters (pH 6.5-8.5, Na^+ 200, Ca^{2+} 100, Mg^{2+} 50, TDS 500-1000, etc.) set by the WHO are persistently violated[16]. Contaminated water kills 1.1 million people each year in Pakistan[17].

The primary source of contamination is sewerage (faecal) which is extensively discharged into drinking water system supplies. The secondary source of pollution is the disposal of toxic chemicals from industrial effluents, pesticides, and fertilizers factories directly into the water bodies without treatment. Anthropogenic activities cause waterborne diseases that constitute about 80% of all diseases and are responsible for 33% of deaths[18]. We are indeed heading towards a catastrophe. This is high time that a multipronged strategy is devised and immediately implemented to arrest the environmental and health nose-dive.

10.1.1.2 Background

In Lahore, like the rest of Pakistan, the drinking water supply system and drainage lines run in parallel, which causes leakages and intermixing, resulting in the deterioration of water quality[19]. Further, house connections, passing through the pipelines on both sides of streets, are usually made unprofessionally and result in leakage due to poor workmanship. On the other hand, the water supply runs on pressure generate by pumps within a pipeline. When the pump is closed, a negative pressure is created inside the pipeline, which sucks sewage water inside through leaks. This results in contamination of water.

Moreover, open drains flowing in Lahore are one of the biggest sources of water pollution and pose a very serious threat. Lahore is served by eight main drains: (1) Central, (2) Lower Mall, (3) Chota Ravi, (4) Alfalah, (5) Gulberg 1 & 2, (6) Edward Road, (7) Mian Mir and (8) Gulshan-e-Ravi. These drains are further connected with 76 tributary drains for a network of 180 km, with a carrying capacity of nearly 6,474

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[15] (Azizullah & Richter, 2018)
[16] (Shah & Sherwani, 2021)
[17] (Water pollution, 2020)
[18] (Zhu, & Masood, 2017)
[19] (Patoli, 2010)

cusecs. The effluent of the main drains fall untreated into the River Ravi. Major drains in Lahore city pass through the areas of Walton Road, Fruit and Vegetable Market on Ferozepur Road, Bihar Colony, Township, General Hospital, Chungi Amer Sidhu, Sattoo Katla, Hudyara, Khurshid Alam Road, Gulberg (near Home Economics College), Canal Park, Shama Cinema, Rasool Park, Samanabad, Gulshan-e-Ravi, Abdul Rehman Road, Fortress Stadium, Mian Mir Colony, Upper Mall, Zafar Ali Road, Mustafabad, Mian Mir Graveyard, Mozang, Lytton Road, Chauburji, Shalimar Road, Shalimar Garden, Madina Colony, Misri Shah, Shadbagh, etc. These drains were originally constructed for the disposal of flood and rainwater, but with the passage of time, these drains were turned into sewage water drains. These drains discharge untreated water into the river Ravi. In addition, industrial waste, which includes heavy metals, is also disposed of untreated into the Ravi.

In general, numerous factors have made bad matters worse, such as rapid urbanization, ill-conceived industrialization, lack of implementation of environmental laws, mass unawareness, the mushroom growth of societies, burgeoning population, faulty sewerage system, worn-out water supply lines, improper disposal of liquid and solid waste, financial incapacity and unsustainability, untrained staff and unpreparedness of agencies, institutional sluggishness and corruption, etc.

10.1.1.3 Establishing the Audit Theme

10.1.1.3.1 Reasons for Selection

Water scarcity and contamination is a global crisis that affects billions of lives[20]. Contaminated water can transmit diseases such as diarrhea, cholera, dysentery, typhoid, and polio. Contaminated drinking water is estimated to cause 485,000 diarrheal deaths each year[21]. Goal 6 of the Sustainable Development Goals (SDGs) aims to ensure access to water and sanitation for all[22]. Some of the detailed targets to be achieved by 2030 are as under:

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[20] (https://wellawareworld.org/the-water-crisis/, n.d.)
[21] (World Health Organization (WHO) official website., 2022)
[22] (Ensure access to water and sanitation for all, 2022)

i. Achieve universal and equitable access to safe and affordable drinking water for all.
ii. Improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
iii. Support and strengthen the participation of local communities in improving water and sanitation management.

Water and Sanitation Agencies (WASAs) and Public Health Engineering (PHE) formations have been vested with water management and regulatory functions to prevent, check, control, and report water pollution in Punjab. It has been observed that the regulators may not be performing their assigned duties efficiently culminating into rising water pollution.

Since the issue of water pollution is extensive and pervasive which critically and adversely affects living beings, the theme of "Water Pollution" was selected in order to carry out objective evaluation of the performance and role of regulators to ascertain the level of effectiveness in controlling the water pollution.

10.1.1.3.2 Purpose/Objectives

Purpose of thematic audit was to evaluate;

- Whether the Punjab Environmental Quality Standards (PEQS) were being followed by the regulators in the disposal of water and sewage;
- Whether the regulators initiated legal proceedings against the delinquents responsible for the infusion of microbiological and chemical effluent into water supplies;
- Whether a policy was devised/implemented to curtail permeation of pollutants into water resources (tube wells, water reservoirs, water supplies pipelines and filtration plants).
- Preparedness and capacity of institutions vis-à-vis arresting the environmental and health conundrum.

The audit findings and recommendations shall be beneficial to various stakeholders, as enunciated below:

- The Public Accounts Committee for apprising the parliament about systemic issues in the public sector which are resulting into increasing water pollution.
- The public administration in general, and executing agencies in particular, for realising deficiencies in the system and taking the remedial measures like framing of rules and regulations and their enforcement.
- The management of executing agencies for initiating the capacity building and developing internal controls for addressing the problems.
- General public by increasing awareness about the issue.

10.1.1.3.3 Scope

The scope of the thematic audit was to ascertain whether effective measures had been taken by Secretary HUD & PHE Department Lahore during the financial year 2018-19 to 2021-22 for controlling water pollution and the supply of safe drinking water. This audit covered the issue of role of PHED, LDA and WASA to the extent of Lahore district. Audit execution was carried out during August to October 2022. Following were the specific TORs and the scope of audit:

i. Whether the department evolved any system for maintenance/rehabilitation of water supply schemes/filtration plants;
ii. Whether the persons responsible for mixing chemical waste, and dangerous liquids in water supply and sewerage lines were penalized under the LDA Act 1975;
iii. Whether the implementation of penalties prescribed in relevant laws was delegated by Lahore Development Authority to its subordinate Water and Sanitation Agency (WASA);
iv. Whether any mechanism was established by PHED and authorities/agencies for the sustainability of the environmental standards for water resources;

v. Whether the Punjab Environmental Quality Standards (PEQS) for discharge after terminal treatment of hospital liquid to WASA sewer line as per notification 119 of 2016 were implemented as per provision of Punjab Environmental Protection Act, 1997;

vi. Whether the Punjab Environmental Quality Standards (PEQS) for Municipal and Liquid Industrial Effluents, as per notification 120 of 2016, were implemented as per provision of the Punjab Environmental Protection Act, 1997;

vii. Whether the Punjab Environmental Quality Standards (PEQS) for drinking water as per notification 124 of 2016 were implemented as per provision of the Punjab Environmental Protection Act, 1997;

viii. Whether the WASA installed wastewater treatment plants to treat the sewage in accordance with the prescribed standards by the Environmental Protection Agency Punjab under Article 7.1 (d) of the Punjab Environment Policy 2015;

ix. Whether the completed water supply and sewerage schemes were handed over to the concerned local government or Community Based Organization for operation and maintenance of the schemes for public facilitation.

The following formations were audited:

i. Secretary Office HUD & PHED, Lahore;
ii. Chief Engineer (N) PHED, Lahore;
iii. Executive Engineer PHE Division, Lahore;
iv. Chief Metropolitan Planner, LDA, Lahore;
v. Director Coordination & Implementation, LDA, Lahore;
vi. Deputy Managing Director O&M, WASA, Lahore;
vii. Director P&D, WASA, Lahore;
viii. Director PHS, WASA, Lahore;
ix. Chief Chemist Water Testing Laboratory, WASA, Lahore.

10.1.2 Legal Framework governing the Theme

a. Constitutional provision for water supply & sewerage

Article 24(3)(e)(ii) of the Constitution of Islamic Republic of Pakistan, 1973 relates to providing housing and public facilities and services such as roads, water supply, sewerage, gas and electric power to all or any specified class of citizens.

b. Acts of Law/Ordinance

For prevention and control of pollution, the Government of Pakistan and the Government of the Punjab, enacted various legislations from time to time as under;

i. Pakistan Environmental Protection Ordinance (PEPO) 1983.
ii. The Pakistan Environmental Protection Act (PEPA) 1997.
iii. The Punjab Environmental Protection Act in 1997.
iv. Lahore Development Authority (LDA) Act 1975 was promulgated to establish a comprehensive system of metropolitan planning, development, improvement of the environment of housing, health, water supply, sewerage, drainage, solid waste disposal etc.
    - Under Section 20 of the Act, the LDA shall have full powers to remove sources of pollution, to undertake improvements of the environment of the area or any part thereof,
    - Under section 35(1) of the Act, if a person commits an offence specified in;
        - Part-A of Second Schedule i.e. (1) Discharging any dangerous chemical, inflammable, hazardous or offensive article in any drain, or sewer, public watercourse or public land vested in, managed, maintained or controlled by Authority or an Agency in such manner as causes or is likely to cause danger to persons passing by or living or working in the neighborhood, or risk or injury to property or causing harm to the environment. (2) Failure of industrial or commercial concerns or such property holders to provide adequate and safe disposal of effluent or prevention of their

mixing up with the water supply or sewerage system, such person shall be liable to imprisonment for a term which may extend to seven years or fine which may extend to five hundred thousand rupees or with both and where an accused was directed by the Authority for immediate discontinuance of the offence, the Court may impose a further fine which may extend to fifty thousand rupees for every day for the period the accused has persisted in the offence from the date of its commission; and

- Part-B of Second Schedule i.e. (11) Obstructing or tampering with any road, street, drain or sewer pipe or pavement or tampering with any main pipe, meter or any apparatus or appliance for the supply of water or sewerage system or laying out a drain or altering any drain in a street or road. (12) Connecting any house drain with a drain in a public street without approval of the Authority. (13) Drawing off, diverting or taking any water except with the permission required under this Act, rules or regulations. (15) Refusal or willfully neglecting to provide any officer or servant of the Authority with the means necessary for entering into any premises for the purpose of collecting any information or making an examination or enquiry in relation to any water works**;** he shall be liable to imprisonment for a term which may extend to three years or fine which may extend to one hundred thousand rupees or with both and where an accused was directed by the Authority for immediate discontinuance of the offence, the Court may impose a further fine which may extend to ten thousand rupees for every day for the period the accused has persisted in the offence from the date of its commission.

- (2) An offence punishable under subsection (1) of section 35 shall be cognizable on a complaint in writing of an officer authorized by the Authority to the officer incharge of the police station.

v. Water and Sanitation Agency (WASA) (LDA) was established during 1976 under section 10(2) of Lahore Development Authority Act 1975 for the planning, designing, development and maintenance of water supply sewerage and draining system in Lahore. An essential component of this mandate is the delivery of a safe, reliable and efficient water supply to satisfy the demand of all sectors.

c. Rules and Regulations

i. Under section 31 of the Pakistan Environmental Protection Act 1997, the Ministry of Environment, Government of Pakistan, made "Hospital Waste Management Rules, 2005" for the Federal and Provincial Governments. As per rule 20, effluent from the waste treatment methods shall also be periodically tested to verify that it conforms to the National Environmental Quality Standards (NEQS) before it is discharged into the sewerage system.

ii. Under section 6 (1)(e) of the Pakistan Environmental Protection Act, 1997, the Pakistan Environmental Protection Agency, with the prior approval of the Pakistan Environmental Protection Council, established the National Environmental Quality Standards (NEQS) for Municipal and Liquid Industrial effluents and drinking water, etc., notified on 08.08.2000 and 18.10.2010, respectively.

iii. Punjab Environment Policy 2015 was approved by the Punjab Environment Protection Council, headed by the Chief Minister Punjab, under section 4(b) of the Punjab Environment Protection Act, 1997, for enforcement in Punjab, particularly through WASAs and TMAs for installation of wastewater treatment plants to treat sewage as per PEQS. It prohibited the discharge of wastewater into any water surface body without treatment and made the installation of wastewater treatment plants an integral part of all sewerage schemes.

iv. Under section 4(1)(c) of the Punjab Environmental Protection Act, 1997, the Environmental Protection Council approved the Punjab Environmental Quality Standards (PEQS) for treatment of hospital liquid waste, municipal and liquid industrial effluents, and drinking water by Environment Protection Department on 12.08.2016.

v. Local Government & Community Development Department, Government of the Punjab, promulgated the Punjab Private Housing Schemes and Land Sub-division Rules 2005 and 2009 particularly for water supply, sewerage and drainage systems for approval of design and specification from the concerned agency under rule 22.

vi. Under section 44 of the Lahore Development Authority Act 1975, the authority promulgated the Private Housing Schemes Rules 2014, particularly for water supply, sewerage and drainage systems and design for the disposal of sewerage into WASA trunk sewerage by the WASA under rule 12.

vii. Provincial Cabinet Committee approved the cost of sewage trunk infrastructure at the rate of Rs 11,000 per kanal for a saleable area, which was notified on 24.08.2001. Lahore Development Authority approved (on 10.07.2017) the proportionate cost of sewerage trunk infrastructure after 26.05.2011 at the rate of Rs 87,400 per kanal from Private Housing Schemes and in case of cooperative schemes at the rate of Rs 43,700 per kanal of the saleable area as per approved plan.

viii. Lahore Development Authority approved the six-year business plan 2011-17 of WASA Lahore on 20.05.2011, including the construction of two wastewater treatment plants to prevent health hazards for the community for environmental protection.

ix. Punjab Water Policy 2018 provides for the sustainable management and development of water from all sources of water (surface water, groundwater and rainwater).

x. PHE department devised a system for generation of revenue by collection of water charges through the Community-Based Organization (CBO) for the operation and maintenance of rural water supply schemes on a self-help basis.

10.1.3 Government organizations and stakeholders involved

The following departments and autonomous bodies are associated with the theme:

- Housing Urban Development & Public Health Engineering (HUD&PHE) Department;
- Lahore Development Authority (LDA);
- Water & Sanitation Agency (WASA), Lahore;
- Punjab Aab-e-Pak Authority;
- Punjab Environmental Protection Department;
- Community-based organizations (CBOs) for rural water supply schemes;
- Hospitals;
- Industries;
- General public.

10.1.4 Role of Important Organizations

a. HUD&PHE Department

Secretary is the PAOs of the HUD & PHE department and is responsible for its efficient administration, discipline, and proper conduct of business as prescribed in rule 58 of the Punjab Rules of Business 2011. The business relates to the theme vis-à-vis provision of drinking water, drainage and sanitation facilities, legislation/related policy matters and regulating private housing schemes falling in the jurisdiction of development authorities. Further, the department deals with governing laws related to Lahore Development Authority and its subordinate agency, i.e., Water & Sanitation Agency (WASA) and the Punjab Aab-e-Pak Authority.

b. Lahore Development Authority (LDA)

LDA was established under Lahore Development Authority Act 1975 for the establishment of an integrated metropolitan with regional development approach and a continuing process of planning and development to ensure the improvement of housing, industrial development, traffic, transportation, health, education, water supply, sewerage, drainage, solid waste disposal, etc. LDA has full powers to remove sources of pollution and undertake improvements to the environment of any area and eliminate and remove the sources of environmental pollution. LDA is empowered to initiate action under Section-35 of the LDA Act against discharge of any chemical, hazardous or offensive articles in any drain or sewer, public watercourse or public land and obstructing or tampering with any road, street, drain or sewer pipe or connecting any house drain into a public drain maintained by the authority or an agency. Under Section 6 (iii) of the LDA act, the Authority shall develop, operate and maintain water supply, sewerage and drainage system within the area of its Water & Sanitation Agency, which was established in 1976, under section 10 (2) of the act. Under the said section, the Authority can delegate any of its powers, duties or functions under the act or the rules there to the Director General, a committee, an agency, a member or an officer of the authority. The authority shall have full powers to remove sources of pollution, to undertake improvements of the environment of the area or any part thereof. The authority shall promote environment-friendly activity through potable drinking water, sanitation and drainage, wastewater treatment plants, rainwater harvesting and water conservation.

c. Water & Sanitation Agency (WASA), Lahore

Water and Sanitation Agency (WASA) was established by Lahore Development Authority in 1976 for the planning, designing, development and maintenance of water supply sewerage and draining system in Lahore. An essential component of this mandate was the delivery of a safe, reliable and efficient water supply to satisfy the demand of all sectors. WASA is also responsible to ensure the treatment of sewage or industrial effluent prior to its discharge to WASA Sewer or drain.

10.1.5 Organization's Financials

Lahore Development Authority generates its revenue from its own sources, such as commercialization fee, plan approval fee, transfer of property fee, approval of private housing scheme fee, auction of lands, other properties, moveable and immovable, residential and commercial properties and fines against violations etc. The budget of own sources receipts is approved by the authority itself under section 31 of the LDA act. Grants from ADP and PSDP schemes for infrastructure, water supply, sewerage and drainage, etc., are also received by LDA.

WASA (LDA) gets revenue receipts from the recovery of water supply charges, sewerage and drainage charges, Urban Immoveable

Property (UIP) tax share and subsidy provided by the Government of the Punjab. The budget of own source receipts is approved by the Lahore Development Authority specified under sections 4 and 31 of the LDA Act. Water tariff rates are approved by the LDA, and WASA has no authority in this regard. The sanction of expenditure is carried out under the financial rules of the Government of the Punjab. As the theme of water pollution mainly relates to WASA; the financials of the agency are quite relevant to discuss and are given as under:

Deficit of WASA for the period 2011-12 to 2020-21
(Rs in million)

Sr. No.	Year	Total Receipts without Subsidy	Subsidy by Govt.	Total Receipts with Subsidy	Total Expenditure	Deficit without Govt. Subsidy	Deficit with Govt. Subsidy
1	2011-12	Accumulated deficit up to 2011-12 as per audited financial statement.				9,558.71*	9,558.71
2	2012-13	3,308.54	2,178.81	5,487.35	5,986.58	2,678.04	499.23
3	2013-14	4,217.73	2,051.33	6,269.06	5,783.77	1,566.05	485.29
4	2014-15	4,089.39	3,186.37	7,275.76	7,304.94	3,215.55	29.18
5	2015-16	4,483.49	2,640.63	7,124.11	7,436.82	2,953.33	312.71
6	2016-17	4,546.12	2,809.33	7,355.44	7,452.20	2,906.09	96.76
7	2017-18	5,573.57	2,711.82	8,285.39	8,415.38	2,841.81	129.99
8	2018-19	7,103.01	2,838.67	9,941.67	9,948.03	2,845.02	6.36
9	2019-20	7,996.10	2,625.69	10,621.78	10,664.90	2,668.81	43.12
10	2020-21	8,761.13	2,590.01	11,351.14	12,628.67	3,867.54	1,277.53
	Total	**50,079.08**	**23,632.66**	**73,711.70**	**75,621.29**	**35,100.95**	**12,438.88**

* Deficit up to 2011-12 as per audited financial statement.

The Government of the Punjab releases the funds to PHE Department for the execution of water supply and sewerage/drainage schemes and filtration plants. Further, PHE divisions are responsible to collect the bills from water users of rural areas through Community-Based Organizations (CBOs).

10.1.6 Field Audit Activity

10.1.6.1 Methodology

Audit methodology included data collection, determining audit objectives and criteria, analysis of available records and interviewing the relevant staff, etc. The following steps were involved:

i. Understanding the entity;
ii. Defining audit objectives;
iii. Developing audit procedures;
iv. Conducting audit as per approved TORs;

v. Tabulation and evaluation of results;
vi. Reporting;

Audit examined the following:

i. Principles of governance on the subject matter and their status.
ii. Relevant policy objectives and their achievements.
iii. Status of implementation of the Punjab Environmental Quality Standards (PEQS) for water and sewerage.
iv. Implementation arrangements and their effectiveness.
v. Benchmarks/performance yardsticks and their achievement.
vi. Follow-up mechanism at top management level (guidance on directions).

10.1.6.2 Audit Analysis

10.1.6.2.1 Review of Internal Controls

The report identifies a range of irregularities which had been recurring over the years. Recurrence of these irregularities indicates that systemic issues had been consistently cropping up either due to inappropriate design of internal controls or inadequate oversight mechanisms.

Although the entities had an internal audit setup, the financial irregularities observed during the current audit reflect that this function could not deliver effectively. The efficient functioning of the internal audit would have helped the management in effectively achieving its goals.

The Risk Matrix indicates the satisfactory performance rating and high Risk Rating as under:

Sr. No.	Risk Matrix	Impact	Likelihood
1	Health hazards due to non-adherence to PEQS for drinking water	High	High
2	Health hazards due to discharge of untreated hospital liquid waste into public sewer	Medium	Medium
3	Health hazards due to discharge of untreated municipal, industrial waste effluent into public sewer/drains.	High	High
4	Non prevention of pollution due to Irregular approval of private housing schemes without the design/provisions for disposal of the sewage into public sewer/drains	Medium	Medium
5	Unjustified expenditure due to non-handing over of completed water supply and sewerage schemes for operation and maintenance – Rs 56,275.00 million	High	High
6	Wasteful expenditure due to dysfunctional filtration plants for supply of safe drinking water to public– Rs 248.566 million	High	High
7	Health hazards due to contamination of surface and ground water for abnormal delay in execution of waste water treatment plants.	High	High
8	Non-enforcement of legal penalties against defaulters for prevention of pollution	Medium	Medium
9	Lack of financial sustainability due to non-recovery of Trunk Sewer Infrastructure Charges from the sponsors of private housing schemes - Rs 19.629 million	High	High

Impact	High			1,3,5,6,7,9
	Medium		2, 4, 8	
	Low			
		Low	Medium	High
	Likelihood			

10.1.6.2.2 Critical Review

a. Legal deficiencies:

Section 35 of the LDA Act 1975 prescribes various offences resulting in water pollution and mentions penalties such as imprisonment for a term which may extend to seven years or with fine which may extend to five hundred thousand rupees or with both which could be further extended by a court to fifty thousand rupees for every day during the period the accused has persisted in the offence from the date of its commission. Moreover, in case, any person is found guilty of drawing off, diverting or taking any water except with the permission required under this Act, rules or regulations, shall be liable to punishment with imprisonment for a term which may extend to three years or with fine which may extend to one hundred thousand rupees or with both and which may be further extended to ten thousand rupees for every day during the period the accused had persisted in the offence from the date of its commission. However, Audit observed that not a single case was registered since its incorporation. Further, WASA did not take up the matter with the Lahore Development Authority for delegation of powers to WASA to initiate the penal action under Section-35 of the LDA Act against the defaulters.

b. Inadequate performance of the departments/formations

According to Rule 12(5) (d) of LDA Private Housing Schemes Rule 2014 and Rule 22(3) of Punjab Private Housing Schemes and Land-Subdivision Rules 2010, the design for the ultimate disposal of sewage into a sewerage system was required to be approved by WASA and a sponsor at his cost shall connect the sewerage and drainage system of a private housing scheme to public trunk sewer subject to the approval of the agency maintaining a sewerage system.

Audit observed that the design/drawings for the disposal of sewage of 348 private housing schemes to WASA trunk sewer or any drain were not approved by the WASA, which caused the illegal discharge of untreated sewage into a public sewer or drain. Further, Punjab Environmental Quality Standards (PEQS) for sewage water treatment prior to its disposal into sewers/drains were not enforced by WASA.

The PHE department completed 1039 water supply and sewerage schemes costing Rs 56,275 million during financial year 2018-22. The department neither handed over the schemes to the concerned local governments for O&M nor maintained the schemes itself. This resulted in deteriorating the amenities (water supply & sewerage) of the schemes with the passage of time, and the water got polluted due to mixing of contaminants and sewage owing to non-maintenance of schemes for nine years.

Thirty-nine (39) water filtration plants were completed up to June 2018, but the completed filtration plants became non-functional within three years of their inauguration. This state of affairs reflected that the quality of filtration plants was very poor, which resulted in wasteful expenditure of already scarce government resources.

The effluent of the main drains was entering untreated into the River Ravi, causing the contamination of underground water of the city. Further, in the authority's meeting held on 20.05.2011, a six (06) years business plan (2011 to 2017) of WASA was approved with the objective to effect wastewater treatment in a manner that would protect the environment. However, not a single wastewater treatment plant was established to reduce health hazards.

c. Inadequate financial management

The Provincial Cabinet Committee approved the cost of sewage trunk infrastructure at the rate of Rs 11,000 per kanal for a saleable area, which was notified on 24.08.2001. Lahore Development Authority, in its meeting on 10.07.2017, approved the proportionate cost of sewerage trunk infrastructure after 26.05.2011 at the rate of Rs 87,400 per kanal from Private Housing Schemes and in case of cooperative schemes at the rate of Rs 43,700 per kanal of the saleable area as per approved plan to be recovered by the Water & Sanitation Agency (WASA), Lahore.

Audit observed that WASA, Lahore, did not recover the cost of infrastructure charges from the approved private housing schemes, which amounted to Rs 19,629 million.

The PHE department was responsible to recover water bills from the water users through the chairman of Community-Based Organizations in the rural area. One Community Development Officer (CDO) was posted in each division to implement the government policies with the coordination of the chairman of each Community-Based Organization, but the record showed that water bills were not being recovered efficiently.

As per the Punjab Water Policy 2018, urban water supply and sanitation systems were to be financially sustainable. However, the private sector was pumping groundwater for sale purposes free of cost. There was a huge difference in rates at which WASA and the private sector were providing clean drinking water. Appropriate legislation was required to enable WASA to sustain itself financially by charging appropriate water charges from commercial and domestic consumer. Further, effective steps were to be taken to recover sewerage trunk infrastructure charges to minimize the financial constraints of WASA.

d. Ineffective operations of laboratories

Water Testing Laboratory of PHE Department, performs testing of water samples as per Punjab Environmental Quality Standards to monitor water quality and report to execution formations for prevention and transmission of contaminants into drinking water systems. The research officers of the water testing laboratories furnish the sample testing reports to the concerned Executive Engineer/SDOs for remedial measures regarding unfit drinking water.

Audit observed that in the water testing laboratory, the tests were conducted for physical, chemical and bacterial analyses on 2921, 2933 and 2194 water samples, respectively. Out of which 70, 309 and 637 samples were found unfit, respectively during 2018-2022. Despite a lapse of a considerable period, the remedial measures (as per PEQS) for improvement of the unfit sources of water were not exercised. Further, the management of the PHE water testing laboratory was required to conduct tests on water samples of the rural water supply schemes every three months, but not a single test was conducted during the entire period.

e. Improper monitoring and R&D regimes

Regular monitoring of drinking water standards is needed to be rigorously enforced. The most questionable system prevailing in the urban towns and rural areas was that the same network of waterways was being used for the disposal of domestic, industrial and agricultural effluents. Therefore, the treatment became difficult as the volume of effluent increased and different kinds of effluents were got mixed. This also increased the cost of treatment. There was a need to separate the domestic, industrial and agricultural effluents, and a separate treatment system should be developed for the three types of effluents. Stormwater could directly be used for recharging groundwater and irrigation without much treatment, whereas a tertiary treatment system was needed for domestic and industrial effluents.

10.1.6.2.3 Significant Audit observations

The following significant audit findings were observed during the course of audit:

Sr. No.	Issue of the Theme
1.	**Non-adherence to PEQS for water and sewerage**
	Health hazards due to non-adoption of remedial measures
	Health hazards due to allowing untreated hospital liquid waste into WASA public sewer
2.	**Irregular approval of private housing schemes without the disposal design for the sewage**
3.	**Increase in water pollution due to non-handing over of completed water supply schemes for O&M**
	Unjustified expenditure due to non-handing over of completed water supply and sewerage schemes – Rs 56,275 million
4.	**Non-provision of clean drinking water**
	Wasteful expenditure due to non-functional filtration plants – Rs 248.566 million
5.	**Non-treatment of surface and waste water as alternative source**
	Contamination of surface and ground water due to abnormal delay in installation of treatment plants
6.	**Non-enforcement of legal penalties for pollution prevention**
	Non-prosecution of cognizable offences by WASA under LDA Act 1975
7.	**Non-recoveries resulting in lack of financial sustainability**
	Non-recovery of Trunk Sewer Infrastructure Charges - Rs 19,629.048 million
	Non-recovery of water and sewage charges - Rs 115.274 million

Non-adherence to PEQS for water and sewerage

10.1.6.2.3.1 Health hazards due to non-adoption of remedial measures

According to EPD's notification (124 of 2016) No. SO(G)/EPD/7-26-2013 dated 05.08.2016, the Environmental Protection Council approved the Punjab Environment Quality Standards (PEQS) containing 37 yardsticks for drinking water. The yardsticks indicate that the TDS must be less than 1000 and without bacteria/organisms. Further, as per para 3.2 and 4.2 of Punjab Water Policy 2018, a study by EPA

Punjab in 2005 was conducted in which 280 samples were collected from all over the province in which it was found that 25% of the samples contained a concentration of heavy metals beyond WHO approved limits for drinking water and sanitation.

Chief Engineer (North), PHED, Lahore, was responsible for conducting water quality tests and taking remedial measures. Audit observed that as per the report of the Research Officer, 70 out of 2921, 309 out of 2933 and 637 out of 2194 samples regarding physical analysis, chemical analysis and bacterial analysis, respectively, were unfit. The department did not take any remedial action. Further, the department did not conduct lab tests in rural areas to assess the severity of the issue.

Non-adherence to PEQS resulted in health hazards vis-à-vis drinking water.

Audit pointed out the lapse in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The department explained that tests were conducted for general public/private organizations, and taking remedial measures in case of unfit samples did not fall under its purview. Further, no rural area sample was unfit. Audit contended that according to the contract agreement between PHED and CBOs, the water samples of the rural schemes were required to be tested every three months, but the tests were not performed. The Committee directed the department to probe the matter within 15 days through Chief Engineer (South) PHED, Lahore and fix responsibility for non-conducting of tests of rural water supply schemes. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early remedial measures besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No.390(2022-23)

10.1.6.2.3.2 Health hazards due to allowing untreated hospital liquid waste into WASA public sewer

According to EPD's notification (119 of 2016) No. SO (G)/EPD/7-26-2013 dated 05.08.2016, the liquid waste effluent generated from hospital should conform to parameters, i.e., pH 6.3-9.0 and bioassay test, i.e., 90% survival of fish after 96 hours in 100% effluent or the hospitals without terminal sewage treatment plant are not connected to public sewers. For discharge into public sewer with terminal treatment facility, the general standard as notified under the Punjab Environmental Protection Act shall be applicable. According to rule 20 of Hospital Waste Management Rules, 2005 that effluent from the waste treatment methods shall also be periodically tested to verify that it conforms to the NEQS before it is discharged into the sewerage system.

Deputy Managing Director (Operations), WASA, Lahore was responsible for maintenance of water supply pipelines, sewer lines and drains. Audit observed that forty-nine (49) hospitals in Lahore were disposing off their wastes into WASA sewers but the agency did not enforce the standards as notified under Punjab Environmental Protection Act 1997 for effluent discharge.

Non-adherence to the Punjab Environmental Standards resulted in health hazards vis-à-vis water pollution.

Audit pointed out this irregularity in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The agency explained that instructions regarding the treatment of waste water had been communicated to hospital authorities/health departments. Audit informed that hospital waste was required to be treated through terminal treatment plants as per PEQS. The Committee directed that HUD & PHE department may constitute a committee comprising members from WASA, Health and Punjab Environmental departments for the treatment of hospital wastes through terminal treatment plants prior to its discharge into the public sewer. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early application of PEQS for the discharge of hospital liquid waste into the public sewer besides fixing responsibility and strengthening of internal controls.

Para No.402(2022-23)

10.1.6.2.3.3 Irregular approval of Private Housing Schemes without the disposal design of the sewage

According to Rule 12(5) (d) of LDA Private Housing Schemes Rule 2014 and Rule 22(3) of Punjab Private Housing Schemes and Land-subdivision Rules 2010, the design for ultimate disposal of sewage into a sewerage system was required to be approved by WASA (LDA) and a sponsor at his cost shall connect the sewerage and drainage system of a private housing scheme to public trunk sewer subject to approval of the agency maintaining a sewerage system. Further, according to para 7.1(e) Punjab Environmental Policy 2015, no organization will discharge wastewater into any water surface body of the province without treating wastewater in accordance with the prescribed standards by EPA Punjab.

The Chief Metropolitan Planner (CMP), LDA, Lahore approved fifty-three (53) private housing schemes encompassing an area of 28791.85 kanals. Audit observed that the schemes were approved without the design for disposal of sewage. Therefore, the sewage would either be discharged directly on the surface or into public sewers/drains.

Violation of the rules resulted in the irregular approval of fifty-three (53) private housing schemes without the sewage disposal design.

Audit pointed the irregularity in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The authority explained that the audit para pertained to WASA as per rule 12 of the LDA PHS Rules 2014. Further, technical approval of the schemes was granted after NOC from WASA. The Committee directed the authority to transfer the para from LDA to WASA for verification of drawings/designs of disposal of the sewage within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early approval of designs of disposal of sewerage besides fixing responsibility and strengthening internal controls.

DP No.396(2022-23)

Increase in water pollution due to non-handing over of completed water supply schemes for O&M

10.1.6.2.3.4 Unjustified expenditure due to non-handing over of completed water supply and sewerage schemes – Rs 56,275 million

According to Section 150 (f) (i) of the Punjab Local Government Act 2019, all public sewers and drains and works for supply, storage and distribution of drinking water for the public purpose were to be maintained by Local Government (i.e. Metropolitan Cooperation, Municipal Corporation, Municipal Committee etc.) for operation and maintenance purpose. Further, the Local Government department notified a committee head by Additional Secretary Local Government Department for clearance of schemes for handing over to the concerned local bodies, i.e., Metropolitan Corporation, Municipal Corporation, Municipal Committee etc. vide No. SO.MC.DEV(LG)9-81/2013 dated 09.03.2018.

During scrutiny of the record of Secretary HUD & PHED, Lahore, it was observed that 1039 water supply and sewerage schemes were completed for Rs 56,275,000,000 during FY 2018-22. Audit observed that the department neither handed over the schemes to the concerned local governments for O&M nor was maintaining the schemes itself. This resulted in the deterioration of the schemes with the passage of time and consequent increase in water pollution.

Violation of the law resulted in non-handing over of completed water supply/sewerage schemes amounting to Rs 56,275,000,000.

Audit pointed the unjustified expenditure in October 2022.

The paras were discussed in the SDAC meeting held on 04.01.2023. The department explained that there were several hurdles in the existing system for handing over of completed water supply/sewerage schemes to local government for O&M. PDWP referred the issue to Secretary P&D Board for revision of policy on 01.11.2022. Audit informed that the schemes were deteriorating day by day and resulting in water pollution due to leakage/mixing of sewage into water channels. The Committee directed the department to pursue the matter vigorously with Secretary P&D Board for early policy decisions to safeguard the schemes and reduce water pollution besides carrying out O&M. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends the formulation of a well-defined mechanism for prompt and smooth O&M of completed schemes.

DP No.389&391(2022-23)

Non-provision of clean drinking water

10.1.6.2.3.5 Wasteful expenditure due to non-functional filtration plants – Rs 248.566 million

According to para No. 4.2 of Punjab Water Policy 2018, clean and safe drinking water shall be provided to all urban and rural communities.

Executive Engineer, PHE Division, Lahore, paid Rs 248,566,000 for the installation of thirty-nine (39) filtration plants in 2018. Audit observed that the plants had become dysfunctional within three years of their installation depriving the inhabitants of clean and safe drinking water.

Violation of rules resulted in wasteful expenditure due to non-functional filtration plants amounting to Rs 248,566,000.

Audit pointed the wasteful expenditure in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The department explained that the plants were dysfunctional due to non-provision of funds. A summary to Chief Minister was being initiated for the provision of Rs 600,000,000 to the Punjab Aab-e-Pak Authority for the rehabilitation of 185 dysfunctional filtration plants, including those in Lahore. Audit contended that the plants became dysfunctional within three years, which underscored the poor quality of works. The Committee directed the department to produce handing/taking over documents between PHED and Punjab Aab-e-Pak Authority showing the condition of the filtration plants to Audit for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends taking up concrete measures for the restoration of filtration plants besides fixing responsibility for the loss.

DP No.394(2022-23)

Non-treatment of surface and wastewater as an alternative source

10.1.6.2.3.6 Contamination of surface and ground water due to abnormal delay in installation of treatments plants

According to Para No. 4.1 of Punjab Water Policy 2018, tube wells were the primary source of drinking water in Lahore, and a deep cone of depression had been developed due to excessive pumping. As per para 7.1(d) Punjab Environmental Policy 2015, WASA and TMA would install wastewater treatment plants to treat the sewerage in accordance with prescribed standards by EPA Punjab. Furthermore, according to a 2006 report of Dr. Niaz Ahmad, Principal Scientist (Geology), Pakistan Institute of Nuclear Science & Technology, regarding "Assessment of the groundwater potential of Lahore Aquifer", excessive pumping by tube wells resulted in lowering of water level continuously at the rate of 3 feet per year causing the intrusion of polluted water from the Ravi River, steadily increasing arsenic contamination in groundwater.

Managing Director/Director (P&D), WASA, Lahore, in four (04) cases, paid Rs 493,965,000 for feasibility studies of wastewater and surface treatment plants. Audit observed that the issue regarding contamination of underground water was highlighted by Dr Niaz in 2006, wherein it was pointed out that pumping of groundwater by 440 (now 590) tube wells was continuously decreasing the water level. WASA showed a laid-back attitude towards the issue and started the feasibility studies in 2019. More importantly, the studies had not been completed, and no remedial action had been taken.

(Rs in million)

Sr. No.	Name of Wastewater/surface Treatment plant	Year of Approval	Cost	Feasibility study Exp.
1	Wastewater Treatment Plant Mehmood Booti, Shahdra and Shadbagh area, Lahore	2018-19	44,102	46.345
2	Surface Water Treatment Plant BRDB Canal near Ravi Syphon, Lahore	2018-19	23,000	440.252
3	Wastewater Treatment Plant Babu Sabu Lahore	2018-19	52,500	0
4.	Wastewater treatment plant at Mohlanwal and Ferozepur Road near Hudiara Drain, Lahore (Approval of Feasibility Study only)	2014-15	0	7.368
		Total	**119,602**	**493.965**

Non-adherence to the principles of prudence resulted in lowering and contamination of ground water.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 04.01.2023. The agency explained that the feasibility studies of two plants had been transferred to RUDA. Further, approval of the third plant by AIIB was under process. The fourth plant would be financed from AFD by June 2023. Audit reiterated its earlier stance. The Committee directed the agency to expedite the construction of two plants and request RUDA to expedite the execution of the remaining two plants to avert health hazards. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early construction of surface and wastewater treatment plants as an alternative source of groundwater besides fixing responsibility and strengthening internal controls.

DP No.403,404&405(2022-23)

Non-enforcement of legal penalties for pollution prevention

10.1.6.2.3.7 Non-prosecution of cognizable offences by WASA under LDA Act 1975

Under section 35 of the LDA Act 1975, second schedule of "Offences and cognizance", nineteen (19) offences were observed on 16.12.2013 out of which offence No.1, 2, 10,11,12,13 and 14 were related to the WASA (LDA).

10.1.6.2.3.7.1 Managing Director/Director (PHS), WASA, Lahore was responsible for maintenance of water supply pipelines, sewer lines and drains. Audit observed that effluent discharges were poured into WASA sewer and drains by industries, hospitals, housing societies, etc. but the agency did not register/report a single offence to penalize and deter the delinquents.

Violation of law resulted in non-prosecution of the delinquents.

Audit pointed the lapse in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The agency explained that the Director (PHS) dealt with domestic effluent of the PHS schemes only and not with illegal housing schemes. Audit contended that offences No. 1 and 2, and No. 10, 11, 12, 13, 14 of Part-A and Part-B, respectively, specified in the 2nd schedule under section 35 of the Act, pertained to WASA. Effluent discharge from the illegal private housing schemes would ultimately be discharged on soil which was a cognizable offence. The Committee directed the agency that the working paper for delegation of powers of section 35 of the Act be presented before the authority in the next meeting for appropriate decision. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends imposition of penalties on illegal connections in public sewers and drains besides fixing responsibility and strengthening internal controls.

DP No.401(2022-23)

10.1.6.2.3.7.2 During scrutiny of the record of the Director (C&I), LDA, Lahore, it was observed that the authority delegated powers under Section 35 of the Act to Directors (TP) and Deputy Director (TP) for the affairs of the TP branch. Audit observed that the same delegation was not exercised in case of WASA, which was responsible for the maintenance of water supply pipelines, sewer lines and drains. Therefore, WASA was unable to take action vis-à-vis registering offences and curtailing water pollution.

Non-delegation of powers resulted in non-prosecution of cognizable offences by WASA.

Audit pointed the lapse in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The authority explained that the Director (C&I) acted as coordinator for LDA's Governing Body only. MD WASA was also its member and could place any agenda. However, the delegation matter was not submitted to the Director. Audit reiterated its earlier stance that the authority was not serious about reducing water pollution and its consequences. The Committee directed the authority/agency to seek early decision of authority regarding the delegation to WASA. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early finalization of arrangements for imposition of penalties on illegal connections in public sewer and drains besides fixing responsibility and strengthening internal controls.

DP No.395(2022-23)

Non-recoveries resulting in lack of financial sustainability

10.1.6.2.3.8 Non-recovery of Trunk Sewer Infrastructure Charges - Rs 19,629.048 million

According to Rule 12(5)(d) of LDA Private Housing Schemes Rule 2014 and Rule 22(3) of Punjab Private Housing Schemes and Land-subdivision Rules 2010, the design for the ultimate disposal of sewage into a sewerage system was required to be approved by WASA

(LDA), and a sponsor at his cost shall connect the sewerage and drainage system of a private housing scheme to public trunk sewer subject to the approval of the agency maintaining a sewerage system. Further, as per DMD (Engineering) WASA (LDA) Lahore notification No. DMD(E)/1502-18 dated 22.08.2017, proportionate cost of sewerage trunk infrastructure after 26.05.2011 shall be recovered at the rate of Rs 87,400 per kanal from Private Housing Schemes and in case of cooperative schemes at the rate of Rs 43,700 per kanal of the saleable area as per approved plan.

The Director, Private Housing Schemes (PHS), WASA, Lahore, approved designs of water supply and sewerage systems of 227 out of 348 private housing schemes having an area of 246101.24 kanals. Audit observed that the sewage of all schemes was to be ultimately poured into WASA sewers/drains. However, WASA did not levy/recover the charges that would have made it financially sustainable. Further, the sewage was not being treated as per PEQS standards which polluted the water.

Violation of rules resulted in non-recovery of Trunk Sewer Infrastructure Charges amounting to Rs 19,629,048,000.

Audit pointed out the non-recovery in October 2022.

The paras were discussed in the SDAC meeting held on 04.01.2023. The agency admitted that the cost of sewerage trunk infrastructure, against those schemes whose designs had been approved by WASA, amounting to Rs 6,603,101,124 was required to be recovered out of which an amount of Rs 1,397,750,254 had been recovered. As far as recovering the cost from the remaining societies was concerned, their cases had not been forwarded by LDA to WASA for approval. Audit contended that the recovery was to be made from all PHS who were using sewer trunk across the board. Further, penalties be imposed against those PHS whose designs were not approved. The agency had not produced complete record to substantiate its stance. The Committee directed the agency to get the verification of effected recovery as well as to effect the recovery from remaining PHS within 15 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing of responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.397&398(2022-23)

10.1.6.2.3.9 Non-recovery of water & sewage charges - Rs 115.274 million

According to para-No. 4.2 of the Punjab Water Policy 2018 for drinking water and sanitation, the policy should be implemented to build, and maintain water supply and sewerage infrastructure on a financially sustainable basis. Further, according to para-No. 4 of the Deputy Director (CDU) PHE Department (South) Lahore Memo No. 237-275/CDU dated 06.09.2011, the Executive Engineer/SDO/ Community Development Officer was required to prepare the report of water connections and monthly water charges.

10.1.6.2.3.9.1 Executive Engineer, PHE Division, Lahore, operated 24 rural water supply schemes through CBOs on a self-help basis by the inhabitants. Audit observed that the government had already released backup support funds amounting to Rs 4,000,000 for operations of CBOs, even then the department did not recover monthly water connection charges amounting to Rs 115,274,000 from 7478 houses for a period of forty-eight (48) months, i.e., 01.07.2018 to 30.06.2022. Further, the water charges statement submitted by CDO for the period up to 30.06.2022 showed that Rs 1,525,887 had been recovered, but no proof was available regarding its deposits into the joint account maintained with the CBOs.

Violation of the Water Policy resulted in non-recovery of water connection charges from consumers amounting to Rs 115,274,000.

Audit pointed out the non-recovery in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The department explained that the CBOs were responsible for O&M of the water supply schemes on a self-help basis. Audit contended that as per clause 8 of the MoU of the agreement, the collection of monthly water charges was the responsibility of the CBOs and PHE Department. Further, lack of proof regarding accountal of the recovered water charges was required to be investigated. The Committee directed the department to conduct a probe through the Chief Engineer (South) PHED, Lahore, to ascertain the responsibility for recovery of dues and also report on the financial sustainability of the schemes within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.392(2022-23)

10.1.6.2.3.9.2 Executive Engineer, PHE Division, Lahore completed seventy-two (72) schemes with sewerage components in rural areas at a cost of Rs 3,924,419,000. Audit observed that the department did not levy sewerage/sanitation charges in the rural areas as per policy in-vogue in the urban areas, which could have made it financially sustainable.

Violation of the Water Policy 2018 resulted non-recovery of sewerage/sanitation charges from the rural users.

Audit pointed out the lapse in October 2022.

The para was discussed in the SDAC meeting held on 04.01.2023. The department explained that sewerage charges had not been levied as per procedure in-vogue and no violation had been done. Audit informed that Punjab Water Policy 2018 focused on maintenance of water supply and sewerage infrastructure on financial sustainable basis. Therefore, all possible avenues for revenue generation ought to be explored and tapped. The Committee directed the department to submit a report through the Chief Engineer (South) PHED, Lahore, to ascertain the feasibility for levying sewerage charges in rural areas as per the urban area model for achieving financial sustainability within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

Para No. 393(2022-23)

10.1.7 Departmental Responses

The matter was discussed in the SDAC meeting held on 04.01.2023, and departmental responses were incorporated in each audit para of the thematic audit report.

10.1.8 Recommendations

i. Remedial measures for unfit drinking water resources be taken by PHED and WASA to ensure safety of citizens from water borne diseases.
ii. Surveys be conducted by WASA to ensure the application of general standards notified under the Punjab Environmental Protection Act 1997 for discharge of hospital liquid waste into public sewer with terminal treatment facility.
iii. Implementation of design parameters for ultimate disposal of sewage as per Punjab Environmental Quality Standards (PEQS) for municipal and liquid industrial effluents be ensured by LDA.
iv. Mechanism be evolved by HUD&PHE department for prompt and smooth O&M of completed schemes.
v. Effective measures be taken by PHED for the restoration of filtration plants for clean and safe drinking water.
vi. Construction of surface and wastewater treatment plants be ensured at the earliest as an alternative source of groundwater.
vii. Mechanism be developed by LDA/WASA for prompt penalization and prosecution against illegal connections in public sewers and drains.
viii. Trunk sewerage infrastructure charges be recovered for the financial sustainability of WASA from the PHS, and no design be vetted without the recovery of trunk sewerage charges for the ultimate disposal of sewage.
ix. Water, sewerage and sanitation charges be recovered from the users by the PHED through CBOs for financial sustainability.

10.1.9 Conclusion

The policy objectives and legal requirements were not enforced effectively and efficiently for the prevention of water pollution. Punjab Environmental Quality Standards (PEQS) prescribed for drinking water, sewage, municipal/industrial effluent and hospital sewage were not enforced by the concerned entities, to avert water pollution. The penalties prescribed under LDA Act 1975 and Punjab private housing schemes rules were not imposed. The surface and ground water was being polluted day by day from the discharge of effluent with chemicals, bacteria and arsenic drains into Ravi River, but waste water treatment plants were not executed despite lapse of 16 years to control the water pollution and supply of clean water.

10.1.10 References

The following documents were studied for analysis:

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10.2 Contract Management of Development Works - Extension of Time

10.2.1 Introduction

The old adages “time is money” and “a stitch in time saves nine” hold true to this day. One of the most crucial aspects of construction management is the completion date on which cost of the project as well as its intended benefits both depend. Nevertheless, due to its unpredictable and uncertain nature, and ever-changing environment, delays have become a norm in the construction industry[23]. The delay in timely completion is one of the main issues being faced in public sector construction projects in developing countries. Construction duration is defined as the time frame given by the client of a project to complete the project under normal working conditions and practice of construction. However, many a times, projects face time overruns and need to activate contractual remedies like Extension of Time (EoT)[24]. Time overrun or extension of time can be defined as "a condition where a construction project is not completed within the designed schedule"[25].

The issue of delays is quite rampant in developing countries where, in some cases, it can even exceed 100% of the estimated completion time. Pakistan, in general, and the Punjab, in particular, are no different when it comes to civil works in public sector. Public sector development projects, more often than not, suffer from time delays which subsequently result in cost increases and changes in scope. Timely completion is essentially important for the success of a project because, delays can cause disputes, court cases, and spite among the stakeholders[26]. Therefore, it is of paramount importance that extensive work during planning should be carried out before the initiation of a project to preempt and defuse any foreseeable factors that may contribute towards delays.

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[23] (Aryal, 2022)
[24] (Ting & Kueh, 2021)
[25] (Akhund & Khoso, 2017)
[26] (Shabbar & Gabriel, 2017)

10.2.1.2 Background

Delay in the completion time of a project is a ubiquitous issue in many public works organizations. Almost all construction projects face delays resulting in extension of time (EoT) or levying of liquidated damages, depending upon which of the two parties is held responsible for the delay as per terms of the contract[27]. Although some projects are completed on time but there are so many others which remain incomplete despite years of delay. Such projects not only cause wastage of precious financial resources but also become a liability on the departments. Audit has consistently been pointing out this issue of delays since long. However, executing agencies have shown no considerable progress towards reducing the frequency and quantum of delays as evident by the inexhaustible cases of grant of extension of time, validating the delays. The pervasiveness of this issue could be gauged from the fact that out of an analysis of 85 development projects, 77% of the projects suffered from either time overrun or cost overrun or both[28]. There may be some bona fide factors causing delays, but many a time, the problem prevails mainly because of a symbiotic relationship between the contractor and the executing agencies whereby both manipulate the projects to get undue benefits compromising the public interest. The issue has received impetus due to its perpetual recurrence and scarcity of resources.

There might be many factors that could result in time delays, such as piecemeal funding, contractor's fault, varying site situation and conditions, changes in the scope, hurdles in land acquisitions, revision of PC-I/TS estimates, litigation, and changes in priorities of the government, etc.

10.2.1.3 Establishing the Audit Theme

10.2.1.3.1 Reasons for Selection

Extension of time for the completion of projects results in resource misallocation, wastage and delayed benefits from the project.

[27] (Ayub & Thaheem, 2017)
[28] (Mubin & Sial, 2016)

In a developing country like Pakistan, where resources are already scarce, delays in project completion, in most cases, mean nothing but extravagance because the resources are wasted or diverted from crucial areas. Therefore, instead of promoting socio-economic development, the delayed projects cause wastage which in turn results in poverty aggravation.

SDGs also emphasize eradicating extreme poverty and promoting inclusive and sustainable economic growth and building resilient infrastructure. The pursuit and achievement of these goals are intrinsically linked with optimum resource utilization and successful project completion. The issue of time overrun is pervasive and carries a high impact.

In view of the foregoing context, the sub-theme of *"Extension of Time"* was selected under the main theme of *"Contract Management of Development Works"*.

10.2.1.3.2 Purpose/Objectives

The thematic audit would serve the following purposes:

- Analyzing the role of the following factors in EoT:
  - Change in government policies;
  - Piecemeal funding;
  - Contractor's fault;
  - Ignoring unsuitable site situation/conditions;
  - Land acquisition issues;
  - Changes in scope;
  - Litigations; and,
  - Miscellaneous.
- Identifying issues in the planning process.
- Assessing the impact of EoT on the achievement of goals as envisaged in PC-I and the department's performance against intended objectives.
- Evaluating the effectiveness of the monitoring mechanism of executing agencies/administrative department.

- Assessing the burden of price escalation on the public exchequer.

The audit report would be beneficial for the C&W Department, in particular, and Government of the Punjab, in general, because it would highlight significant causes and consequences of EoT. Further, it would guide the stakeholders in devising appropriate policy changes for reducing the cases of EoT.

10.2.1.3.3 Scope

The scope of the thematic audit included scrutiny of record of the mega projects having a value of more than Rs 300,000,000 and Rs 500,000,000 for Buildings and Highways departments, respectively. These departments fell under the administrative control of the Secretary C&W Department. The projects for the financial years 2017-20 were taken into consideration. During the course of audit, six (06) formations were audited in total. Three formations from each department, i.e., Chief Engineer North, Chief Engineer Central and Chief Engineer South. Audit execution was carried out from 20.09.2022 to 31.10.2022. The scope of the audit was to check:

- Whether the EoT was due to piecemeal funding/change in government priorities;
- Whether the EoT was due to non-acquisition of land, non-removal of encroachment or hindrance/protest;
- Whether the EoT involved enhancement in the scope of work and revision of PC-I/TS estimates;
- Whether the EoT caused cost overrun;
- Whether the factors behind EoT were beyond the control of departments;
- Whether the EoT was due to lack of proper coordination among concerned departments;
- Whether in case of fault of the contractor/consultants, the penalty clause of the contract agreement was invoked for the recovery of liquidated damages;
- Whether SOPs were framed for effective monitoring and periodic inspection to curtail delays.

10.2.2 Legal framework governing the theme

a. Constitutional provision

Article 24(3)(e)(ii) of the constitution of the Islamic Republic of Pakistan deals with the validity of laws governing provision of housing and public facilities and services such as roads, water supply, sewerage, gas and electric power to all or any specified class of citizens.

b. Acts/Ordinance

The administration of the C&W department is governed under the Punjab Highways Ordinance 1959.

c. Rules of Business 1973

C&W Department is mandated for administration of road, bridges and boat bridges, toll collection, rent for use of ROW and leases of land for approaches/access to filling/service stations under the control of the Highway department and planning and designing roads and allied works financed from provincial/federal funds or through other sources.

d. Rules, procedures and instructions

C&W Department instructions No. SOB-III(C&W)2-21/79-CF(P-III) dated 28.04.2009 issued to all Chief Engineers/ Superintending Engineers that Executive Engineer shall invariably ensure that all time extensions are given for validly recorded reasons after due consideration of every relevant fact and in no case be done as a matter of clerical routine. The burden of justifying reasons for such an extension shall rest fairly and squarely with them, including the reasonability of any financial loss accruing to the government as a result of such a decision without due justification.

e. PEC bidding document

PEC bidding document was approved by ECNEC on 12.11.2007 and notified by Planning Commission, Government of Pakistan, vide letter No. 8(60)WR/PC/2008 dated 12.02.2008. Clause 47.1 and 47.2

relates to the delay in execution of the work i.e. "If the contractor fails to comply with the time for completion in accordance with clause 48, for the whole of the works or, if applicable, any section within the relevant time prescribed by clause 43, then the contractor shall pay to the employer the relevant sum stated in the appendix to tender i.e. 10% of the contract amount as liquidated damages for such default and not as a penalty (which sum shall be the only monies due from the contractor for such default) for every day or part of a day which shall elapse between the relevant time for completion and the date stated in a Taking-Over Certificate of the whole of the works or the relevant section, subject to the applicable limit stated in the appendix.

f. ADP guidelines

The Planning & Development Board, Government of the Punjab, circulated ADP guidelines from time to time for implementation wherein the departments had been instructed to prioritize the allocation of funds, which inter-alia underscored the importance of timely and within cost completion of schemes, as follows:

i. Maximum allocation should be provided to ongoing projects that are at a fairly advanced stage of implementation and have a demonstrated multiplier effect on the life of the common man and economic growth.
ii. Full funding should be allocated to projects that are due for completion in a certain financial year 2022-23.
iii. Allocations for new schemes must not be less than 15% of the total financial requirement.
iv. Allocations to individual projects may be decided based on their past performance and the phasing set out in the PC-l/PC-ll.
v. Cost estimation of new schemes proposed for inclusion in the ADP should be based on rational calculations, cost escalation and market analysis.
vi. Project life must be kept at a minimum possible timeframe so that the benefits of the project accrue to the public in time.

g. Standard Contract Agreement

Clause 37: The contractor shall apply in writing to the Engineer-in charge within thirty days of the date of such circumstances, the full and detailed particulars of the claim on account of which he desires an extension. The Engineer-in-charge shall if in his opinion (which shall be final) reasonable grounds shown therefore by the contractor are such as fairly to entitle the contractor to an extension of time for the completion of the works, authorize him, such extension of time for the completion of the works or any part thereof, as may in his opinion be necessary or proper.

Clause 39: Time allowed for carrying out the works as entered in the tender shall be strictly observed by the contractor. The works shall throughout the stipulated period of the contract be proceeded with all due diligence in accordance with the programme of work, as approved by the Engineer-in-charge or any amended programme of work approved by the Engineer-in-charge from time to time and the contractor shall pay as compensation an amount equal to one percent of the amount of contract, subject to maximum of 10%.

10.2.3 Stakeholders and Governmental organizations identified as directly or indirectly involved

Following stakeholders and government organizations were associated with the theme:

- C&W Department
- Finance Department
- P&D Board
- Various provincial departments of Government of the Punjab
- Contractors

10.2.4 Role of Important Organizations

C&W department (Buildings and Highways departments) is responsible for planning, execution, development and maintenance of all provincial buildings, roads and bridges. The Buildings department is the executing agency of forty-six (46) client departments of the Government of the Punjab. In this case, the role of client departments is very important in the planning process and arrangement of funds.

FD has a crucial role in the financial management of development and non-development budget and expenditure in the province. It is the main agency for the release of funds to executing agencies.

The Planning & Development Board plays a key role in the formulation of ADP which is a key policy instrument for achieving the development vision of the Government through strategic resource allocation.

10.2.5 Organization's Financials

C&W department generated revenue from toll and fee for use of the ROW for laying cables, pipelines etc., building rent, receipts from government rest houses, higher charges of machinery, sale of tender forms, registration fee of contractors, lease money of land of petrol pumps, lease money of land of shops, forfeiture of deposit of earnest money and securities, etc. The revenue generated by the C&W department was deposited in the government treasury. Funds for the development projects were provided by Government of the Punjab. The detail, of the last five years' budget and expenditure of the department, was as under:

(Rs in million)

Financial Years	Budget	Expenditure
2017-18	163,731.460	148,128.596
2018-19	58,294.450	56,273.290
2019-20	74,232.350	73,500.350
2020-21	115,696.920	95,433.280
2021-22	213,904.422	209,282.730
Grand Total	**625,859.602**	**582,618.246**

Source: SAP figures

10.2.6 Field Audit Activity

10.2.6.1 Methodology

The following methodology was adopted for the audit:

- Understanding the auditee/activity;
- Reviewing audit objectives;
- Reviewing audit scope and specific TORs;
- Reviewing governing framework of the EOT;
- Demanding requisite record;
- Interviews;
- Reporting.

The following record was scrutinized:

- Project progress reports;
- PC-Is, administrative approvals, minutes of meeting;
- TS estimates;
- Correspondence files of the projects;
- Grant of time extensions along with reasons;
- Funds release orders, award letters, agreements;
- Financial profiles of the projects;
- MTDF and ADP guidelines.

10.2.6.2 Audit Analysis

10.2.6.2.1 Review of Internal Controls

The theme EOT identified a range of irregularities, which had been recurring over the years. The recurrence of these irregularities indicate that systemic issues existed were cropping up either due to inadequate oversight mechanism or inappropriate design of internal controls. The C&W department did not have internal audit setup. A sound setup of internal audit would have helped management in effective implementation of internal controls and strengthening the internal control environment in audited entities. Audit emphasizes the need for establishing an internal audit regime in C&W department, directly reporting to PAO.

10.2.6.2.2 Critical Review

a. Inadequate legal framework

Contract management issues were governed by PPRA rules, FD's instructions, MRS, B&R Code, Purchase Manual, PFR, DFR, Specifications, Contract Agreement etc. However, a framework for preventing time overruns for development works was conspicuous by its absence. The entire EoT prevention mechanism comprised only of some penalty clauses against time overruns provided in the standard contract agreement forms of PEC and FD.

b. Piecemeal Funding

Piecemeal funding was the major cause of requiring frequent EoT. A study of MTDF and progress reports of development schemes of the department revealed that a large number of new schemes were being launched in ADP in the past several years, wherein fewer funds could be allocated at the outset. Therefore, due to the non-availability of sufficient funds, schemes could not be executed in time as envisaged in their respective PC-I.

c. Shifting of utilities

Shifting of utilities like electric poles, gas pipelines, telephone poles and cables required NOC from the respective departments such as Railways, WAPDA, PTCL, etc. This had been a big hurdle in the timely completion of works. C&W Department had paid fee and dues to the respective departments, but the shifting of utilities was not executed timely. In some cases, however, it was found that the department's efforts and liaison were weak. In other cases, works were awarded without clearance of the site, which stopped the execution of works at the site.

d. Change in funding priorities due to political influences

Financial profiles of various schemes were analyzed, which were launched in the FY 2014-16. Sufficient funds were allocated and released for the schemes in FY 2014-18, but in FY 2018-19, when the government changed, the allocations for those ongoing schemes were reduced. This showed that the planning process was not institutionalised rather it was largely susceptible to political considerations. Consequently, new schemes were launched without considering the fact that the envisaged benefits of the then ongoing schemes would not materialised and the already made expenditure on the schemes would get wasted. As per MTDF following was the three years' summary of the allocation of funds for the road sector and public buildings.

e. EoT due to less funded/unfunded schemes

Some schemes were found less funded or unfunded. Those schemes were started, but at the very outset, less funds were allocated and, in some schemes, reasonable funds were allocated at the start, but later the funding was stopped altogether. In the Buildings Department, a number of schemes were launched by the client departments all over the province, but the schemes were not properly funded, which delayed their execution.

f. Delay in the acquisition of land

Various development schemes of the Buildings Department could not be started due to late acquisition and non-mutation of land. Audit observed that clear instructions of the Divisional Development Working Party (DDWP) were not followed. These instructions provided that the management of the development schemes involving acquisition, transfer and mutation in case of private and government land must ensure the same in favour of the government or concerned administrative department before the commencement of works on the ground. In case of failure, the client department and executing agencies shall be held solely liable and face all the consequences.

g. Delay due to surrender/lapse of funds

Financial profiles of various schemes showed that in various financial years, funds were surrendered. The reasons for the surrender of the funds were not forthcoming from the record. Audit observed that one of the main causes of lapse of funds was that the contractors could not manage awarded works with due efficiency and this slow physical progress affected the financial progress of the schemes efficiently. Therefore, the funds could not be utilized completely by the closing of the financial year. The executing agencies did not take any action against the contractors regarding slow progress and allowed frequent time extensions. In some cases, piecemeal funding for the schemes was also due to the contractors' slow progress as keeping in view the slow physical progress of the schemes, less funds were allocated by FD in the next financial years.

h. Default of contractors

Delay in the execution of works was also due to the default of contractors. In some cases, the contractors had been declared defaulters due to slow progress or non-execution of works. It was observed that departmental authorities did not take early steps for penalizing the contractors and waited for their ultimate default. Further, the process of the execution of works at the risk and expense of the original contractor was also delayed. This action resulted in delays in the completion of affected schemes. In some cases, clauses of the contract agreement were invoked for the penalization of contractors, but sufficient evidence of their negligence was not produced.

i. Time extensions due to unforeseen reasons

In some cases EoT was granted under clause 37 of the contract agreement, which allowed contractors to apply for time extension in case of any reason beyond the control of the contractor. The Engineer in-charge granted a time extension considering the reasons given by the contractor as genuine. Audit observed that in these cases time extensions were granted due to the heavy rains, suspension in the supply of crushed stone, and unsuitable weather for execution of TST. These were not admissible grounds for time extensions because, as per contract agreements, the contractors were supposed to know the site conditions before quoting the bid. Therefore, undue favour was granted by the department.

j. Non-imposition of penalties

In a number of cases, the contractors were found at fault because of their slow progress. The departmental authorities initially imposed penalties on the contractors, but afterwards, the penalties were set aside. In some cases, the amounts of penalties were not commensurable with the severity of the contractor's fault. Further, in some other cases, no penalties were imposed, even after several warnings. In addition, clause 55 states that price variation would not be allowed in case where the contractor was on fault, however, the department granted the same.

k. Irregular approval of time extension by subordinate offices

Time extensions were being granted by the subordinate offices in violation of directions of P&D Board, Government of the Punjab letter dated 15.02.2019, wherein PDWP authorized the Administrative Secretary (C&W) to grant extension in the gestation period of an approved development project for one year, where no change in cost and scope of works was involved.

l. Cost overrun in terms of price variation

In the past several years, most of the schemes/development projects were found delayed due to the aforementioned reasons. In such cases, a huge amount of price variation had to be paid to the contractors which resulted in an extra burden on the government exchequer.

10.2.6.2.3 Significant Audit observations

10.2.6.2.3.1 Non-imposition of penalty despite slow progress of the contractors – Rs 1,465.180 million

According to clause 39 of the contract agreement, the time allowed for carrying out the works shall be strictly observed by the contractor. If the contractor fails to complete the works within stipulated time period, the contractor shall pay as compensation an amount equal to 1% of the amount of contract, subject to a maximum of 10%.

Chief Engineers, Highways and Buildings Departments, Lahore, and Executive Engineers, Highways Division Sargodha and Buildings Division, Lodhran, awarded various works which were not completed within their respective stipulated times. Audit observed that the department wrote letters to the contractors regarding slow progress of the works. However, the department granted extensions in timeline without imposing due penalties on the contractors.

Violation of the contract agreement resulted in non-imposition of penalty amounting to Rs 1,465,180,000.

Audit pointed out the non-imposition of penalty in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that, in seven cases (07), the time extensions were granted by the competent authorities on the basis of genuine concerns of the contractors, short funding, change in scope or site conditions, in DP No. 851, the scheme was completed within stipulated time, in DP Nos.298 and 841, record would be produced for verification, in DP No. 843, the contractor applied for arbitration under clause 65 of contract agreement after imposition of penalty at the rate of Rs 100,000 per day, and in DP No. 870, the penalty compensation amounting to Rs 27,566,168 had been recovered from the contractor and the time extension was granted without financial benefits. Audit contended that, in the seven (07) cases, the department did not penalize the contractors on account of slow progress despite the fact that the department had highlighted slow progress of the contractors in various letters. In DP No. 843, Audit contended that the decision of the arbitration was against the rules because the penalty as decided by the Chief Engineer was to be imposed. Further, for five months i.e. 08.01.2019 to 06.05.2019, there was no bar imposed by the court on recovering the penalty. In DP No. 870, Audit contended that though the compensation related to the consultant’s payment had been recovered but penalty under clause 39 had not been imposed. The Committee directed the department to, in DP No. 843 and 870, refer the matter for probe to the Chief Engineer (Central) Highways Department and fix responsibility within 30 days, in the remaining nine (09) cases, to submit record to Audit for verification. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

(Annex-XXIX)

10.2.6.2.3.2 Wasteful expenditure due to capping of schemes – Rs 741.951 million

The Planning & Development Board, Government of the Punjab, circulated ADP guidelines from time to time for implementation wherein the departments had been instructed to prioritize the allocation of funds, which inter-alia underscores the importance of timely and within cost completion of schemes. Further, project life must be kept at a minimum possible timeframe so that the benefits of the project accrue to the public in time.

Chief Engineers, Buildings Department, Lahore awarded various works, however, the schemes were capped during the financial years 2016-20 at a stage where substantial amount of funds had already been expended. For instance, a scheme "Expansion of Elite Police School Bedian Road, Lahore" was capped when 79% financial progress had already been made. Audit observed that such schemes would again be revived and funded after grant of time extension at a later stage and this would result in increase in project cost because of price variations.

Violation of P&D Board's guidelines resulted in wasteful expenditure due to non-issuance of funds.

(Amount in Rs)

Sr. No.	DP No.	Name of Department	Amount
1	849	Chief Engineer Building Central Zone	146,242,000
2	852	Chief Engineer Building Central Zone	297,057,000
3	835	Chief Engineer Building North Zone	55,956,000
4	882	Chief Engineer Building South Zone	242,696,000
		Total	**741,951,000**

Audit pointed out the wasteful expenditure in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that the capping of the schemes was beyond the control of the department. Audit reiterated its earlier stance and added that the arbitrary capping of schemes resulted in wastage of precious funds which had already been utilized on the schemes. The Committee kept the para pending with a view to place the matter before the PAC for a policy decision on the matter.

Audit recommends placing the matter for the kind consideration of the PAC.

10.2.6.2.3.3 Grant of extension of time on account of unjustified reasons and non-imposition of penalty – Rs 154.497 million

According to clause 39 of the contract agreement, the time allowed for carrying out the works shall be strictly observed by the contractor. If the contractor fails to complete the works within stipulated time period the contractor shall pay as compensation an amount equal to 1% of the amount of contract, subject to a maximum of 10%.

Chief Engineers, Buildings and Highways Departments, Lahore awarded various works in which time extensions were granted on account of unjustified reasons such as heavy rains, non-availability of crushed stone, unsuitable weather for TST and cattle trading at the site, etc. Audit observed that as per the contract agreement, the contractor was supposed to know the site conditions before quoting the bid. Therefore, undue favour was granted by the department.

(Amount in Rs)

Sr. No.	DP No.	Name of Department	Amount
1	880 (2022-23)	Chief Engineer Highway North Zone	39,616,000
2	876 (2022-23)	Chief Engineer Highway South Zone	101,160,000
3	854 (2022-23)	Chief Engineer Building Central Zone	-
4	876 (2022-23)	Chief Engineer Building South Zone	13720985
			154,496,985

Violation of the contract agreement resulted in delay in execution of works and non-imposition of penalty amounting to Rs 154,496,985.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that, in four (04) cases, the time extensions were given by the competent authorities on account of various reasons, and in DP No. 876, the contractor indeed failed to complete the work. Audit reiterated its earlier stance and added that the reasons for granting the extension were unjustified and penalties were required to be imposed. The Committee directed the department to get the record verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

10.2.6.2.3.4 Surrender/lapse of funds due to slow execution by contractors – Rs 132.683 million

According to clause 39 (a), of contract agreement, the time allowed for carrying out the works shall be strictly observed by the contractor. The works shall throughout the stipulated period of the contract be proceeded with all diligence in accordance with the programme of works. If the contractor fails to complete the works within stipulated time period the contractor shall pay as compensation an amount equal to 1% of the amount of contract, subject to maximum of 10%.

Chief Engineers, Buildings and Highways Departments, Lahore awarded various works during financial years 2014-15 to 2020-21 in which Audit observed that funds were surrendered/lapsed on account of slow physical progress by the contractors.

Violation of the contract agreement resulted in surrender/lapse of funds execution of works amounting to Rs 132,683,000.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that, in DP Nos. 844 (Highways) and 889, the requisite record would be produced and the cheques of Rs 35,180,000 could not be encashed, respectively. In the remaining three (03) cases, the department explained that there was piecemeal funding. Audit contended that in all cases funds were either surrendered or lapsed during the course of the execution of works. As far as non-encashment or piecemeal funding was concerned, the department did not produce any record to justify its stance. The Committee directed the department for verification of record within 03 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.844(Highway),844(Building),845,846&889

10.2.6.2.3.5 Non-imposition of penalty despite default of contractors – Rs 130.727 million

According to clause 39 of the contract agreement, the time allowed for carrying out the works shall be strictly observed by the contractor. If the contractor fails to complete the works within stipulated time period the contractor shall pay as compensation an amount equal to 1% of the amount of contract, subject to a maximum of 10%.

Chief Engineers, Highways and Buildings Departments, Lahore awarded various works in which Audit observed that the schemes were not completed in time but the department did not impose penalties during the execution of works instead waited for the contractors to default. Later, the contractors defaulted but the department did not execute the works at the risk and expense of the original contractors.

(Rs in million)

Sr. No.	DP No.	Name of Department	Amount
1	883 (2022-23)	Chief Engineer Highway North Zone	35.296
2	888 (2022-23)	Chief Engineer Highway North Zone	-
3	884 (2022-23)	Chief Engineer Building South Zone	91.32
4	877 (2022-23)	Chief Engineer Building South Zone	4.111
5	885 (2022-23)	Chief Engineer Building South Zone	-
		Total	**130.727**

Violation of the contract agreement resulted in non-imposition of penalty Rs 130,727,000.

Audit pointed out the non-imposition of penalty in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that, in DP No. 883 and 888, the contractors had been declared defaulters, their security deposits had been forfeited and works had been allotted at their risk and expense, in DP No. 884 and 885, the contractors had been declared defaulters, and in DP No. 877, the contractor was declared defaulter on 02.01.2015 but the contractor resumed the work and promised to complete it within four (04) months. Audit reiterated its earlier stance and added that the department showed a laid back attitude vis-à-vis imposition of the penalties. Further, no record had been produced during verification to justify the stance. In addition in DP No. 877, Audit argued that the contractor completed the work on 14.07.2017, therefore, penalty was required to be imposed for the intervening period. The Committee directed the department to, in DP No. 877 and 885, refer the matter to the Chief Engineer concerned for probe and review (if necessary), and in the remaining three (03) cases, produce record for verification to Audit within 15 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

10.2.6.2.3.6 Irregular grant of time extension by subordinate authorities and non-imposition/recovery of liquidated damages – Rs 125.933 million

As per P&D Department, Government of the Punjab letter dated 15.02.2019 issued by Planning Officer (Coord-II), the Provincial Development Working Party (PDWP) decided, in 16th meeting held on 12.02.2019, to authorize Administrative Secretary (Secretary C&W) to grant extension in the gestation period of an approved development project for one year, where no change in cost and scope of work was involved.

Executive Engineers, Road Construction Division, Gujranwala, and Buildings Divisions, Sargodha and Nankana Sahib, awarded various works in which Audit observed that the schemes were not completed in time and the formations approved extension in gestation period at their own level instead of referring the matter to the administrative department or P&D Board. Besides, granting the extensions, which were undue benefit to the contractors, the department also did not impose due penalties.

Violation of the P&D Board's directions resulted in irregular grant of extensions and non-imposition of penalties amounting to Rs 125,932,840.

Audit pointed out the lapse in September 2022. The department did not reply.

The para was discussed in SDAC meeting in 30.11.2022. The department explained that extension in time limits were granted by the Chief Engineer, Punjab Buildings Department (North Zone), Lahore without penalties. Audit contended that the time extensions in the ADP schemes were required to be obtained from the P&D Board besides recovery of the penalties from the contractors due to delay in completion of the schemes was required. The Committee directed the department to get condonation from P&D Board and fix responsibility for granting of time extension by the Chief Engineer instead of secretary C&W and P&D Board as the case may be. Member of FD further contended that advice may be sought from FD regarding counting of time towards gestation period when funds were not available and the work could not be executed due to non-availability of funds. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early condonation from P&D Board and fix responsibility besides strengthening internal controls to avoid recurrence of such issues.

DP No.441,361&494

10.2.6.2.3.7 Unjustified payment of price variation - Rs 61.752 million

As per clause 55(8) of the contract agreement, no escalation shall be allowed to the contractor in respect of the period extended for the completion of the work due to his own fault.

10.2.6.2.3.7.1 Chief Engineer, Highway Department (South), Lahore awarded the work on 02.06.2017 and later approved price variation of Rs 31,214,400 in the revised TS estimate. Audit observed that the delay in execution of the work was due to the fault of the contractor and time extension was granted without financial benefits. However, the department approved price variation which was unjustified.

Violation of the contract agreement resulted in unjustified payment of price variation of Rs 31,214,400.

Audit pointed out unjustified payment in October 2022.

The para was discussed in the SDAC meeting held on 16.12.2022. The department explained that the record would be produced for verification. Audit informed that the department had not produced record during verification. The Committee directed the department to produce record for verification within 07 days. Compliance with the Committee’s directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No.863

10.2.6.2.3.7.2 Executive Engineer, Buildings Division Pakpattan awarded a work on 07.07.2017, for Rs 203.567 million with completion period of 24 months i.e up to 06.07.2019. Audit observed that the contractor failed to complete the work as per given time schedule and time extension was granted w.e.f 07.07.2019 to 30.06.2021 with a penalty of Rs 50,000. Audit observed that during June 2022, department paid an amount of Rs 30,537,779 to the contractor as price variation. Hence, as per provision of contract clause ibid no price variation was admissible to the contractor.

Violation of contract clause resulted in irregular payment of Rs 30,537,779.

Audit pointed out irregular payment in October 2022.

The para was discussed in SDAC meeting held on 08.12.2022. the department explained that contractor submitted his appeal to Chief Engineer Central Zone Lahore for review. His appeal was genuine and the CE granted time extension. Audit contended that the Chief Engineer granted time extension for completion of work up to 30.06.2021 with penalty of Rs 50,000. The Committee directed the department to submit report by CE concerned and get it verified from Audit. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early recovery besides fixing responsibility and strengthening internal controls to avoid recurrence of such issues.

DP No. 547

10.2.6.2.3.8 Delay in execution of works due to non-shifting of utilities and non-availability of NOCs from external agencies

As per rule 2.82 of B&R Code, it is a fundamental rule that no work shall be commenced unless Administrative Approval by competent authority is given, and properly detailed design and estimate have been sanctioned, allotment of funds made and orders for its commencement issued by competent authority. Permission granted by Government: orders on a Budget estimate for the retention of an entry of proposed expenditure during the year on work conveys no authority for the commencement of outlay. Such permission is granted on the implied understanding that, before any expenditure is incurred, the above conditions will have been fulfilled. Further, as per rule 2.85, no work should be commenced on land which has not been duly made over by the responsible civil officers.

Chief Engineers, Highways and Buildings Department, Lahore, awarded various works to different contractors in which Audit observed that the projects were not completed within the gestation periods as per PC-Is/TS estimates because of non-availability of NOCs from the Railways, non-shifting of electric/PTCL poles and non-removal of trees. Further, the department did not make adequate efforts for early removal of utilities.

Violation of the rules resulted in a delay in the execution of work.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that NOCs from all relevant departments were timely obtained, but the sites were not cleared due to the non-shifting of utilities by other departments. Audit contended that the department did not take up the matter at a higher forum for shifting of the utilities. Further, the department did not produce the record in support of its stance. The Committee directed the department to produce complete record within 15 days to Audit for verification. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

(Annex-XXX)

10.2.6.2.3.9 Piecemeal funding of the development schemes resulting in time and cost overruns

The Planning & Development Board, Government of the Punjab, circulated ADP guidelines from time to time for implementation wherein the departments had been instructed to prioritize the allocation of funds, which inter-alia underscores the importance of timely and within cost completion of schemes. Further, project life must be kept at a minimum possible timeframe so that the benefits of the project accrue to the public in time.

Chief Engineers, Buildings and Highways Departments, Lahore awarded various works in which Audit observed that FD released piecemeal funds against original allocation during the execution of the works. Due to shortage of funds/piecemeal funding, the schemes could not be completed in time as a result their cost increased and the gestation periods had to be extended time and again.

Violation of the ADP guidelines resulted in late execution and cost increase of the scheme.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that the fault regarding piecemeal funding was beyond the control of the departments and the responsibility was with Finance, P&D and the client administrative departments. Audit reiterated its earlier stance and added that such delays resulted in loss to the government, therefore, policy interventions were required to prevent such instances. The Committee kept the para pending with a view to place the matter before the PAC for a policy decision on the matter.

Audit recommends placing the matter for the kind consideration of the PAC.

(Annex-XXXI)

10.2.6.2.3.10 Reduction in funding of schemes due to change in political regime

The Planning & Development Board, Government of the Punjab, circulated ADP guidelines from time to time for implementation wherein the departments had been instructed to prioritize the allocation of funds, which inter-alia underscores the importance of timely and within cost completion of schemes. Further, project life must be kept at a minimum possible timeframe so that the benefits of the project accrue to the public in time.

Chief Engineers, Highways and Buildings Departments, Lahore awarded various works in which Audit observed that funding to the schemes was substantially reduced in financial year 2018-19 and onwards due to change in political regime.

Sr. No.	DP No.	Name of Department
1	850 (2022-23)	Chief Engineer Highway Central Zone
2	881 (2022-23)	Chief Engineer Highway North Zone
3	885 (2022-23)	Chief Engineer Highway North Zone
4	862 (2022-23)	Chief Engineer Highway South Zone
5	859 (2022-23)	Chief Engineer Buildings Central Zone
6	843 (2022-23)	Chief Engineer Buildings North Zone
7	881 (2022-23)	Chief Engineer Buildings South Zone

Violation of P&D Board's guidelines resulted in unplanned block allocation in development works.

Audit pointed out the lapse in October 2022.

The paras were discussed in the SDAC meeting held on 16.12.2022. The department explained that the arrangement of funds was the responsibility of FD, P&D and the client administrative departments. Audit contended that reduction in funding slowed the progress of schemes and subsequent benefits did not trickle down to the masses. Further, the schemes would be completed at higher costs at belated stages resulting in loss to the government. The Committee kept the para pending with a view to place the matter before the PAC for a policy decision in the matter.

Audit recommends placing the matter for the kind consideration of the PAC.

10.2.6.2.3.11 Inadequate planning resulting in multiple changes in scope of works

The Planning & Development Board, Government of the Punjab, circulated ADP guidelines from time to time for implementation wherein the departments had been instructed to prioritize the allocation of funds, which inter-alia underscores the importance of timely and within cost completion of schemes. Further, project life must be kept at a minimum possible timeframe so that the benefits of the project accrue to the public in time.

Chief Engineer (North Zone), Buildings Department, Lahore got approved various schemes with stipulated gestation periods i.e. 12, 18 and 24 months in which Audit observed that during execution the scope of the works were changed time and again which resulted in repeated time extensions.

Violation of the ADP guidelines resulted in delay in completion of schemes due to change of scope.

Audit pointed out the lapse in October 2022.

The para was discussed in the SDAC meeting held on 16.12.2022. The department explained that the changes in scope were beyond the purview of the department. Audit contended that the change in scope underscored poor planning which resulted in extensions of time and cost increases. The Committee kept the para pending with a view to place the matter before the PAC for a policy decision on the matter.

Audit recommends placing the matter for the kind consideration of the PAC.

DP No.839

10.2.6.2.3.12 Delay in completion of works on account of simultaneous award of contract for interdependent groups of works

According to clause 37 of the contract agreement, if by reasons on any ground or other special circumstances of any kind whatsoever, or any cause beyond the reasonable control of the contractor, the contractor shall apply in writing to the Engineer-in charge within thirty days of the date of such circumstances, the full and detailed particulars of the claim on account of which he desires an extension as aforesaid. The Engineer-in-charge shall if in his opinion (which shall be final) reasonable grounds shown therefore by the contractor are such as fairly to entitle the contractor to an extension of time for the completion of the works, authorize him from time to time in writing, either prospectively or retrospectively, such extension of time for the completion of the works or any part thereof, as may in his opinion be necessary or proper.

Chief Engineer, Buildings Department (North), Lahore awarded the works on 27.11.2020 in different groups with completion period of twelve (12) months in which Audit observed that the groups were awarded simultaneously despite the fact that some works could not be executed without prior completion of some other works. In the instant matter, the works could not be executed due to non-completion of group related to HVAC system. Later extension of time was granted to the contractor with financial benefits which was unjustifiable.

Violation of the contract agreement resulted in non-completion of works within time.

Audit pointed out the lapse in October 2022.

The para was discussed in the SDAC meeting held on 16.12.2022. The department explained that the contractor was given time extension on account of genuine reasons. Audit contended that the department did not provide financial profiles of each group, acceptance letters, final/last paid bills, date of actual completion of the works, and correspondence file for verification. The Committee directed the department to get the record verified within 03 days. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends fixing responsibility and strengthening internal controls to avoid the recurrence of such issues.

DP No.848

10.2.6.2.3.13 Non-commencement of work due to non-acquisition of land

As per Sr. No. 04 of Minutes of Divisional Development Working Party (DDWP) under the chairmanship of Commissioner Multan division Multan, the Committee unanimously approved in principle that development schemes involving acquisition, transfer and mutation in case of private and Government land involved for a scheme must ensure mutation, transfer and acquisition of land in favour of the government or concerned administrative department before the commencement of works on ground. In case of failure, client department & executing agencies shall be held solely liable and face all the consequences.

Executive Engineer, Building Division, Lodhran, paid Assistant Commissioner/LAC Lodhran for acquisition of private land measuring 24-kanal vis-à-vis extension of Judicial Complex at Kehror Pacca, District Lodhran. Audit observed that the work had not been initiated after a lapse of considerable time due to non-handing over of the site. This would ultimately result in cost and time overruns.

Violation of DDWP instructions resulted in non-commencement of work.

Audit pointed out the lapse in August 2022.

The para was discussed in SDAC meeting in 25.11.2022. The department explained that an amount of Rs 56,925,000 for acquisition of land was in the account of assistant Commissioner/Land Acquisition Collector Kehror Pacca and land acquisition was under process. Audit contended that as per FD's notification dated 10.02.2016, the unspent balance amount was to be returned to the DDO. Further, the work could not be initiated due to non-handing over of the land which would result in cost increase. The Committee kept the para pending for receipt of unspent balance amount and deposit the same into relevant revenue head. Compliance with the Committee's directives was not reported till finalization of the report.

Audit recommends early clearance of the land and commencement of work at site and with close liaison between District Administration to save public money.

DP No.283

10.2.7 Departmental Responses

The matters were discussed in SDAC meeting held on 16.12.2022 and the departmental responses were incorporated in each audit para of thematic report.

10.2.8 Recommendations

The following recommendations were put forth as under:

i. Schemes be included in ADPs after thorough need and resource analysis and once the schemes have been included the same be completed within stipulated time.
ii. Capping of schemes be discouraged.
iii. Ongoing projects ought to be the main preference of the departments and maximum allocation be provided to the schemes which are near completion.
iv. Schemes be included in ADPs keeping in view the availability of funds and inclusion of schemes just for political considerations be avoided.
v. Inclusion of new schemes through supplementary budget during a financial year be avoided.
vi. Extension of time be granted strictly on justifiable reasons. Further, the grant of extension with financial benefits be considered keeping in view performance of the contractor.
vii. A robust system of monitoring be developed to thoroughly check delayed schemes for bringing them back on track.
viii. Coordination between executing agencies and external agencies be strengthened and definite timelines be incorporated for clearance of pending issues.
ix. There ought to be effective coordination among C&W, FD and P&D Board vis-à-vis inclusion, execution and completion of schemes.
x. Internal audit wing needs to be developed in C&W Department.

10.2.9 Conclusion

Extension of time in development projects resulted in time and cost overrun. Various anomalies were found in the formulation of ADP. Ongoing schemes should have been completed first before including new schemes so that the benefits/targets can be achieved within the available technical and financial resources. Extraordinary delay in works caused a huge loss to other stakeholders including contractors. Various factors were found beyond the control of C&W department like piecemeal funding, change of priorities due to political influence, inability of the client department to arrange funds, contractor's default etc. Some of these factors can be effectively controlled by the executing departments, like ensuring proper planning before the start of project to avoid change of scope, imposition of penalties well in time for good pace of works, coordination with client departments, FD, P&D and other agencies for shifting of utilities etc., timely and proper approval of TSEs/revised TSEs, efficient utilization of budgets etc.

10.2.10 References

Audit team used qualitative method by discussions and interviews with Chief Engineers and Technical Experts of C&W Department and following documents were studied during quantitative methods:

i. MTDF (Medium Term Development Framework 2016-22);
ii. Guidelines for formulation of Annual Development Programme 2026-22 (P&D Board);
iii. Progress reports;
iv. PC-Is, administrative approvals, minutes of meeting;
v. TS estimates;
vi. Correspondence files of the projects;
vii. Grant of time extensions along with reasons;
viii. Funds release orders, award letters, agreements;
ix. Financial profiles of the projects;
x. Akhund, M., & Khoso, A. (2017). Time Overrun in Construction Projects of Developing Countries. 3. Retrieved from https://www.researchgate.net/publication/318635640_Time_Overrun_in_Construction_Projects_of_Developing_Countries;
xi. Aryal, B. (2022). Analysis of Extension of Time Impact on Project's Performance: A Case Study of Projects in Hupsekot Rural Municipality. 4, https://www.researchgate.net/publication/363365840. doi:10.36346/sarjet.2022.v04i05.002;
xii. Ayub, B., & Thaheem, M. (2017). Empirical Evidence of Extension of Time in Construction Projects. Journal of Legal Affairs and Dispute Resolution in Engineering and Construction, 9(3). Retrieved from https://doi.org/10.1061/(ASCE)LA.1943-4170.0000217;
xiii. Mubin, S., & Sial, J. H. (2016). Terminal Evaluation of Public Sector Development Projects: An Analysis of 85 Evaluated Development Projects of Punjab Province. Pakistan Journal of Engineering and Applied Sciences, 9(1). Retrieved from https://journal.uet.edu.pk/ojs_old/index.php/pjeas/article/view/168;
xiv. Shabbar, H., & Gabriel, H. (2017). Empirical Evidence of Extension of Time in Construction Projects. Journal of Legal

Affairs and Dispute Resolution in Engineering and Construction, 9(3). Retrieved from https://doi.org/10.1061/(ASCE)LA.1943-4170.0000217;

xv. Ting, S., & Kueh, A. (2021). Extension of Time (EoT) Considerations in Construction Duration Estimate for Public Construction Projects. 1101, 012030. doi:10.1088/1757-899X/1101/1/012030.

ANNEX-A: MFDAC PARAS

Annex-A/1: C&W Department

Buildings

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	3	0.032	40	96	0.219	79	170	33.531
2	5	233.701	41	97	0.105	80	171	0.256
3	6	17.715	42	101	1.991	81	172	0.526
4	7	0.462	43	107	8.484	82	173	2.132
5	9	0.700	44	111	0.200	83	176	37.393
6	10	0.143	45	113	16.083	84	179	0.327
7	11	116.811	46	116	0.803	85	180	0.169
8	12	0.037	47	121	2.667	86	184	1.597
9	14	2.503	48	122	1.131	87	185	0.177
10	15	4.889	49	123	0.085	88	186	61.720
11	18	62.391	50	124	26.866	89	195	0.628
12	19	0.373	51	125	3.840	90	207	28.043
13	20	0.386	52	128	89.088	91	208	7.803
14	22	12.820	53	129	23.007	92	211	3.876
15	23	43.865	54	130	5.829	93	213	0.270
16	24	1.600	55	132	-	94	214	1.124
17	25	1.933	56	134	1.651	95	218	0.422
18	28	0.862	57	136	0.277	96	219	0.231
19	29	5.434	58	137	0.477	97	223	2.811
20	30	1.560	59	139	0.279	98	224	0.138
21	31	0.402	60	140	0.984	99	225	3.378
22	33	4.374	61	142	0.622	100	226	0.109
23	40	0.449	62	143	1.315	101	229	0.048
24	41	1.997	63	146	0.350	102	231	226.603
25	45	12.371	64	147	4.056	103	234	0.809
26	48	0.477	65	149	1.443	104	238	0.254
27	49	1.766	66	151	0.802	105	241	0.410
28	51	6.326	67	152	0.078	106	245	1.953
29	54	0.203	68	153	3.088	107	248	12.537
30	62	1.672	69	154	5.163	108	251	0.698
31	67	0.403	70	156	7.211	109	252	0.177
32	71	0.273	71	157	0.846	110	253	0.196
33	75	0.109	72	158	1.886	111	254	0.428
34	82	3.387	73	160	7.037	112	256	0.387
35	87	214.292	74	161	7.237	113	260	0.196
36	88	8.683	75	162	8.490	114	263	326.464
37	89	31.710	76	164	0.906	115	264	6.398
38	93	0.334	77	167	32.919	116	273	3.013
39	95	0.243	78	168	20.326	117	278	0.523

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
118	282	1.078	163	381	0.577	208	465	21.752
119	283	56.925	164	383	1.383	209	466	0.579
120	284	2.844	165	384	116.440	210	469	0.819
121	287	0.751	166	385	0.597	211	472	0.497
122	288	0.038	167	387	285.400	212	473	31.194
123	290	0.422	168	389	0.878	213	478	1.702
124	291	26.520	169	393	0.210	214	484	3.809
125	292	5.330	170	394	0.561	215	486	1.326
126	293	200.000	171	395	1.104	216	487	18.296
127	294	113.584	172	399	1.401	217	488	8.255
128	297	0.476	173	400	0.400	218	491	1.564
129	298	3.839	174	401	16.425	219	492	1.818
130	299	31.254	175	402	0.185	220	494	15.327
131	301	17.864	176	406	17.197	221	495	18.931
132	306	0.807	177	407	2.628	222	499	24.109
133	307	0.767	178	409	0.210	223	506	80.986
134	309	65.518	179	412	1.517	224	513	1.215
135	310	0.910	180	414	188.500	225	520	1.995
136	312	6.424	181	416	12.308	226	522	2.289
137	313	1.877	182	417	3.611	227	525	0.490
138	314	16.240	183	418	1.025	228	526	60.004
139	316	0.616	184	420	3.648	229	529	140.023
140	317	0.928	185	421	6.156	230	532	0.939
141	319	2.780	186	424	8.330	231	534	1.211
142	321	0.569	187	425	0.355	232	539	2.667
143	323	0.279	188	426	425.266	233	540	1.505
144	333	0.420	189	428	0.203	234	542	1.839
145	334	0.472	190	429	-	235	543	19.059
146	335	0.598	191	430	0.140	236	544	12.488
147	336	0.155	192	433	193.085	237	545	1.830
148	337	0.096	193	435	875.757	238	546	1.000
149	338	0.251	194	438	6.240	239	547	30.538
150	339	105.000	195	439	277.658	240	548	1.005
151	340	36.697	196	443	5.364	241	549	0.930
152	341	126.000	197	445	0.406	242	553	1.124
153	343	15.344	198	446	207.795	243	554	1.174
154	345	0.767	199	447	0.119	244	556	9.925
155	346	0.114	200	448	47.093	245	557	4.581
156	347	0.116	201	449	0.265	246	558	16.153
157	348	36.863	202	451	24.274	247	560	29.083
158	361	32.313	203	452	7.940	248	562	5.215
159	363	3.482	204	456	0.530	249	564	4.710
160	365	0.587	205	457	0.313	250	565	3.318
161	369	5.879	206	458	0.301	251	570	5.299
162	376	6.071	207	461	0.572	252	572	8.698

S#	DP #	Amount
253	573	12.395
254	582	0.140
255	586	0.078
256	590	0.138
257	595	4.368
258	596	0.700
259	599	22.441
260	600	1.360
261	601	6.049
262	606	0.425
263	607	0.100
264	608	0.159
265	609	0.193
266	612	0.734
267	613	43.285
268	615	0.189
269	616	2.435
270	617	1.274
271	618	0.134
272	623	0.054
273	624	0.105
274	625	3.698
275	627	0.220
276	631	3.332
277	633	0.331
278	634	6.077
279	635	11.898
280	636	8.602
281	638	0.437
282	639	2,991.283
283	640	81.889
284	642	2.577
285	647	9.534
286	648	2.146
287	649	37.953
288	706	0.200
289	733	-
290	776	1.490
291	682	0.793
292	683	5.342
293	684	4.910
294	685	0.440
295	686	3.786
296	687	1.073
297	688	1.490

S#	DP #	Amount
298	689	20.412
299	690	13.466
300	691	2.011
301	692	27.239
302	693	4.680
303	694	26.000
304	695	345.263
305	715	11.670
306	716	5.165
307	717	218.627
308	718	5.710
309	719	14.200
310	720	1.546
311	721	1.274
312	722	1.301
313	723	86.400
314	724	9.664
315	725	0.263
316	727	0.165
317	728	1.141
318	730	69.770
319	731	1.207
320	732	-
321	734	1.261
322	735	0.658
323	741	3.692
324	742	1.843
325	743	9.261
326	744	7.353
327	745	0.369
328	746	0.925
329	747	2.858
330	748	16.851
331	749	0.790
332	750	0.185
333	751	0.243
334	752	0.297
335	753	86.134
336	754	10.632
337	755	10.632
338	756	2.874
339	757	1.445
340	758	0.345
341	759	11.010
342	760	2.632

S#	DP #	Amount
343	761	3.359
344	762	0.117
345	763	0.679
346	764	13.405
347	765	65.280
348	766	1.710
349	767	3.311
350	768	118.020
351	769	9.078
352	770	0.696
353	771	0.838
354	772	6.448
355	773	0.972
356	774	2.103
357	775	0.601
358	777	2.783
359	778	4.890
360	779	0.651
361	780	0.600
362	781	2.175
363	782	5.635
364	783	0.744
365	784	19.035
366	785	2.579
367	786	29.870
368	787	10.869
369	788	25.215
370	789	2.000
371	790	111.451
372	791	35.277
373	792	5.990
374	793	39.224
375	794	32.969
376	795	27.277
377	796	2.000
378	797	11.262
379	798	3.478
380	799	3.964
381	800	3.312
382	801	37.103
383	802	0.274
384	803	39.657
385	804	6.426
386	805	4.307
387	806	21.131

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
388	807	0.291	433	672	3.919	478	857	-
389	808	0.754	434	673	0.812	479	858	7.706
390	809	1.756	435	674	0.212	480	860	-
391	810	2.283	436	675	6.855	481	861	-
392	811	2.451	437	676	0.113	482	862	-
393	812	0.557	438	677	11.135	483	864	29.366
394	813	1.755	439	678	9.741	484	865	5.394
395	815	3.780	440	679	0.305	485	866	1.880
396	816	0.103	441	680	0.807	486	867	-
397	817	0.268	442	681	-	487	868	1.541
398	818	1.113	443	696	0.830	488	871	12.653
399	819	0.438	444	697	8.103	489	872	-
400	820	0.292	445	698	31.314	490	873	-
401	821	0.300	446	699	5.549	491	874	-
402	822	0.904	447	700	0.192	492	879	0.808
403	823	0.483	448	701	0.592	493	880	-
404	824	3.923	449	702	8.048	494	883	8.485
405	825	5.605	450	703	0.237	495	886	1.644
406	826	10.212	451	704	0.450	496	888	1.420
407	827	0.115	452	705	0.525	497	889	43.025
408	828	20.000	453	707	0.910	498	893	41.780
409	829	27.258	454	708	1.298	499	908	169.366
410	830	1.222	455	709	3.367	500	964	140.809
411	650	317.691	456	710	0.832	501	968	2.841
412	651	70.914	457	711	1.800	502	890	0.590
413	652	5.036	458	712	40.000	503	891	3.311
414	653	80.243	459	713	6.714	504	892	3.136
415	654	48.803	460	714	0.895	505	894	0.575
416	655	1.074	461	726	0.263	506	895	6.591
417	656	29.229	462	729	-	507	896	31.492
418	657	28.964	463	736	925.311	508	897	-
419	658	0.202	464	737	3.796	509	899	0.411
420	659	3.871	465	738	4.894	510	900	1,545.843
421	660	1.104	466	739	0.613	511	901	30.391
422	661	0.590	467	740	0.566	512	902	0.385
423	662	0.178	468	814	0.762	513	903	16.347
424	663	0.252	469	831	1.841	514	904	0.141
425	664	0.384	470	832	1.500	515	905	20.449
426	665	0.036	471	833	4.317	516	906	1.819
427	666	0.113	472	836	-	517	907	94.650
428	667	15.509	473	837	1.530	518	909	0.433
429	668	0.600	474	838	5.768	519	910	1.511
430	669	1.706	475	840	0.221	520	911	4.299
431	670	4.043	476	850	-	521	912	0.943
432	671	75.713	477	855	5.655	522	913	0.199

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
523	914	4.623	542	933	0.495	561	952	16.949
524	915	0.228	543	934	2.078	562	953	5.592
525	916	0.407	544	935	4.891	563	954	1.060
526	917	1.108	545	936	23.747	564	955	2.438
527	918	4.070	546	937	52.966	565	956	2.448
528	919	0.252	547	938	88.682	566	957	2.500
529	920	0.139	548	939	1.500	567	958	10.245
530	921	0.874	549	940	0.697	568	959	0.381
531	922	3.153	550	941	1.518	569	960	218.627
532	923	0.416	551	942	1.702	570	961	0.356
533	924	304.946	552	943	1.636	571	962	18.482
534	925	2.557	553	944	89.602	572	963	34.616
535	926	5.920	554	945	0.932	573	965	1.015
536	927	0.196	555	946	0.417	574	966	1.404
537	928	4.832	556	947	0.052	575	967	352.372
538	929	0.358	557	948	86.528	576	969	1.848
539	930	3.789	558	949	419.085	577	970	0.483
540	931	0.579	559	950	0.775	578	971	2.115
541	932	0.099	560	951	71.918			

Highways

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	5	4.768	23	57	21.546	45	101	0.254
2	7	120.955	24	59	1.516	46	102	0.803
3	11	0.341	25	60	5.254	47	104	3.629
4	14	0.015	26	61	7.545	48	107	84.172
5	16	120.138	27	62	3.110	49	113	4.229
6	17	5.351	28	63	1.057	50	114	0.341
7	18	7.494	29	65	0.931	51	115	0.504
8	24	34.090	30	67	0.217	52	117	3.261
9	26	1.841	31	68	0.052	53	121	2.005
10	28	69.606	32	75	14.389	54	129	6.672
11	34	198.879	33	79	0.202	55	130	5.327
12	39	7.854	34	80	0.277	56	132	8.246
13	41	4.456	35	81	0.258	57	140	275.763
14	42	289.060	36	83	11.236	58	141	11.285
15	43	2.478	37	84	3.234	59	143	3.384
16	45	0.170	38	85	2.431	60	146	1.493
17	46	79.918	39	86	1.610	61	147	15.444
18	48	0.339	40	88	10.969	62	148	75.541
19	49	204.961	41	89	1.161	63	150	0.119
20	51	6.588	42	97	2.444	64	152	44.176
21	53	25.137	43	99	9.387	65	154	0.219
22	54	9.922	44	100	0.538	66	156	20.182

S#	DP #	Amount
67	157	12.743
68	161	140.902
69	165	62.120
70	166	650.741
71	167	0.708
72	168	42.242
73	169	4.933
74	179	3.000
75	190	0.760
76	191	0.329
77	194	2.578
78	195	19.453
79	196	37.659
80	199	5.457
81	200	1.660
82	204	14.528
83	205	0.281
84	209	1,042.877
85	210	417.518
86	211	79.083
87	212	24.333
88	213	93.189
89	214	14.738
90	217	29.800
91	219	0.381
92	223	3.426
93	226	9.967
94	227	0.100
95	231	0.134
96	233	10.230
97	234	85.998
98	237	6.145
99	239	12.833
100	240	2.492
101	241	15.271
102	245	2.110
103	246	4.362
104	248	34.497
105	249	0.115
106	250	0.498
107	256	0.985
108	259	15.631
109	271	0.550
110	273	0.449
111	275	0.498

S#	DP #	Amount
112	277	0.146
113	278	7.930
114	280	10.963
115	281	11.374
116	283	0.750
117	284	0.737
118	286	1.172
119	290	114.563
120	291	6.300
121	292	0.396
122	294	0.364
123	295	6.344
124	298	1.130
125	299	5.207
126	301	251.382
127	302	4.295
128	303	20.000
129	305	86.041
130	308	4.759
131	314	4.524
132	317	1.177
133	322	8.181
134	327	98.457
135	330	364.735
136	331	0.634
137	334	34.753
138	335	0.885
139	336	0.230
140	343	17.049
141	346	39.259
142	349	2.436
143	351	0.443
144	358	2.290
145	361	1.189
146	363	2.832
147	364	42.649
148	366	0.134
149	367	2.183
150	368	9.646
151	371	0.111
152	372	0.138
153	373	0.405
154	375	0.311
155	376	1.169
156	382	0.173

S#	DP #	Amount
157	383	0.127
158	384	0.714
159	386	31.076
160	388	12.613
161	391	0.830
162	393	9.885
163	394	3.198
164	395	162.572
165	396	55.329
166	398	14.440
167	400	196.864
168	401	9.371
169	402	11.648
170	403	38.127
171	406	25.568
172	410	2,143.860
173	414	0.670
174	415	2.594
175	416	0.712
176	417	231.282
177	419	0.164
178	420	2.100
179	424	96.751
180	426	0.860
181	428	15.052
182	432	14.004
183	434	0.188
184	436	5.125
185	440	0.405
186	442	67.898
187	445	1.531
188	449	3.172
189	453	0.050
190	458	0.400
191	459	3.207
192	460	0.436
193	461	0.937
194	462	0.537
195	463	6.487
196	464	23.398
197	465	2.206
198	466	1.379
199	467	11.706
200	468	74.304
201	469	711.716

S#	DP #	Amount
202	470	88.265
203	471	0.745
204	472	1.299
205	473	9.137
206	474	30.917
207	475	12.472
208	476	3.718
209	477	7.905
210	478	47.931
211	479	14.898
212	480	4.813
213	481	281.372
214	482	2.866
215	483	115.878
216	484	72.101
217	485	1.245
218	487	3.339
219	493	0.852
220	499	2.241
221	502	26.790
222	507	1.210
223	508	9.948
224	509	0.975
225	513	0.633
226	514	-
227	523	7.756
228	525	0.464
229	527	0.498
230	530	-
231	531	93.990
232	532	0.212
233	534	12.823
234	536	9.224
235	540	118.559
236	541	11.336
237	547	0.857
238	553	2.652
239	555	9.042
240	558	31.088
241	559	0.408
242	560	1.839
243	561	8.406
244	562	3.794
245	567	69.024
246	570	41.066

S#	DP #	Amount
247	571	1.695
248	572	2.525
249	576	185.004
250	579	9.300
251	582	2.152
252	586	14.960
253	588	2.497
254	589	19.530
255	590	19.619
256	591	261.242
257	592	1.127
258	593	13.680
259	594	14.777
260	595	3.166
261	596	102.572
262	597	0.245
263	598	5.539
264	599	6.060
265	600	0.330
266	601	41.802
267	602	0.309
268	603	80.190
269	604	2,421.026
270	605	1.651
271	606	2.140
272	607	1.508
273	608	512.830
274	609	0.085
275	610	1.260
276	611	514.140
277	612	3.983
278	613	0.140
279	614	17.033
280	615	4.157
281	616	7.035
282	617	5.170
283	618	0.878
284	619	1.189
285	620	0.687
286	621	1.500
287	622	2.378
288	623	8.666
289	624	0.213
290	625	0.435
291	626	0.470

S#	DP #	Amount
292	627	1.273
293	628	6.514
294	629	0.632
295	630	2.335
296	631	0.606
297	632	10.586
298	633	2.598
299	634	1.973
300	635	3.333
301	636	2.445
302	637	0.187
303	638	2.464
304	639	1.951
305	640	0.573
306	641	100.084
307	642	3.149
308	643	8.639
309	644	17.087
310	645	7.247
311	646	3.011
312	647	4.140
313	648	0.592
314	649	1.038
315	706	0.291
316	733	13.549
317	776	1.524
318	682	390.493
319	683	0.701
320	684	8.954
321	685	0.698
322	686	179.289
323	687	1.714
324	688	1.437
325	689	17.958
326	690	8.604
327	691	4.512
328	692	0.507
329	693	0.446
330	694	31.499
331	695	1.013
332	715	0.444
333	716	0.218
334	717	3.066
335	718	0.360
336	719	0.321

S#	DP #	Amount
337	720	0.424
338	721	0.182
339	722	0.339
340	723	4.522
341	724	0.856
342	725	10.329
343	727	1.373
344	728	0.074
345	730	29.351
346	731	0.917
347	732	0.334
348	734	0.640
349	735	0.369
350	741	33.508
351	742	0.118
352	743	0.244
353	744	2.353
354	745	15.616
355	746	14.738
356	747	2.401
357	748	16.515
358	749	0.616
359	750	0.675
360	751	0.130
361	752	1.125
362	753	0.345
363	754	0.179
364	755	0.653
365	756	17.249
366	757	0.893
367	758	15.870
368	759	1.405
369	760	0.372
370	761	0.271
371	762	0.299
372	763	6.345
373	764	15.940
374	765	1.579
375	766	48.896
376	767	0.279
377	768	9.800
378	769	-
379	770	0.551
380	771	5.265
381	772	8.823
382	773	0.636
383	774	11.672
384	775	1.243
385	777	1.444
386	778	1.052
387	779	31.585
388	780	6.484
389	781	3.079
390	782	0.512
391	783	0.450
392	784	0.216
393	785	1.167
394	786	5.743
395	787	17.449
396	788	0.966
397	789	24.699
398	790	8.289
399	791	159.590
400	792	65.118
401	793	10.025
402	794	6.861
403	795	135.600
404	796	149.862
405	797	62.275
406	798	47.109
407	799	1.668
408	800	1.111
409	801	2.921
410	802	447.530
411	803	22.438
412	804	30.266
413	805	3.244
414	806	66.346
415	807	139.392
416	808	0.774
417	809	0.320
418	810	3.296
419	811	4.900
420	812	436.752
421	813	44.394
422	815	0.346
423	816	3.940
424	817	4.323
425	818	5.484
426	819	1.453
427	820	0.784
428	821	11.722
429	822	-
430	823	5.732
431	824	47.340
432	825	0.205
433	826	0.114
434	827	2.537
435	828	175.558
436	829	6.566
437	830	9.933
438	650	0.224
439	651	6.018
440	652	0.873
441	653	4.290
442	654	3.273
443	655	45.730
444	656	3.720
445	657	0.104
446	658	8.814
447	659	0.127
448	660	0.281
449	661	13.393
450	662	2.178
451	663	22.861
452	664	104.183
453	665	5.761
454	666	3.722
455	667	8.059
456	668	11.115
457	669	2.222
458	670	0.268
459	671	2.525
460	672	7.795
461	673	3.025
462	674	2.671
463	675	8.431
464	676	0.370
465	677	1.353
466	678	0.599
467	679	2.057
468	680	3.116
469	681	0.685
470	696	6.756
471	697	0.319

S#	DP #	Amount
472	698	0.375
473	699	2.222
474	700	9.006
475	701	0.340
476	702	4.522
477	703	0.242
478	704	0.318
479	705	4.135
480	707	5.338
481	708	0.173
482	709	0.623
483	710	1.051
484	711	0.136
485	712	0.223
486	713	0.383
487	714	0.443
488	726	40.383
489	729	0.378
490	736	0.182
491	737	0.272
492	738	0.191
493	739	3.890
494	740	0.852
495	814	3.259
496	831	0.281
497	832	4.327
498	833	75.075
499	834	1.789
500	835	0.600
501	836	1.583
502	837	3.900
503	838	5.178
504	839	17.703
505	840	16.250
506	846	5.226
507	847	221.413
508	848	24.416
509	856	-
510	859	69.524
511	860	10.987
512	861	7.104
513	865	-

S#	DP #	Amount
514	869	-
515	871	1.936
516	872	0.060
517	873	0.131
518	877	16.664
519	878	19.504
520	879	-
521	882	4.274
522	884	4.489
523	887	67.456
524	889	55.013
525	893	2.546
526	908	31.059
527	964	12.282
528	891	7.380
529	895	311.534
530	898	449.571
531	899	15.611
532	900	2.774
533	901	0.891
534	902	11.050
535	903	23.770
536	904	4.945
537	905	6.766
538	906	257.390
539	907	4.674
540	909	2.614
541	910	0.443
542	911	2.557
543	912	0.615
544	913	1.336
545	914	5.952
546	915	11.059
547	916	2.089
548	917	2,889.783
549	918	1.741
550	919	0.418
551	920	4.180
552	921	3,485.751
553	922	6.097
554	923	74.870
555	924	2.106

S#	DP #	Amount
556	925	2.028
557	926	0.898
558	927	1.152
559	928	0.900
560	929	0.237
561	930	0.506
562	931	0.436
563	932	0.503
564	933	56.602
565	934	0.257
566	935	3.600
567	936	0.421
568	937	0.958
569	938	3.570
570	939	1.786
571	940	8.968
572	941	1.102
573	942	2.481
574	943	1.052
575	944	0.397
576	945	1.234
577	946	30.865
578	947	283.698
579	948	2.603
580	949	1.424
581	950	0.151
582	951	7.790
583	952	4.005
584	953	47.527
585	954	11.032
586	955	3.423
587	956	2.519
588	957	4.905
589	958	2.093
590	959	12.281
591	960	1.686
592	961	26.887
593	962	753.903
594	963	0.344
595	965	11.083
596	966	26.596
597	967	0.273

Annex-A/2: HUD & PHE Department

Development Authorities/Agencies

Koh-e-Suleman Development Authority

(Rs in million)

S#	DP #	Amount
1	353	-
2	355	-
3	356	-
4	359	-

S#	DP #	Amount
5	370	0.614
6	371	0.361
7	374	4.203
8	375	0.190

S#	DP #	Amount
9	376	-
10	377	-
11	379	-

PCBDDA

(Rs in million)

S#	DP #	Amount
1	507	13.694
2	510	21,466.37
3	511	9.369
4	513	17.896
5	515	3.000

S#	DP #	Amount
6	517	3.240
7	521	0.957
8	522	1.320
9	523	0.518
10	525	5.500

S#	DP #	Amount
11	526	15,337.65
12	528	2,803.85
13	531	5.832
14	532	1.200
15	536	-

PHA Bahawalpur

(Rs in million)

S#	DP #	Amount
1	384	-
2	387	0.285
3	388	0.598
4	393	5.216

S#	DP #	Amount
5	394	27.458
6	396	-
7	397	4.331
8	400	0.407

S#	DP #	Amount
9	401	0.312
10	402	2.819

PHA Faisalabad

(Rs in million)

S#	DP #	Amount
1	169	19.122
2	172	19.123
3	182	-
4	183	-
5	184	-
6	185	-
7	186	1.000
8	187	-

S#	DP #	Amount
9	188	-
10	190	12.550
11	191	35.456
12	193	0.668
13	196	-
14	425	15.485
15	427	21.050
16	430	9.333

S#	DP #	Amount
17	431	2.263
18	432	1.784
19	433	7.289
20	434	-
21	437	0.142
22	438	-
23	441	0.457

PHA Gujranwala

(Rs in million)

S#	DP #	Amount
1	91	2.454
2	92	9.285
3	93	1.475

S#	DP #	Amount
4	95	0.128
5	96	0.897
6	97	0.110

S#	DP #	Amount
7	98	14.144

PHA Lahore

(Rs in million)

S#	DP #	Amount
1	52	0.210
2	54	0.939
3	57	361.979
4	58	1.320
5	75	0.175
6	80	0.341
7	81	0.309
8	84	0.409
9	85	0.525
10	87	1.763
11	88	0.120
12	90	0.258
13	132	280.442
14	133	4.266
15	135	0.526
16	136	0.249
17	139	-
18	140	30.916
19	141	0.112
20	142	0.248

S#	DP #	Amount
21	144	2.133
22	145	1.457
23	146	1.499
24	147	2.867
25	149	2.224
26	150	0.833
27	151	0.225
28	152	1.025
29	153	0.621
30	154	0.905
31	155	1.300
32	156	5.106
33	158	0.064
34	160	27.947
35	161	1.261
36	162	3.106
37	346	0.177
38	349	0.302
39	541	-
40	542	5.366

S#	DP #	Amount
41	543	-
42	544	-
43	545	-
44	547	-
45	549	-
46	552	-
47	553	16.120
48	554	-
49	556	-
50	559	7.099
51	561	216.367
52	562	296.750
53	564	7.177
54	567	4.471
55	568	14.516
56	569	2.000
57	570	73.003
58	571	3.358

PHA Multan

(Rs in million)

S#	DP #	Amount
1	266	43.119
2	271	22.056

S#	DP #	Amount
3	272	1.821
4	275	0.830

PHA Rawalpindi

(Rs in million)

S#	DP #	Amount
1	315	16.368
2	319	15.120
3	320	88.135

S#	DP #	Amount
4	321	1.000
5	327	25.630
6	328	3.103

S#	DP #	Amount
7	330	24.970
8	336	30.240

RUDA, Lahore

(Rs in million)

S#	DP #	Amount
1	577	104.130
2	578	3,998.675
3	579	445.173
4	580	13,889.00

S#	DP #	Amount
5	582	62.700
6	584	78.214
7	586	10.271
8	588	6.469

S#	DP #	Amount
9	589	3.815
10	818	-

UD-Wing FDA

(Rs in million)

S#	DP #	Amount
1	200	0.885
2	203	0.112

S#	DP #	Amount
3	204	0.204
4	205	0.337

S#	DP #	Amount
5	209	27.660
6	211	103.776

UD-Wing GDA

(Rs in million)

S#	DP #	Amount
1	99	-
2	100	-
3	101	4,106.23
4	102	-
5	104	2.080
6	105	421.792
7	106	-
8	107	-

S#	DP #	Amount
9	108	8,622.490
10	109	-
11	111	541.260
12	112	-
13	113	71.350
14	115	1,250.208
15	124	13.788
16	341	2.673

S#	DP #	Amount
17	403	-
18	409	-
19	412	0.684
20	416	2.030
21	418	-
22	419	0.545
23	423	-

UD-Wing LDA

(Rs in million)

S#	DP #	Amount
1	350	-
2	611	597.627
3	612	303.642
4	613	267.847
5	614	34.014
6	615	657.690
7	616	481.560
8	618	184.648
9	619	297.342
10	620	261.735
11	621	56.900
12	622	1.000
13	623	59.349
14	624	1,204.375
15	626	0.580
16	627	14.210

S#	DP #	Amount
17	628	2.842
18	629	0.748
19	630	14.210
20	631	20.253
21	633	0.127
22	634	1.542
23	635	0.064
24	636	0.260
25	637	0.209
26	638	0.391
27	639	0.643
28	640	0.112
29	641	3.458
30	643	0.719
31	644	2.592
32	645	5.963

S#	DP #	Amount
33	646	10.072
34	647	69.300
35	648	1.030
36	649	1.192
37	706	18.000
38	733	2.367
39	776	112.392
40	682	200.000
41	683	12.083
42	684	0.077
43	686	0.870
44	687	28.696
45	688	0.568
46	689	20.116
47	690	46.926
48	691	78.643

S#	DP #	Amount
49	692	0.768
50	693	0.469
51	694	0.395
52	695	0.220
53	715	9.763
54	716	1.639
55	717	0.272
56	718	0.527
57	719	1.877
58	720	3.794
59	721	5.239
60	722	2.826
61	723	6.731
62	724	7.943
63	725	3.931
64	727	195.218
65	728	42.707
66	730	2.201
67	731	5.714
68	734	0.605
69	735	0.591
70	741	0.116
71	742	11.082
72	744	19.579
73	745	0.125
74	747	0.176
75	749	0.790
76	750	0.996
77	751	0.778
78	753	23.640
79	754	0.920
80	755	345.527
81	756	3.012
82	757	203.632
83	758	1.205
84	759	2.499
85	760	12.536
86	761	2.341
87	762	3.021
88	763	0.768
89	764	0.640
90	765	0.161
91	766	0.126
92	767	1.800
93	768	1.000

S#	DP #	Amount
94	770	244.184
95	771	3.612
96	772	1.989
97	773	10.312
98	774	11.073
99	775	0.636
100	778	1.143
101	780	24.748
102	781	3.018
103	782	71.605
104	783	22.233
105	784	6.913
106	785	0.070
107	787	13.975
108	788	26.118
109	789	17.226
110	790	17.909
111	791	13.525
112	792	62.261
113	793	17.226
114	794	13.600
115	795	17.909
116	796	13.525
117	797	42.700
118	798	35.418
119	799	35.280
120	800	20.000
121	801	1.344
122	802	2.000
123	803	908.069
124	804	715.538
125	805	944.082
126	806	712.981
127	807	0.817
128	808	26.025
129	809	2.750
130	810	1.393
131	811	1.500
132	812	0.209
133	813	1.062
134	815	1.028
135	816	0.101
136	817	0.561
137	651	9.232
138	652	5.747

S#	DP #	Amount
139	653	181.950
140	654	2.540
141	655	2.537
142	656	2.468
143	657	1.478
144	658	4.250
145	659	1.043
146	661	1.340
147	662	0.369
148	663	0.102
149	664	3.321
150	665	1.851
151	666	0.328
152	667	0.222
153	668	9.698
154	669	2.259
155	670	3.122
156	671	0.547
157	672	0.112
158	673	0.179
159	674	22.401
160	675	3.604
161	676	4.981
162	677	4.737
163	678	18.798
164	679	0.117
165	681	114.216
166	696	91.015
167	697	49.335
168	698	0.052
169	699	84.812
170	700	2.273
171	701	1.886
172	702	10.612
173	703	392.577
174	704	20.402
175	705	44.004
176	707	0.130
177	708	0.224
178	709	1.941
179	710	72.760
180	711	9.557
181	712	588.459
182	713	7.518
183	714	8.772

S#	DP #	Amount
184	726	1.275
185	729	3.024
186	737	0.384
187	739	2.982
188	740	0.263
189	814	0.081

UD-Wing MDA

(Rs in million)

S#	DP #	Amount
1	212	45.000
2	217	1.074
3	220	1.455
4	222	3.642
5	223	2.210
6	228	5.292
7	229	8.838
8	230	311.72
9	233	5.852
10	236	0.630
11	237	23.723
12	239	0.155
13	240	0.953
14	244	2.467
15	245	-
16	246	0.989
17	247	0.497
18	253	0.192
19	256	14.580
20	262	-
21	264	-
22	303	0.500
23	308	-
24	381	-
25	383	3.777

WASA LDA

(Rs in million)

S#	DP #	Amount
1	1	1.850
2	5	2,620.690
3	11	200.682
4	15	4.834
5	16	1.082
6	25	18.381
7	26	55.088
8	27	25.647
9	28	10.204
10	30	0.091
11	31	102.041
12	34	0.995
13	36	26.707
14	37	5.102
15	41	27.799
16	42	2.178
17	59	31.565
18	66	0.197
19	70	136.806
20	71	0.868
21	447	1.190
22	449	0.736
23	451	1.506
24	452	0.429
25	458	8.068
26	459	26.272
27	463	2.124
28	464	0.383
29	467	2.324
30	478	89.551
31	479	23.557
32	480	7.418
33	483	2.000
34	484	3.070
35	486	1.531
36	487	-
37	488	31.927
38	491	0.393
39	493	0.768
40	494	2.560
41	495	1.149
42	496	0.151
43	498	173.166
44	499	-
45	500	154.000
46	501	20.000

PHATA

(Rs in million)

S#	DP #	Amount
1	2	0.345
2	3	0.300
3	4	1.965
4	7	2.538
5	8	26.671
6	10	0.792
7	11	-
8	12	5.096
9	13	1.265
10	16	0.524
11	17	1.167
12	20	0.664
13	21	0.398

PHE

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	1	0.034	44	100	0.088	87	220	12.450
2	5	0.387	45	101	0.088	88	223	0.025
3	8	0.033	46	102	0.122	89	238	0.187
4	10	3.617	47	103	0.141	90	239	1.524
5	11	2.643	48	104	0.050	91	240	0.333
6	12	0.102	49	105	2.226	92	241	40.425
7	13	0.315	50	106	0.279	93	244	0.783
8	14	2.875	51	107	0.307	94	246	5.167
9	18	24.736	52	109	0.318	95	249	1.368
10	24	0.117	53	110	1.828	96	251	0.782
11	27	5.029	54	111	0.079	97	253	-
12	28	5.111	55	113	17.674	98	254	0.200
13	32	5.018	56	114	0.919	99	256	0.096
14	35	0.085	57	116	2.346	100	258	0.070
15	36	0.563	58	118	3.097	101	262	0.074
16	38	6.630	59	122	16.695	102	263	0.073
17	39	0.199	60	125	20.197	103	265	0.140
18	40	0.263	61	129	8.989	104	266	0.218
19	43	0.607	62	132	4.502	105	270	0.108
20	46	8.937	63	134	0.900	106	272	0.108
21	48	3.723	64	136	3.352	107	273	0.152
22	50	59.803	65	149	15.579	108	278	2.016
23	52	11.841	66	157	3.235	109	279	0.515
24	53	2.337	67	161	2.906	110	280	0.397
25	56	2.535	68	163	1.003	111	282	27.737
26	59	2.413	69	164	2.135	112	284	29.314
27	61	0.665	70	167	0.151	113	287	35.623
28	63	219.467	71	170	154.103	114	290	1.824
29	64	2.721	72	172	1.698	115	291	5.449
30	68	0.143	73	179	0.657	116	292	3.155
31	69	2.927	74	180	1.084	117	294	2.281
32	70	14.176	75	182	34.552	118	295	11.266
33	73	0.105	76	183	0.600	119	296	3.822
34	80	7.522	77	186	170.060	120	297	5.198
35	83	1.726	78	187	137.315	121	298	19.780
36	84	5.241	79	189	-	122	299	39.457
37	85	0.438	80	194	0.337	123	301	229.407
38	86	0.413	81	197	13.924	124	302	2.103
39	88	0.963	82	204	1.775	125	304	6.784
40	89	12.686	83	205	0.364	126	308	13.286
41	90	2.706	84	207	0.639	127	309	4.500
42	94	0.650	85	209	3.251	128	311	3.191
43	98	0.993	86	212	1.508	129	313	3.360

S#	DP #	Amount
130	314	27.936
131	315	45.008
132	323	65.963
133	328	2.053
134	330	45.676
135	331	5.203
136	332	1.409
137	334	3.548
138	335	2.224
139	336	246.059
140	338	53.177
141	339	22.744
142	340	22.955
143	341	10.840
144	342	2.767
145	343	4.450
146	344	2.242
147	345	98.424
148	346	43.272
149	347	16.236
150	348	1.843
151	349	1.692

S#	DP #	Amount
152	350	6.598
153	351	1.261
154	352	1.054
155	353	0.707
156	354	0.735
157	355	0.619
158	356	0.209
159	357	12.183
160	358	2.354
161	359	2.650
162	360	1.118
163	361	0.693
164	362	0.644
165	363	38.929
166	364	0.437
167	365	2.773
168	366	11.411
169	367	17.605
170	368	0.654
171	369	0.634
172	370	1.820
173	371	0.272

S#	DP #	Amount
174	372	5.764
175	373	0.168
176	374	38.929
177	375	0.053
178	376	0.158
179	377	0.203
180	378	11.287
181	379	3.366
182	380	8.653
183	381	0.100
184	382	26.763
185	383	2.542
186	384	8.630
187	385	14.355
188	386	6.100
189	387	4.500
190	388	6.948
191	399	-
192	400	-
193	406	-

Annex-A/3: Irrigation

(Rs in million)

S#	DP #	Amount
1	7	1.399
2	8	0.231
3	10	1.147
4	13	22.820
5	15	3.030
6	17	4.089
7	18	1.650
8	21	0.163
9	22	21.760
10	26	2.275
11	27	1.232
12	31	13.877
13	32	0.839
14	33	1.739
15	34	7.219
16	35	3.240
17	36	1.884
18	38	433.158

S#	DP #	Amount
19	39	10.000
20	40	280.241
21	41	4.828
22	42	-
23	44	0.090
24	48	39.779
25	50	40.900
26	52	145.601
27	53	4.160
28	55	54.266
29	56	1.761
30	60	0.966
31	61	138.080
32	64	1.637
33	65	0.511
34	66	1.305
35	70	0.611
36	71	1.521

S#	DP #	Amount
37	73	1.649
38	74	1.324
39	75	5.704
40	76	0.814
41	77	1.191
42	78	1.339
43	79	20.395
44	80	36.368
45	82	19.470
46	83	70.991
47	85	24.900
48	87	9.102
49	89	8.590
50	90	240.890
51	92	5.528
52	93	6.625
53	94	1.863
54	95	3.634

S#	DP #	Amount
55	96	1.960
56	97	1.925
57	98	89.441
58	99	1.630
59	100	32.487
60	101	14.787
61	102	150.000
62	103	3.025
63	104	5.928
64	105	0.867
65	106	1.169
66	108	1.960
67	109	10.138
68	111	48.904
69	112	20.041
70	113	17.721
71	114	6.670
72	115	0.824
73	117	0.279
74	118	7.749
75	119	7.724
76	120	0.532
77	121	1.893
78	122	49.762
79	123	3.487
80	126	0.114
81	127	29.675
82	132	1.157
83	134	5.159
84	135	271.115
85	136	0.250
86	139	350.650
87	140	22.440
88	142	2.271
89	143	284.161
90	146	305.150
91	147	83.180
92	148	114.227
93	149	304.867
94	150	1.643
95	151	58.170
96	154	28.684
97	155	21.541
98	157	2.223
99	159	66.000

S#	DP #	Amount
100	160	45.816
101	161	-
102	162	3.249
103	163	0.030
104	164	5.257
105	165	0.420
106	166	2.684
107	168	2.987
108	169	0.231
109	171	78.635
110	172	2.882
111	173	4.853
112	174	254.472
113	175	60.022
114	176	2.448
115	177	9.053
116	178	0.641
117	180	65.990
118	181	12.441
119	182	1.055
120	184	8.581
121	185	0.411
122	186	0.336
123	187	0.195
124	190	4.827
125	191	0.151
126	194	0.213
127	196	0.203
128	197	0.194
129	198	0.214
130	200	0.078
131	201	0.340
132	202	0.080
133	204	-
134	208	0.104
135	209	-
136	213	2.125
137	215	0.080
138	216	0.258
139	219	-
140	222	1.872
141	223	0.141
142	224	0.203
143	227	0.100
144	228	0.023

S#	DP #	Amount
145	229	0.203
146	230	0.026
147	231	2.217
148	232	1.235
149	233	90.750
150	235	42.198
151	236	-
152	237	0.045
153	238	0.034
154	239	0.061
155	240	0.212
156	241	0.484
157	242	0.595
158	243	1.782
159	244	0.183
160	245	0.178
161	246	1.942
162	247	9.701
163	248	3.123
164	252	0.559
165	253	16.131
166	254	1.807
167	255	0.318
168	256	0.332
169	257	1.739
170	258	0.636
171	259	0.510
172	260	7.637
173	261	5.435
174	263	1.180
175	264	1.193
176	265	1.653
177	266	0.287
178	269	2.338
179	271	195.281
180	272	30.275
181	273	0.231
182	274	0.543
183	275	195.281
184	276	0.696
185	277	13.381
186	278	0.465
187	279	30.714
188	282	0.452
189	283	0.511

S#	DP #	Amount
190	284	2.324
191	287	0.606
192	288	66.223
193	291	8.511
194	292	4.664
195	293	104.974
196	295	0.399
197	296	11.096
198	297	13.002
199	298	7.007
200	299	20.680
201	303	3.138
202	304	2.463
203	307	0.849
204	308	0.175
205	309	1.344
206	312	1.400
207	313	0.758
208	314	17.941
209	315	0.947
210	317	32.050
211	318	22.578
212	321	16.199
213	322	0.725
214	323	9.056
215	324	1.744
216	325	1.058
217	327	0.702
218	328	11.381
219	329	21.935
220	330	3.361
221	2	13.033
222	5	0.340
223	8	1.114
224	9	1.022
225	10	0.685
226	15	1.346
227	16	30.686
228	17	2.647
229	18	7.203
230	20	123.648
231	22	0.177
232	25	0.070
233	26	1.470
234	27	85.874

S#	DP #	Amount
235	28	0.969
236	29	0.627
237	30	4.265
238	31	0.085
239	32	0.064
240	33	0.192
241	34	-
242	35	0.709
243	37	5.099
244	38	66.152
245	39	7.423
246	40	0.029
247	43	1.591
248	44	0.145
249	45	0.169
250	47	64.101
251	48	663.337
252	50	0.550
253	53	0.125
254	54	23.634
255	55	0.279
256	57	0.547
257	58	0.660
258	59	0.125
259	60	0.898
260	61	8.755
261	62	0.095
262	64	4.180
263	66	0.458
264	67	0.239
265	68	0.079
266	69	3.039
267	70	0.883
268	71	1.328
269	72	64.101
270	73	2.940
271	74	3.120
272	75	2.172
273	77	8.177
274	78	1.204
275	79	0.140
276	80	0.483
277	81	1.129
278	82	1.182
279	85	21.301

S#	DP #	Amount
280	86	66.794
281	88	1.858
282	89	11.808
283	90	4.313
284	92	6.804
285	93	0.760
286	94	1.024
287	99	1,028.250
288	104	1,245.088
289	105	0.600
290	106	32.617
291	107	29.187
292	110	-
293	111	0.180
294	112	-
295	117	12.329
296	118	1.443
297	119	41.915
298	120	-
299	121	8.453
300	122	9.206
301	123	0.206
302	124	2.518
303	125	0.363
304	126	2.461
305	127	-
306	128	41.910
307	129	1.202
308	130	7.000
309	131	1.040
310	132	0.564
311	133	27.000
312	134	0.990
313	135	97.827
314	136	4.442
315	137	2.328
316	138	80.480
317	139	4.900
318	140	2.500
319	141	0.123
320	142	11.600
321	143	1.364
322	144	76.236
323	145	1.850
324	146	0.995

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
325	147	23.369	328	150	2.555	331	153	-
326	148	-	329	151	1.182	332	154	0.232
327	149	21.169	330	152	14.386	333	155	-

Annex-A/4: LG&CD

LG&CD

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	2	0.118	36	85	8.745	71	67	13.605
2	3	4.811	37	86	195.253	72	69	-
3	4	0.044	38	88	-	73	70	-
4	6	0.261	39	89	0.163	74	71	-
5	9	0.391	40	90	0.664	75	72	-
6	10	0.598	41	92	0.031	76	73	0.070
7	17	1.444	42	93	0.619	77	74	-
8	18	2.957	43	94	11.310	78	83	0.158
9	19	2.165	44	95	6.913	79	89	47.572
10	23	0.148	45	98	1.083	80	90	6.474
11	24	0.455	46	99	0.111	81	91	1.116
12	28	273.605	47	100	3.227	82	96	-
13	33	0.228	48	102	0.554	83	98	0.190
14	34	0.160	49	103	0.317	84	99	-
15	43	0.396	50	105	0.366	85	100	-
16	45	0.346	51	106	0.530	86	101	-
17	46	71.176	52	107	1.230	87	102	0.303
18	49	28.282	53	112	1.386	88	103	0.782
19	51	3.625	54	1	0.225	89	105	-
20	53	0.191	55	2	-	90	107	0.471
21	54	39.681	56	3	-	91	108	-
22	55	0.154	57	4	-	92	109	-
23	56	65.329	58	6	0.225	93	110	0.191
24	59	111.799	59	7	0.792	94	113	-
25	63	28.133	60	27	0.103	95	114	-
26	66	0.059	61	28	0.551	96	117	-
27	71	0.637	62	48	0.194	97	118	0.060
28	73	0.282	63	52	0.301	98	119	0.060
29	74	0.443	64	53	0.468	99	122	-
30	76	0.687	65	54	0.379	100	123	-
31	77	1.608	66	55	0.099	101	124	0.035
32	80	0.601	67	57	0.179	102	125	-
33	81	0.500	68	58	27.027	103	126	-
34	82	0.598	69	62	0.104	104	127	-
35	84	0.120	70	64	4.356	105	129	-

S#	DP #	Amount
106	130	-
107	131	-
108	132	-
109	133	105.490

S#	DP #	Amount
110	134	1.021
111	138	1.021
112	141	177.639
113	144	11.577

S#	DP #	Amount
114	145	0.462
115	147	17.938
116	149	6.480
117	150	6.161

WCLA

(Rs in million)

S#	DP #	Amount
1	8	-
2	10	1.361
3	11	1.328
4	12	1.457

S#	DP #	Amount
5	13	5.554
6	14	26.063
7	16	5.949
8	17	14.070

S#	DP #	Amount
9	18	24.626
10	20	3.238
11	23	1.502
12	24	1.555

Annex-A/5: Punjab Daanish Schools & Centre of Excellence Authority

(Rs in million)

S#	DP #	Amount
1	1	153.199
2	2	116.820
3	4	0.478
4	5	0.777
5	8	17.926
6	10	10.670
7	12	387.906
8	13	7.814
9	14	40.782

S#	DP #	Amount
10	15	127.033
11	16	18.066
12	21	9.690
13	23	375.770
14	25	18.270
15	26	71.236
16	27	103.876
17	35	0.276
18	36	14.479

S#	DP #	Amount
19	37	94.615
20	39	1.770
21	43	81.823
22	45	1.750
23	48	0.902
24	50	0.281
25	53	4.866
26	54	1.300
27	55	2.902

Annex-A/6: Energy

PEECA

(Rs in million)

S#	DP #	Amount
1	2	-
2	4	0.033
3	6	0.404
4	8	0.501
5	9	0.875
6	10	2.365
7	11	8.641

S#	DP #	Amount
8	12	1.393
9	13	2.270
10	14	0.922
11	15	0.969
12	19	1.955
13	21	59.163
14	25	69.568

S#	DP #	Amount
15	27	-
16	30	-
17	31	1.800
18	33	0.398
19	34	0.582

Annex-A/7: Punjab Masstransit Authority

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	1	8.504	10	21	1.170	19	36	1.733
2	2	0.187	11	24	914.400	20	37	5.203
3	7	-	12	26	7.625	21	39	0.063
4	8	534.887	13	28	44.105	22	40	12.706
5	9	2.375	14	29	447.143	23	41	17.263
6	11	27.855	15	30	9.435	24	42	32.970
7	12	6.751	16	32	19.792	25	43	9,448.36
8	13	4.000	17	34	78.773	26	45	-
9	20	1,923.0	18	35	4.194			

Annex-A/8: Infrastructure Development Authority Punjab

(Rs in million)

S#	DP #	Amount	S#	DP #	Amount	S#	DP #	Amount
1	1	1.417	4	8	69.984	7	15	1.290
2	3	0.182	5	9	2.802	8	16	22.432
3	4	1.291	6	11	0.214	9	18	-

ANNEXES I to XXXI

Annex-I

Para 2.4.1.1
Overpayment due to higher rate of non-standardised items – Rs 62.382 million

(Amount in Rs)

Sr No.	DP No.	Name of Divisions	Name of Items	Reasons for higher rates	Amount	SDAC Directive
1	644 (2022-23)	BD No 4 Lahore	RCC bored pile 24 inch dia etc	Excavator, batching plants and transit mixers were not used.	20,717,923	Refer the case to FD.
2	645 (2022-23)	BD No 4 Lahore	RCC bored pile 24 inch dia etc	Excavator, batching plants and transit mixers were not used.	9,746,793	Refer the case to FD.
3	483 (2022-23)	BD Nankana	P/F Solid wood door and chowkats	Extra wastage on wood and higher material rates.	22,038,271	Refer the case to FD.
4	304 (2022-23)	BD DG Khan	Excavation in foundations of buildings etc.	Manual labour was used instead of excavator	3,177,857	Refer the case to FD.
5	482 (2022-23)	BD Nankana	P/L PVC-U Pipe	5% instead of 2% wastage.	1,908,211	Refer the case to FD.
6	403 (2022-23)	BD Sheikhupura	P/F 1- ½” thick solid flush door 2.5mm ply etc.	Extra wastage on wood and higher material rates.	338,331	Refer the case to FD.
7	105 (2021-22)	BD Kasur	P/L structural pad	Extra loose factor on sand	215,003	Pending for actual recovery
8	150 (2021-22)	BD Sialkot	P/L structural pad	Extra loose factor on sand	153,643	Pending for actual recovery
9	305 (2022-23)	BD DG Khan	P/L structural pad	Extra loose factor on sand	629,278	Pending for actual recovery
10	405 (2022-23)	BD No. 01 Multan	P/L structural pad	Extra loose factor on sand	307,016	Pending for actual recovery
11	311 (2022-23)	BD DG Khan	P/L Khaprail tiles on slab of roof		337,081	Pending for actual recovery
12	352 (2022-23)	BD Sargodha	P/L tuff tile etc.		918,960	Pending for re-verification
13	371 (2022-23)	BD Sargodha	P/L structural pad etc.	allowing extra labour and loose factor on sand	1,893,434	Pending for re-verification
			P/L water proofing by applying bitumen sheet 3 mm thick etc.	as per MRS item No. 46(i) of Chapter-9(Roofing)		
			Car parking shed etc.	incorrect weight of M.S. Angle iron		
				Total	**62,381,801**	

Annex-II

Para 2.4.1.2

Overpayment beyond agreed percentage of contract cost – Rs 41.604 million

(Amount in Rs)

Sr No.	DP No.	Name of Divisions	Amount	SDAC Date	SDAC decision
1	138(2021-22)	BD No. 6 Lahore	2,494,610	27.06.2022	The Committee directed the department to effect recovery.
2	35(2021-22)	BD No. 6 Lahore	1,833,212	14.06.2022	The Committee directed the department to prepare financial weighted percentage statement on final bill and effect recovery, if any.
3	53(2021-22)	BD No. 6 Lahore	1,644,485	14.06.2022	The committee directed the department to prepare financial weighted percentage statement on final bill and effect recovery.
4	141(2021-22)	BD No. 6 Lahore	1,596,231	27.06.2022	The Committee directed the department to effect recovery and get it verified from Audit within 15 days.
5	145(2021-22)	BD No. 6 Lahore	1,566,530	27.06.2022	The Committee directed the department to effect recovery.
6	144(2021-22)	BD No. 6 Lahore	962,175	27.06.2022	The Committee directed the department to effect recovery.
7	34(2021-22)	BD No. 6 Lahore	834,518	14.06.2022	The Committee directed the department to prepare financial weighted percentage statement on final bill and effect recovery.
8	36(2021-22)	BD No. 6 Lahore	240,489	14.06.2022	The Committee directed the department to prepare financial weighted percentage statement on final bill and effect recovery.
9	52(2021-22)	BD No. 6 Lahore	259,596	14.06.2022	The Committee directed the department to prepare financial weighted percentage statement on final bill and effect recovery.
10	322(2022-23)	B.D Khushab	111,026	25.11.2022	The Committee directed the department to prepare financial statement and effect actual recovery within 07 days.
11	324(2022-23)	B.D Khushab	288,401	25.11.2022	The Committee directed the department to prepare financial statement and effect actual recovery within 07 days.
12	325(2022-23)	B.D Khushab	228,894	25.11.2022	The Committee directed the department to prepare financial statement and effect actual recovery within 07 days.
13	330(2022-23)	B.D Khushab	3,863,690	25.11.2022	The Committee directed the department to prepare financial statement and effect actual recovery within 07 days.
14	332(2022-23)	B.D Khushab	684,346	25.11.2022	The Committee directed the department to prepare financial statement and effect actual recovery within 07 days.
15	382(2022-23)	B.D Sheikhupura	6,173,259	06.12.2022	The Committee directed the department to get the final bill verified from Audit.
16	509(2022-23)	B.D No.4 Lahore	3,045,243	08.12.2022	The Committee directed the department to prepare financial statement and effect due recovery.
17	511(2022-23)	B.D No.4 Lahore	10,244,890	08.12.2022	The Committee directed the department to prepare financial statement and effect due recovery.

Sr No.	DP No.	Name of Divisions	Amount	SDAC Date	SDAC decision
18	370(2022-23)	B.D Sargodha	1,274,547	30.11.2022	The Committee directed the department to get verify execution of below rate items.
19	364(2022-23)	B.D Sargodha	4,257,421	30.11.2022	The Committee directed the department to effect recovery.
		Total	**41,603,563**		

Annex-III

Para 2.4.1.3
Overpayment due to higher rates than MRS template – Rs 29.057 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Directive
1	38(2021-22)	BD No. 06 Lahore	1,428,544	To effect recovery
2	99(2021-22)	BD No. 01 Faisalabad	1,035,416	Pending for re-verification
3	296(2022-23)	BD Lodhran	2,871,931	Pending for re-verification
4	427(2022-23)	BD No. 01 Multan	835,036	To effect recovery
5	485(2022-23)	BD Nankana Sahib	587,720	To effect recovery
6	471(2022-23)	BD No. 2, Multan	305,368	To effect recovery
7	497(2022-23)	BD Nankana Sahib	202,559	To effect recovery
8	498(2022-23)	BD Nankana Sahib	435,773	To effect recovery
9	327(2022-23)	BD Khushab	400,294	To effect recovery
10	232(2021-22)	BD Narowal	223,998	To effect recovery
11	505(2022-23)	4th BD Lahore	1,290,000	The Committee directed the department to address the anomaly as pointed out by Audit
12	515(2022-23)	4th BD Lahore	4,473,000	Pending for FD clarification
13	577(2022-23)	5th BD Lahore	4,898,295	The Committee directed the department to address the anomaly as pointed out by Audit
14	579(2022-23)	5th BD Lahore	4,511,572	The Committee directed the department to address the anomaly as pointed out by Audit
15	580(2022-23)	5th BD Lahore	2,349,039	Pending for FD clarification
16	581(2022-23)	5th BD Lahore	2,538,703	Pending for FD clarification
17	587(2022-23)	5th BD Lahore	418,942	The Committee directed the department to address the anomaly as pointed out by Audit
18	588(2022-23)	5th BD Lahore	250,409	Pending for FD clarification
		Total	**29,056,599**	

Annex-IV

Para 2.4.1.4

Overpayment due to non-utilization of excavated earth – Rs 25.389 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Dated	SDAC Decision
1	16(2021-22)	BD No. 3 Lahore	3,147,971	14.06.2022	The Committee directed the department to effect the recovery/adjustment of available earth at the earliest and get it verified from Audit. The para was kept pending for want of recovery.
2	39(2021-22)	BD No. 6 Lahore	1,508,683	14.06.2022	The Committee kept the para pending for re-verification of record entry within 07 days, otherwise to effect recovery.
3	58(2021-22)	BD No. 1 Faisalabad	4,429,286	14.06.2022	The Committee reduced the para to the extent of 03 works and kept the para pending for re-verification of record within 15 days.
4	59(2021-22)	BD No. 1 Faisalabad	1,028,455	14.06.2022	The Committee reduced the para to the extent of 03 works and kept the para pending for re-verification of record within 15 days.
5	127(2021-22)	BD No. 2 Multan	1,702,904	27.06.2022	Audit argued that TS estimate and final bill are required in two cases, earthwork statement was required in other case. The committee directed the department to verify the record within 15 days
6	135(2021-22)	BD No. 6 Lahore	2,718,907	27.06.2022	The Committee pended the para for reduction of amount up to 8.5 feet excavation as organic material and effect the actual recovery from contractor. The para was kept pending for want of actual recovery.
7	159(2021-22)	BD Sialkot	1,734,424	27.06.2022	Committee directed the department to move a reference to Superintendent Engineer for investigation and fix responsibility against concerned staff who did not produce MBs during Audit as well as on verification within 15 days.
8	230(2021-22)	BD Narowal	73,273	28.06.2022	The Committee directed the department to effect recovery within 07 days. Para was kept pending for recovery.
9	272(2021-22)	BD No. 2 Gujranwala	86,984	27.06.2022	The Committee kept the para pending for verification of record entries.
10	404(2022-23)	B.D No.I Multan	4,350,016	06.12.2022	The Committee kept the para pending for adjustment/recovery of available earth.
11	516(2022-23)	B.D No.4 Lahore	927,355	08.12.2022	The department admitted to effect recovery. The Committee kept the para pending for recovery within 07 days.
12	533(2022-23)	B.D No.I Rawalpindi	156,043	09.12.2022	The Committee kept the para pending for recovery and get it verified from Audit within 07 days.
13	561(2022-23)	B.D Pakpattan	3,004,354	08.12.2022	The Committee kept the para pending for re-verification within 07 days.
14	568(2022-23)	B.D Pakpatan	356,812	08.12.2022	The Committee reduced the para directed the department to effect balance recovery of Rs 356,812. Para was kept pending for balance recovery.
15	583(2022-23)	B.D No.5 Lahore	163,282	08.12.2022	The Committee kept the para pending for recovery within 07 days.
		Total	**25,388,749**		

Annex-V

Para 2.4.1.5
Overpayment due to excess lead – Rs 9.311 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Name of Items	Lead paid (in Km)	Lead to be paid (in Km)	Amount
1	496(2022-23)	B.D Nankana	Providing and laying RCC	137	120	247,791
2	501(2022-23)	B.D N0.04 Lahore	Providing and laying RCC PCC	210	186	5,309,062
3	575(2022-23)	B.D N0.05 Lahore	Providing and laying RCC work 1:1.5:3	210	186	339,671
4	576(2022-23)	B.D N0.05 Lahore	reinforced cement concrete" and "plain cement concrete	210	186	1,193,000
5	578(2022-23)	B.D NO.05 Lahore	reinforced cement concrete" and "plain cement concrete	210	186	1,245,138
6	585(2022-23)	B.D NO.05 Lahore	reinforced cement concrete" and "plain cement concrete	210	186	486,566
7	594(2022-23)	B.D NO.05 Lahore	reinforced cement concrete" and "plain cement concrete	210	186	226,549
8	235(2021-22)	B.D Narowal	Sub Base	185	171	263,601
					Total	**9,311,378**

Annex-VI

Para 2.4.1.10

Non-recovery due to use of substandard bricks – Rs 45.487 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	Date of SDAC	SDAC Decision
1	17(2021-22)	BD No. 3 Lahore	26,031,502	14.06.2022	Pending for actual recovery.
2	84(2021-22)	BD No. 2 Multan	4,912,492	14.06.2022	Pending for re-visit of lab test reports.
3	166(2021-22)	BD Sialkot	5,752,665	27.06.2022	Pending for verification of lab test report of bricks within 15 days.
4	267(2021-22)	BD No. 2 Faisalabad	591,553	27.06.2022	Pending for re-verification of lab test report within 07 days, otherwise to effect recovery.
5	289(2022-23)	B.D Lodhran	3,400,381	25.11.2022	Pending for provision of lab test reports within 07 days.
6	358(2022-23)	BD Sargodha	2370715	30.11.2022	Pending for re-visit of lab test reports.
7	436(2022-23)	BD No. 1 Multan	2147450	06.12.2022	Pending for actual recovery.
8	460(2022-23)	BD No. 2 Multan	280,692	06.12.2022	Pending for actual recovery of Rs 280,692 within 7 days.
		Total	**45,487,450**		

Annex-VII

Para 2.4.1.11
Less recovery of dismantled material than TS estimate – Rs 12.904 million

(Amount in Rs)

S. No.	DP No.	Name of Divisions	Amount	SDAC Date	SDAC Decision
1	42(2021-22)	BD No. 6 Lahore	350,525	14.06.2022	The Committee kept the para pending for verification of provision of wastage in other similar item of MRS within 07 days and to effect recovery, if any.
2	43(2021-22)	BD No. 6 Lahore	214,716	14.06.2022	The Committee directed the department to effect recovery @ 4 pounds per cft on quantity of dismantling of RCC slab amounting to Rs 214,716. Para was kept pending for recovery.
3	50(2021-22)	BD No. 6 Lahore	252,208	14.06.2022	The Committee kept the para pending for re-verification of final bill.
4	86(2021-22)	BD No. 1 Faisalabad	822,596	14.06.2022	The Committee kept the para pending for re-verification of record within 15 days.
5	133(2021-22)	BD No. 6 Lahore	414,935	18.07.2022	The Committee directed the department to get the revised TS estimate verified from Audit within 15 days. The para was kept pending
6	165(2021-22)	BD Sialkot	2,308,530	18.07.2022	The Committee kept the para pending for verification of recovery of old material within 15 days.
7	326(2022-23)	B.D Khushab	127,526	25.11.2022	The Committee kept the para pending for balance recovery.
8	391(2022-23)	B.D Sheikhupura	294,794	06.12.2022	The Committee directed the department to effect recovery of Rs 294,794 and get it verified from audit within 15 days. Para was kept pending till verification of recovery.
9	408(2022-23)	B.D No.I Multan	907,646	07.12.2022	The para was kept pending for recovery.
10	434(2022-23)	B.D No.I Multan	6,278,221	08.12.2022	The Committee kept the para pending for recovery.
11	630(2022-23)	B.D No.I Bahawalpur	190,114	09.12.2022	The Committee kept the para pending for effecting recovery.
12	535(2022-23)	BD No. 1 Rawalpindi	741,734	09.12.2022	The Committee kept the para pending for recovery and get it verified from Audit within 07 days.
		Total	**12,903,545**		

Annex-VIII

Para 2.4.1.15
Irregular payment of price variation beyond provision in TS estimate – Rs 50.347 million

(Amount in Rs)

Sr No.	DP No.	Name of Divisions	Prov. of contingency	Price variation paid	Irregular payment	Date of SDAC	SDAC Decision
1	04 (2021-22)	BD No. 3 Lahore	16,313,751	32,289,902	15,976,151	14.06.2022	Verification of the revised TS estimates and price variation statements from Audit within 07 days.
2	112 (2021-22)	BD Kasur	8,414,533	24,281,192	15,866,659	14.06.2022	Verification of record.
3	174 (2021-22)	BD Rahim Yar Khan	7,584,222	12,869,108	5,284,886	28.06.2022	To effect the recovery alongwith interest from contractor within 15 days.
4	175 (2021-22)	BD Rahim Yar Khan	4,091,438	10,837,210	6,745,772	28.06.2022	-do-
5	205 (30) (2021-22))	BD Okara	4,592,851	6,922,522	2,329,671	28.06.2022	Verification of revised TS estimate.
6	233 (15) (2021-22)	BD Narowal	5,350,749	5,580,893	230,144	28.06.2022	Re-conciliation of price variation/recovery with Audit within 07 days.
7	320 (2022-23)	BD DG Khan	12,899,682	16,813,468	3,913,786	25.11.2022	Verification of revised TS estimate.
		Total			**50,347,069**		

Annex-IX

Para 2.4.1.20
Irregular payments due to execution of excess quantities without prior approval – Rs 564.329 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Date	SDAC Directives
1	01 (2021-22)	BD No. 3 Lahore	9,458,240	14.06.2022	The Committee kept the para pending till verification of revised TS estimate and enhancement of agreement within 30 days from Audit otherwise disciplinary action will be initiated against delinquents.
2	21 (2021-22)	BD No. 3 Lahore	308,526,039	14.06.2022	The Committee kept the para pending for re-verification of complete record from Audit within 15 days besides regularised the matter from Finance Department regarding excess payment more than 20 % than agreement of four works.
3	201 (11&13) (2021-22)	BD Okara	20,315,980	28.06.2022	Committee kept the para pending for verification of record.
4	268 (2021-22)	BD No. 02 Faisalabad	24,537,000	27.06.2022	committee directed the department to get the explanation/justification by Director P&D, CWD for revision in design of RCC column within 15 days.
5	148 (2021-22)	BD Sialkot	11,836,521	27.06.2022	The Committee kept the para pending for revision of TSE by CE and get it verified from Audit at the earliest.
6	169 (2021-22)	BD Sialkot	11,236,224	09.12.2022	The Committee directed the department to produce the enhance of agreement and RTSE.
7	237 (2021-22)	BD Narowal	9,914,556	28.06.2022	The committee directed the department to effect actual recovery in sub para 7,37 & 40 and produced the record for reverification 19 & 25
8	257 (2021-22)	BD No. 02 Gujranwala	8,365,319	27.06.2022	The Committee kept the para pending for verification of record entries of RCC and steel.
9	199(10) (2021-22)	BD Okara	3,410,262	23.06.2022	Committee kept the para pending for verification of RTSE.
10	83 (2021-22)	BD No. 2 Multan	4,212,416	27.06.2022	The Committee kept the para pending for provision of RTSE.
11	259 (2021-22)	BD No. 2 Gujranwala	3,543,231	28.06.2022	The Committee kept the para pending for RTSE by CE and its verification at the earliest.
12	177 (2021-22)	BD Rahim Yar Khan	2,907,464	27.06.2022	The Committee directed the department to get the matter probed by SE, BC, 14.06.2022Multan besides recovery from the contractor alongwith interest within 15 days. Para was kept pending for probe report
13	255 (2021-22)	BD No. 02 Gujranwala	2,475,039	28.06.2022	The Committee kept the para pending for RTSE by CE concerned.
14	77(35) (2021-22)	BD No. 2 Multan	1,608,640	06.12.2022	The Committee kept the para pending for RTSE

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Date	SDAC Directives
15	236 (2021-22)	BD Narowal	353,997	06.12.2022	The Committee directed the department to effect recovery within 07 days. The para was kept pending for recovery.
16	437 (2022-23)	B.D No.I Multan	63135339	06.12.2022	The Committee kept the para pending for RTSE.
17	459 (2022-23)	B.D No.II Multan	6572599	06.12.2022	The Committee kept the para pending for revised TSE by CE at the earliest.
18	475 (2022-23)	B.D Nankana	608148	06.12.2022	The Committee kept the para pending for approval of RTSE by CE concerned at the earliest.
19	500 (2022-23)	B.D Nankana	6843530	06.12.2022	The Committee directed the department to get the above mentioned record verified from Audit within 7 days. Para was kept pending.
20	528 (2022-23)	B.D No.I Rawalpindi	8891678	08.12.2022	The Committee kept the para pending for verification of variation order and RTSE within 07 days.
21	626 (13) (2022-23)	B.D No.I Bahawalpur	5171397	09.12.2022	The Committee kept pending this sub para for provision of RTSE.
22	386 (2022-23)	B.D Sheikhupura	11537504	06.12.2022	The Committee directed the department to get the above mentioned record verified from Audit within 7 days. Para was kept pending.
23	410 (2022-23)	B.D No.I Multan	31562053	06.12.2022	The Committee kept the para pending for want of revised TSE.
24	444 (2022-23)	B.D No.I Multan	7305552	06.12.2022	The Committee kept the para pending for RTSE.
		Total	**564,328,728**		

Annex-X

Para 2.4.2.1.1

Overpayment due to application of uneconomical items – Rs 129.483 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	Remarks
1	197 (2022-23)	HD, Gujrat	119,616,510	SDAC directed the department to work out the rate according to FD template.
2	229 (2022-23)	HD, Taunsa	6,842,564	PAC may resolve the disagreement between the Committee and Audit
3	359 (2022-23)	HD, D.G. Khan	1,788,606	PAC may resolve the disagreement between the Committee and Audit
4	238 (2022-23)	HD, Taunsa	510,114	PAC may resolve the disagreement between the Committee and Audit
5	242 (2022-23)	HD, Taunsa	154,516	PAC may resolve the disagreement between the Committee and Audit
6	116 (2021-22)	HD, Faisalabad	416,856	Pending for record verification
7	155 (2021-22)	HD, Okara	153,688	SDAC directed to effect actual recovery
		Total	**129,482,854**	

Annex-XI

Para 2.4.2.2

Overpayment due to non-utilization of excavated earth – Rs 37.232 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Over-payment	Effected recovery	Balance Amount	Remarks
1	181 (2022-23)	HD, Hafizabad	17,754,668	-	17,754,668	Admitted recovery
2	131 (2021-22)	HD, Faisalabad	3,802,000	-	3,802,000	Committee directed for Re verification of record
3	342 (2022-23)	HD, Multan	7,944,471	354,454	3,612,000	Reduced to Rs 3,612,000 and directed to effect recovery

4	69 (2021-22)	HD, Okara	2,983,722	-	2,983,722	Committee directed for Re verification of record
5	539 (2022-23)	HD, Chakwal	2,841,490	-	2,841,490	Committee directed to Re verification of record
6	122 (2021-22)	HD, Faisalabad	2,476,000	-	2,476,000	Committee directed for Re verification of record
7	405 (2022-23)	HD, Sargodha	2,042,700	-	2,042,700	Directed to effect recovery
8	578 (2022-23)	HD, Mianwali	661,988	-	661,988	Directed to effect recovery
9	272 (2022-23)	HD, Bhakkar	577,690	57,141	520,549	Reduced to Rs 520,549
10	109 (2021-22)	HD, Faisalabad	368,161	-	368,161	Committee directed for Re verification of record
11	153 (2021-22)	HD, Okara	168,741	-	168,741	Committee directed for Reverification of record
		Total	**41,621,631**	**411,595**	**37,232,019**	

Annex-XII

Para 2.4.2.17
Less recovery of retrieved material – Rs 101.865 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount	Effect recovery	Balance amount	Remarks
1	437 (2022-23)	RCD, Gujranwala	25,832,558	-	25,832,558	Pending for recovery
2	344 (2022-23)	HD, Multan	38,655,640	18,910,694	19,744,946	Para reduced to Rs 19,744,946
3	332 (2022-23)	HD, Multan	10,545,639	-	10,545,639	Pending for adjustment of dismantled material
4	287 (2022-23)	HD, Gujranwala	10,323,085	-	10,323,085	Pending for recovery
5	452 (2022-23)	RCD, Gujranwala	8,309,722	-	8,309,722	Pending for recovery
6	203 (2022-23)	HD, Gujrat	10,476,404	2,724,722	7,751,682	Para reduced to Rs 7,751,682
7	374 (2022-23)	HD, D.G. Khan	3,420,480	-	3,420,480	Pending for recovery
8	235 (2022-23)	HD, Taunsa	3,249,090	-	3,249,090	Pending for recovery
9	421 (2022-23)	HD, Sargodha	4,191,095	1,204,754	2,986,341	Para reduced to Rs 2,986,341
10	133 (2021-22)	HD, Muzaffargarh	1,487,279	-	1,487,279	Not discussed due to non-production of record by the department
11	82 (2021-22)	HD, Okara	1,238,299	-	1,238,299	Recover the available material as per estimated
12	486 (2022-23)	HD, Pakpattan	1,977,135	-	1,977,135	Committee directed the department for reverification of record
13	328 (2022-23)	HD, Multan	1,094,510	-	1,094,510	Pending for recovery
14	262 (2022-23)	HD, Bhakkar	7,091,283	6,869,204	222,079	Para reduced to Rs 222,079
15	110 (2021-22)	HD, Faisalabad	745,395	-	745,395	Recovery admitted
16	123 (2021-22)	HD, Faisalabad	652,899	-	652,899	Recover the available material as per estimated
17	216 (2022-23)	HD, Gujrat	575,577	-	575,577	Pending for recovery
18	120 (2021-22)	HD, Faisalabad	549,400	-	549,400	Recovery admitted
19	127 (2021-22)	HD, Faisalabad	531,898	-	531,898	Recovery admitted
20	10 (2021-22)	HD, Attock	354,002	-	354,002	Recover the available material as per estimated

Sr. No.	DP No.	Name of Divisions	Amount	Effect recovery	Balance amount	Remarks
21	360 (2022-23)	HD, D.G. Khan	708,160	435,400	272,760	Para reduced to Rs 272,760 to effect recovery
		Total	**131,301,263**	**25,734,539**	**101,864,776**	

Annex-XIII

Para 2.4.2.19
Non-recovery due to use of sub-standard bricks – Rs 11.955 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Overpayment	Amount recovered	Balance Amount	Remarks
1	40 (2021-22)	RCD, Gujranwala	1,682,204	-	1,682,204	Committee directed the department to provide Lab Test Reports
2	268 (2022-23)	HD, Bhakkar	1,525,303	-	1,525,303	Pending for recovery
3	144 (2021-22)	HD, Muzaffargarh	1,524,711	-	1,524,711	Committee directed the department to provide Lab Test Reports
4	118 (2021-22)	HD, Faisalabad	857,522	-	857,522	Committee directed the department to provide Lab Test Reports
5	341 (2022-23)	HD, Multan	3,225,993	502,145	2,723,848	Reduced to Rs 2,723,848
6	124 (2021-22)	HD, Faisalabad	578,260	-	578,260	Committee directed the department to provide Lab Test Reports
7	329 (2022-23)	HD, Multan	3,442,363	600,779	2,841,584	Reduced to Rs 2,841,584
8	74 (2021-22)	HD, Okara	222,068	-	222,068	Admitted recovery
		Total	**13,058,424**	**1,102,924**	**11,955,500**	

Annex-XIV

Para 2.4.2.21
Less recovery of income tax – Rs 6.401 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Non-recovery	Partial recovery	Balance Amount	Remarks
1	206 (2022-23)	HD, Gujrat	2,614,365	775,008	1,839,357	Reduce to Rs 1,839,357
2	64 (2021-22)	HD, Okara	1,133,869	-	1,133,869	Admitted recovery
3	37 (2021-22)	RCD, Gujranwala	1,300,862	-	1,300,862	Committee directed the department to produce record for verification
4	119 (2021-22)	HD, Faisalabad	614,807	-	614,807	Committee directed the department to produce record for verification
5	66 (2021-22)	HD, Okara	608,034	-	608,034	Committee directed the department to produce record for verification
6	94 (2021-22)	HD, Lahore	515,399	-	515,399	Admitted recovery
7	91 (2021-22)	HD, Lahore	388,541	-	388,541	Admitted recovery
		Total	**7,175,877**	**775,008**	**6,400,869**	

Annex-XV

Para No.3.4.3.6
Irregular payment due to non-approval of rate analysis – Rs 11.288 million

(Amount in Rs)

Sr. No.	DP No.	Name of item	Quantity	Unit	Approved Rate	Amount
1	74 (2021-22)	P/F of Children Play items set	2	P set	750,000	1,500,000
		Repair of single slide	1	P job	240,000	240,000
		Painting on open gym items set	2	P job	16,500	33,000
		Repairing of double slide i/c cost of fiber slide and painting charges	2	P job	55,000	110,000
		Repairing/painting of single slide i/c cost of new fiber glass slide	2	P job	35,000	70,000

Sr. No.	DP No.	Name of item	Quantity	Unit	Approved Rate	Amount
		Repairing/painting of double slide	1	P job	35,000	35,000
2	76 (2021-22)	P/L of submersible pump	1	each	48,000	48,000
		P/F of street cage with angle iron MS sheet i/c locking arrangements	1	P job	8,400	8,400
		Lowering charges of pump with MS clump + MS plate etc. complete	1	P job	6,000	6,000
		P/F main penal board	1	each	12,500	12,500
		P/F water connection	3	each	1,600	4,800
		P/L of glazed tile as per design 2' x 2'	328.15	P sft	310	101,726
		S/E of inventor 1.50 ton Dawalance made i/c labour for fixing etc. complete	1	P job	89,400	89,400
3	77 (2021-22)	P/F of new steel fence	731.25	P sft	390	285,188
		Repair/Fixing of old steel fence	711.25	P sft	55	39,119
		P/F of pipe barriers	21	each	3,400	71,400
		P/F of Children Play items set	1	P set	338,100	338,100
4	78 (2021-22)	S/E of Aluminum fixture with HPIT Rod 400-watt different colour i/c choke, ignator (China made) complete in all respect	235	each	4,500	1,057,500
		P/F main penal board 24" x 36" i/c powder coated paint umbrella type. Main circuit breaker 100 Amp 3-pole 1-no. circuit breaker 64 Amp-Amp 2 pole-6No, indicator set, volt meter, bus bar etc complete in all respect	8	each	25,050	200,400
5	79 (2021-22)	S/E of LED Flood Light	59	each	43,440	2,562,960
		S/E of MS Square angle frame	10	each	24,500	245,000
		S/E of Concrete Pole 36' height	10	each	32,500	325,000
		P/F of main panel board	10	each	36,500	365,000
		Repairing/Painting of Single Slide i/c cost of new fiber Glass Slide	2	P job	35,000	70,000
		Repairing/painting of double slide	1	P job	35,000	35,000
6	82 (2021-22)	S/E of LED Flood Light	40	P job	19,800	792,000
		S/E of MS Square angle frame	6	P job	18,600	111,600
		S/E of Concrete Pole 36' height	6	each	32,500	195,000
		P/F of ornamental Aluminum die-casting double arm garden pole 9'	40	each	19,500	780,000
		S/E of sodium light	30	each	14,190	425,700
		Providing of new MS flag	2	each	85,566	171,132

Sr. No.	DP No.	Name of item	Quantity	Unit	Approved Rate	Amount
		P/F of main panel board	1	P job	60,840	60,840
		P/F MS angle iron	30	each	29,940	898,200
					Total	**11,287,965**

Annex-XVI

Para No.3.4.4.4
Mis-procurement/irregular payment due to violation of PPRA Rules – Rs 331.882 million

(Amount in Rs)

Sr. No.	DP No.	Procurement title	Amount
1	610 (2022-23)	Consultancy	172,517,159
2	605 (2022-23)	Social/digital media campaign	56,063,684
3	608 (2022-23)	Hiring of vehicles	24,050,532
4	597 (2022-23)	Laptop	18,509,327
5	591 (2022-23)	Hardware	18,509,327
6	594 (2022-23)	Printing and publication	17,500,598
7	596 (2022-23)	IT equipment	9,586,564
8	604 (2022-23)	Entertainment and gift	3,953,573
9	601 (2022-23)	Office stationery	3,790,433
10	600 (2022-23)	Hiring of vehicles	3,758,786
11	595 (2022-23)	Computer stationery	3,642,342
		Total	**331,882,325**

Annex-XVII

Para No. 3.4.6.5
Non-recovery of commercialization fee – Rs 165.325 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	289 (2021-22)	Dir TP MDA, Multan	55,506,965
2	309 (2021-22)		55,324,684
3	297 (2021-22)		26,723,973
4	294 (2021-22)		18,308,784
5	299 (2021-22)		3,814,390
6	301 (2021-22)		3,690,960
7	291 (2021-22)		1,955,322
		Total	**165,325,078**

Annex-XVIII

Para No. 3.4.6.7
Less recovery due to levy of incorrect land conversion fee – Rs 24.753 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	295 (2021-22)	Dir TP MDA, Multan	10,977,248
2	302 (2021-22)		6,416,000
3	311 (2021-22)		3,558,764
4	312 (2021-22)		2,758,400
5	306 (2021-22)		648,096
6	300 (2021-22)		394,108
		Total	**24,752,616**

Annex-XIX

Para No. 3.4.6.8
Non-recovery of fine and scrutiny fee – Rs 15.228 million

(Amount in Rs)

Sr. No.	DP No.	Name of Divisions	Amount
1	296(2021-22)	Dir TP MDA, Multan	8,782,420
2	310 (2021-22)		3,721,590
3	298 (2021-22)		837,420
4	304 (2021-22)		639,573
5	307 (2021-22)		498,600
6	290 (2021-22)		338,374
7	313 (2021-22)		266,637
8	292 (2021-22)		143,049
		Total	**15,227,663**

Annex-XX

Para 3.4.7.1
Less/non-recovery of outdoor advertisement fee – Rs 56.124 million

(Rs in million)

Sr. No.	DP No.	Name of Divisions	Amount
1	269 (2021-22)	Dir Marketing PHA, Multan	9.326
2	268 (2021-22)		6.616
3	285 (2021-22)		5.481
4	277 (2021-22)		5.086
5	281 (2021-22)		4.644
6	283 (2021-22)		3.799
7	270 (2021-22)		3.368
8	273 (2021-22)		2.516
9	282 (2021-22)		2.491
10	265 (2021-22)		2.354
11	274 (2021-22)		2.287
12	276 (2021-22)		2.083
13	279 (2021-22)		2.034
14	280 (2021-22)		1.634
15	284 (2021-22)		1.255
16	278 (2021-22)		1.150
		Total	**56.124**

Annex-XXI

Para No.3.4.11.1
Overpayment due to higher rates of non-standardised items – Rs 1.132 million

(Amount in Rs)

Sr. No.	DP No.	Name of item	Qty	Unit	Rate Paid	Rate Admi-ssible	Diff.	Amount
1	385 (2021-22)	P/L precast kerb stone (K-2) over 3/4" thick 1:4 bedding mortar over PCC 1:2:4 base complete in all respect	3550	rft	300	250	50	177,500
2	386 (2021-22)	P/F of sand stone on wall with 1:2 c/s mortar	1510	No.	161	128	33	49,830
		P/F polish marble ¾" thick as toping fixing with 1:2 c/s mortar	1550	No.	268	238	30	46,500
		P/F master tiles 8" x 8" SP series on matching light colour with 1:2 c/s mortar	1692	No.	161	122	39	65,988
3	390 (2021-22)	P/L kerb stone size 12" x 12" x 6" complete in all respect	4019	rft	230	149	81	325,539
4	391 (2021-22)	P/F of razor wire on the existing boundary wall fence with Angle iron past size 1-1/2" x 1/2" x 1/4" in Y shape with paint and 3 Nos. of MS bars dia 3/8" including cutting welding and jointing etc complete in all respect	4028	Rft	393	311	82	398,296
		P/F of razor wire 16 SWG on the existing boundary wall fence with Angle iron post size 1-1/2" x 1/2" x 1/4" in Y shape with paint and 3 Nos. of MS bars dia 3/8" including cutting welding and jointing etc complete in all respect	1960	Rft	393	358	35	68,600
							Total	**1,132,253**

Annex-XXII

Para No.4.4.3

Overpayment beyond agreed percentage of contract cost - Rs 274.514 million

(Rs in million)

Sr. No.	DP No.	Name of Divisions	Amount	Agreed Percentage (%)	Paid Percentage (%)	SDAC Directives
1	145 (2021-22)	Small Dam Division, Islamabad	135.971	-	-	Pending for verification of financial comparative statement along with final bill.
2	141 (2021-22)	Small Dam Division, Islamabad	41.103	-	-	
3	63 (2021-22)	DG Khan Canal Division-I, DG Khan	20.612	6.56	18.40	
4	311 (2021-22)	Development Division, Bahawalnagar	19.409	17.94	20.94	
5	2 (2021-22)	CBDC Division Lahore	14.518	6.94	9.94	
6	3 (2021-22)	CBDC Division Lahore	13.427	5	8.00	
7	12 (2021-22)	CBDC Division Lahore	7.420	9.04	12.04	
8	45 (2021-22)	DG Khan Canal Division-I, DG Khan	5.911	20.16	23.16	
9	72 (2021-22)	DG Khan Canal Division-I, DG Khan	4.249	8.04%	13.83 %	
10	11 (2021-22)	CBDC Division Lahore	4.243	17.94	20.94	
11	4 (2021-22)	CBDC Division Lahore	2.494	9.91	12.91	
12	67 (2021-22)	DG Khan Canal Division-I, DG Khan	2.021	5.59%	13.79 %	
13	91 (2022-23)	Eastern Bar Division Pakpattan	1.820	14.60	14.58	
14	91 (2021-22)	Drainage Division Sargodha	1.316	13.87	5.34	
Total			**274.514**			

Annex-XXIII

Para 4.4.11
Non-recovery of government taxes – Rs 23.313 million

(Rs in million)

Sr. No.	DP No.	Name of Divisions	PST	I. Tax on PST	SDAC Directive
1	97 (2022-23)	Eastern Bar Division Pakpattan	-	0.890	Pending for verification of recovery
2	28 (2021-22)	Pasrur Lin Division, Sialkot	9.445	0.708	
3	192 (2021-22)	LCC (W), Jhang	-	0.670	
4	210 (2021-22)	LCC (W), Jhang	8.615	0.646	
5	95 (2022-23)	Eastern Bar Division Pakpattan	-	0.554	
6	68 (2021-22)	Canal Division-I, DG Khan	1.660	-	
7	69 (2021-22)	Canal Division-I, DG Khan	-	0.125	
		Total	**19.720**	**3.593**	

Annex-XXIV

Para 4.4.18
Undue financial benefit due to non-obtaining/non-revalidation of performance and additional performance securities - Rs 1,184.100 million

(Rs in million)

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Directives	STATUS
1	137(2021-22)	Small Dam Division Islamabad	352.845	Pending for verification of regularization from Finance Department	R
2	285(2021-22)	Canal Division, Mianwali	80.262		R
3	138(2021-22)	Small Dams Division, Islamabad	75.000		R
4	152(2021-22)	Small Dams Division, Islamabad	34.942		R
5	316(2021-22)	Development Division Bahawalnagar	32.000		R
6	05(2021-22)	CBDC Division Lahore	31.550		R
7	214(2021-22)	Jhang Lower Chenab Canal (W) Division, Jhang	15.556		R
8	87(2022-23)	Eastern Bar Division Pakpattan	12.579		R
9	125(2021-22)	Upper Jhelum Canal Division, Jhelum	7.594		R
10	212(2021-22)	LCC (w) Division, Jhang	3.608		R

Sr. No.	DP No.	Name of Divisions	Amount	SDAC Directives	STATUS
11	107(2021-22)	CBDC Division Lahore	3.143		R
12	41(2022-23)	UJC Division, Jhelum	1.836		R
13	179(2021-22)	LCC (w) Division, Jhang	184.468	Pending for verification of Performance/ Additional Performance Guarantee	V
14	305(2021-22)	Development Division, Bahawalnagar	137.202		V
15	52(2022-23)	Layyah Canal Division, Layyah	68.594		V
16	51(2021-22)	DG Khan Canal Division No. 01	40.896		V
17	88(2021-22)	Drainage Division Sargodha	21.300		V
18	56(2022-23)	Layyah Canal Division Layyah	14.645		V
19	06(2021-22)	CBDC Division Lahore	14.180		V
20	49(2021-22)	DG Khan Canal Division DG Khan	51.900	Pending for verification of recovery	V
		Total	**1,184.100**		

Annex-XXV

Para No. 4.4.20
Non-utilization of funds – Rs 3,327.388 million

(Rs in million)

Sr. No.	Zone	Funds Released 2021-22	Utilization 2021-22	Utilization %	Unspent Amount
1	Lahore	2,936.407	2,093.401	71	843.006
2	Faisalabad	313.47	206.498	66	106.972
3	Sargodha	995.906	744.332	75	251.574
4	Multan	1,385.698	1,096.147	79	289.551
5	Sahiwal	576.072	323.008	56	253.064
6	Bahawalpur	1,195.137	1,091.085	91	104.052
7	DG Khan	2,326.627	2,034.336	87	292.291
8	Potohar	2,076.126	1,553.624	75	522.502
9	Research	62.65	24.09	38	38.56
10	Drainage & Flood	311.471	311.471	100	0
11	PMO Barrages	3,129.997	2,936.676	94	193.321
12	PMO Canals	3,962.911	3.586.528	91	376.383
13	PIU DCRIP	2,959.673	2,944.664	99	15.009
14	SPRU	51	10.03	20	40.97
15	GTC Adhi Kot	2,165	2,164.867	100	0.133
	Total	**24,448.145**	**21,120.757**	**86**	**3,327.388**

Annex-XXVI

Para No. 4.4.22

Sanction of non-MRS items at higher rates – Rs 164.230 million

(Rs in million)

Sr. No	Name of items	Rate sanctioned	Rate to be sanctioned 1st Bi-annual 2022	Excess Rate	Qty	Loss	Remarks
1	RCC 1 1.5:3 (batching plant)	516.75 per cft	451.05 per cft	65.7 per cft	1358352 cft	89.244	MRS item No. 8 of Ch-6 Concrete the rate of RCC with batching plant and transit mixers were available @ Rs 451.05 per cft and as per PC-1 at page 18, the batching plant and transit mixers were required to be used during execution of project
2	Borrow pit clay etc	15,065.3 ‰ cft	5,913.6 ‰ cft	9,151.7 ‰ cft	1359636 cft	12.443	The MRS item No. 4(a) of ch-3 earthwork was required to be sanction @ Rs 5,913.60 per %0 cft
3	Removal of earth work	8,311 ‰cft	6,362.6 ‰ cft	1,948.4 ‰ cft	506072 cft	0.986	The department applied MRS item No. 2 of ch-3 instead of MRS item No. 52 of ch-3
4	Providing and laying fine sand	75,832.9 % cft	52,160.6 % cft	23,672.3 % cft	260037 cft	61.557	The department applied incorrect MRS item 4(a) of ch-3 instead of admissible MRS item No. 41 of ch-3 and further department added extra cost of labour for laying of find sand in addition to composite rate of MRS
					Total	**164.230**	

Annex-XXVII

Para 5.4.1.4.1

Overpayment due to allowing higher than admissible rate – Rs 6.611 million

(Amount in Rs)

DP No.	Item Paid	Rate paid	Rate payable	Amount	Reason
166 (2021-22)	Precast boundary wall	2355.98 P. Rft	1978 P. Rft	2,778,153	Including inadmissible item in rate analysis
163 (2021-22)	Sub base course of pit run/bed run gravel	6678.17 %cft	4732.01 %cft	1,755,436	Excess carriage included in rate analysis
137 (2022-23)	P/L dry rammed brick or stone ballast 1:6:12	8432 %cft	4257 %cft	1,306,507	Rate of Brick or stone ballast paid instead brick ballast
83 (2021-22)	Earth filling in ordinary soil – lead 1/2 mile	7,891.45 ‰cft	5,790.10 ‰cft	353,215	Rate of 1 km lead paid but ½ km lead recorded in MB
145 (2021-22)	Sub base course	4490.83 % cft	3551.05 %cft	352,457	Rate of sub-base of crush stone taken in rate analysis instead of pit run/bed run gravel
37 (2021-22)	Earth filling in ordinary soil – lead 2 mile	12,927.55 ‰cft	11,085.75 ‰cft	64,829	Incorrect rate of 2 km lead paid
			Total	**6,610,597**	

Annex-XXVIII

Para 6.4.7
Sanction of non-standardised items at higher rates – Rs 25.339 million

(Amount in Rs)

Sr. No.	DP No.	Sub-Para No.	Quantity Sft	Rate Approved (Rs) Per sft	Rate to be Approved (Rs) Per sft	Diff. (Rs) Per sft	Loss (Rs)
1	24 (2022-23)	37	6875.59	322.99	260.34	62.65	430,756
			9118.19	500.57	450.33	50.24	458,098
			2841.66	338.51	277.88	60.63	172,290
			2098.32	524.62	480.66	43.96	92,242
			8726.52	322.99	251.53	71.46	623,597
			10463.04	500.57	435.07	65.5	685,329
			1823.92	310.07	265.23	44.84	81,785
			1666.74	480.55	458.77	21.78	36,302
2	9 (2022-23)	15	8061	322.99	268.98	54.01	435,475
			4750	500.57	465.27	35.30	167,675
			4518	338.51	281.90	56.61	255,764
			4005	524.62	487.62	37	148,185
			8061	322.99	268.98	54.01	435,475
			4750	500.57	465.27	35.30	167,675
			4031.7	310.07	268.98	41.09	165,663
			3631.5	480.55	465.27	15.28	55,489
3	46 (2022-23)	62	5358	127.64	115.03	12.61	67,564
			15433.8	140.7	117.34	23.36	360,534
4	20 (2022-23)	29	19935	200	185.96	14.04	279,887
			1040	212	185.96	26.04	27,081
		35	19935.45	200	193.02	6.98	139,110
			1040.12	212	192.83	19.17	19,935
5	7 (2022-23)	11	12430	139.32	125.17	14.15	175,885
			374	139.32	125.17	14.15	5,292
			96	139.32	125.17	14.15	1,358
			312	139.32	125.17	14.15	4,419
			1418	139.32	125.17	14.15	20,065
			36018	152.38	131.70	20.68	744,852
			3798	152.38	131.70	20.68	78,543
			926	152.38	131.70	20.68	19,150
			401	152.38	131.70	20.68	8,292
			856	152.38	131.70	20.68	17,702
			3927	152.38	131.70	20.68	81,210
			4181	259.05	232.93	26.12	109,208
			2588	183.94	169.80	14.14	36,594
		12	8004	132.93	114.65	18.28	146,313
			28568	145.39	120.64	24.75	707,058
			19018	236.79	214.35	22.44	426,764
			1874	247.18	214.35	22.44	42,052
		13	14631	127.62	114.65	12.97	189,767
			42129	139.58	120.64	18.94	797,923
6	19 (2022-23)	28	8297	153	138.72	14.28	118,481
			28148	159	132.69	26.31	740,574
		33	8320.15	153	146.20	6.80	56,560
			27568.13	159	140.06	18.94	522,140

Sr. No.	DP No.	Sub-Para No.	Quantity Sft	Rate Approved (Rs) Per sft	Rate to be Approved (Rs) Per sft	Diff. (Rs) Per sft	Loss (Rs)
		34	8200.93	153	146.20	6.80	55,750
			10322.35	159	140.06	18.94	195,505
		36	25529.03	153	146.20	6.80	173,546
			23263.75	159	140.06	18.94	440,615
7	6 (2022-23)	7,8,9 & 10	560166	128	114	14	7,842,324
8	18 (2022-23)	24, 25, 26, & 27	435693	122	114	8	3,485,544
9	47 (2022-23)	63	89495	135.68	114	21.68	1,940,251
			10676	122.61	114	8.61	91,920
10	51 (2022-23)	67	36679	134.64	114	20.64	757,054
						Total	**25,338,622**

Annex-XXIX

Para 10.2.6.2.3.1
Non-imposition of penalty despite slow progress of the contractors - Rs 1,465.180 million

(Amount in Rs)

Sr. No	DP No.	Name of Department	Amount	SDAC decision
1	422 (2022-23)	Executive Engineer, Highway Division, Sargodha	651.40	Re-verification of record
2	898 (2022-23)	Chief Engineer Building North Zone	311.534	Re-verification of record
3	870 (2022-23)	Chief Engineer Building South Zone	196.03	Probe by CE
4	875 (2022-23)	Chief Engineer Buildings South Zone	90.875	Re-verification of record
5	851 (2022-23)	Chief Engineer Building Central Zone	60.389	Re-verification of record
6	843 (2022-23)	Chief Engineer Highway Central Zone	59.477	Probe by CE
7	882 (2022-23)	Chief Engineer Highway North Zone	42.74	Re-verification of record
8	887 (2022-23)	Chief Engineer Building South Zone	32.918	Re-verification of record
9	834 (2022-23)	Chief Engineer Building North Zone	10.678	Re-verification of record
10	841 (2022-23)	Chief Engineer Highway Central Zone	5.300	Re-verification of record
11	298 (2022-23)	Executive Engineer, Building Division, Lodhran	3.839	Re-verification of record
12	875 (2022-23)	Chief Engineer Highways South Zone	-	Re-verification of record
13	869 (2022-23)	Chief Engineer Building South Zone	-	Re-verification of record
		Total	**1,465.18**	

Annex-XXX

Para 10.2.6.2.3.8

Delay in execution of works due to non-shifting of utilities and non-availability of NOCs from external agencies

Sr. No.	DP No.	Name of Department
1	842 (2022-23)	Chief Engineer Highway Central Zone
2	845 (2022-23)	Chief Engineer Highway Central Zone
3	852 (2022-23)	Chief Engineer Highway Central Zone
4	853 (2022-23)	Chief Engineer Highway Central Zone
5	854 (2022-23)	Chief Engineer Highway Central Zone
6	855 (2022-23)	Chief Engineer Highway Central Zone
7	890 (2022-23)	Chief Engineer Highway North Zone
8	894 (2022-23)	Chief Engineer Highway North Zone
9	896 (2022-23)	Chief Engineer Highway North Zone
10	897 (2022-23)	Chief Engineer Highway North Zone
11	858 (2022-23)	Chief Engineer Highway South Zone
12	867 (2022-23)	Chief Engineer Highway South Zone
13	868 (2022-23)	Chief Engineer Highway South Zone
14	870 (2022-23)	Chief Engineer Highway South Zone
15	853 (2022-23)	Chief Engineer Building Centrel Zone
16	847 (2022-23)	Chief Engineer Building North Zone

Annex-XXXI

Para 10.2.6.2.3.9

Piecemeal funding of the development schemes resulting in time and cost overruns

Sr. No.	DP No.	Name of Department
1	849 (2022-23)	Chief Engineer Central Zone
2	851 (2022-23)	Chief Engineer Central Zone
3	857 (2022-23)	Chief Engineer Central Zone
4	886 (2022-23)	Chief Engineer North Zone
5	892 (2022-23)	Chief Engineer North Zone
6	864 (2022-23)	Chief Engineer South Zone
7	866 (2022-23)	Chief Engineer South Zone
8	874 (2022-23)	Chief Engineer South Zone
9	856 (2022-23)	Chief Engineer Building Central Zone
10	863 (2022-23)	Chief Engineer Building Central Zone
11	841 (2022-23)	Chief Engineer Building North Zone
12	878 (2022-23)	Chief Engineer Building South Zone