



**SPECIAL AUDIT REPORT
ON THE PROJECT
“REHABILITATION AND
IMPROVEMENT OF TRACK
KARACHI-KHANPUR SECTION”
BY PAKISTAN RAILWAYS
AUDIT YEAR 2015-16**

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor-General conducts audit subject to Article 169 and 170 of the constitution of the Islamic Republic of Pakistan 1973 read with sections 8 and 12 of the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001. The special Audit of Rehabilitation and Improvement of Track (Karachi-Khanpur Section) was carried out accordingly.

The Directorate General Audit Railways conducted this Special Audit during Audit year 2015-16 with a view to report significant findings to stakeholders. Audit examined, on test check basis in general and detailed examination of some particular areas, whether the management complied with applicable laws, rules and regulations during execution of the project. In addition, Audit also assessed the economy, efficiency and effectiveness aspects of the project.

This report summarizes significant areas of the Project in terms of organization and management, financial management, procurement & contract management, construction & works, asset management. Implementation of recommendations made in this Special Audit Report will help management for future strategies, planning, and project management.

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

-Sd-

Dated: 30.08.2017

(Javaid Jehangir)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

AASHTO	American Association of State Highway and Transportation Officials
AEN	Assistant Executive Engineer
BG	Broad Gauge
BLI	Ballast Inspector
CFE	Cash Foreign Exchange
CL	Contractor Ledger
CSR	Composite Schedule of Rates
CTR	Complete Track Renewal
DAC	Departmental Accounts Committee
DD/TR	Deputy Director/Track Rehabilitation
DG	Director General
DRF	Depreciation Reserve Fund
DS	Deep Screening
ECNEC	Executive Committee of National Economic Council
FEC	Foreign Exchange Component
FWO	Frontier Works Organization
JGS	Jungshahi
GHK	Ghotki
INTOSAI	International Organization of Supreme Audit Institutions
IRJs	Inter related Joints
JHP	Jhimpir
KHP	Khairpur
KOT	Kotri
KUS	Kasur
KWL	Khanewal
LND	Landhi
LON	Lodhran
MAS	Material At Site
MB	Measurement Book
MG	Meter Gauge
MOR	Ministry of Railways
MPR	Monthly Progress Report
MR	Material Receipt.
MRP	Mirpur Mathelo
PC-I	Planning Commission Proforma-I
PD	Project Director

PDN	Padidan
PO	Pay Order
PPRA	Public Procurement Regulatory Authority.
PPRs	Public Procurement Rules – 2004
PR	Pakistan Railways
PSC	Prestressed Concrete
PSDP	Public Sector Development Programme
PSR	Preliminary Survey Report
P.Way	Permanent Way
PPX	Pakpattan
RB	Railway Board
RMAS	Released Material At Site
RR	Rail Renewal
SDR	Security Deposit Receipt
SR	Sleeper Renewal
TDM	Tando Adam
T&P	Tools and Plants
TRM	Track Released Material
UIC	International Union of Railways
WZD	Wazirabad

EXECUTIVE SUMMARY

The Directorate General Audit Railways conducted Special audit of the project “Rehabilitation and Improvement of Track (Karachi-Khanpur Section)” in March & April 2016. The main objectives of audit were to review the project performance against intended targets and assess compliance with applicable rules, regulations, codal provisions and procedures. The audit was conducted in accordance with the INTOSAI Auditing Standards.

As a result of this audit, several instances of non-compliance with rules/regulations and best practices with regard to project management were observed. Major findings of the audit are mentioned below:-

Organization & Management

Project was executed without any feasibility study. This not only led to frequent revisions of the PC-I but also raised the cost of the project by 3.15% (from Rs 11,192 million to Rs 11,544 million), while the scope of work was reduced by 50%, which was alarming and questionable.¹

Financial Management

- Management was undertaking additional works worth Rs 386.34 million beyond the approved scope of project. ²
- Despite availability of specific provision in agreements, recovery of liquidated damages charges amounting to Rs 52.53 million was not made from the defaulting contractors/firms. ³
- An excess payment of Rs 42.94 million was made on account of engagement of TLA and TA/DA during the period when no physical work was carried out. ⁴

¹ Para 4.1.1, 4.1.2 , 4.6.1 and 4.6.2

² Para 4.2.2

³ Para 4.2.4

⁴ Para 4.2.5

- Management did not receive credit of Rs 14.04 million on account of transfer of material to other departments, leave encashment and pay & allowances. ⁵
- Audit noticed that an amount of Rs 5.10 million was incurred on procurement of new assets but the expenditure was charged to DRF instead of Capital. ⁶
- Deficiencies in maintenance of record led to ineffective monitoring of both expenditure and physical progress.⁷

Procurement & Contract Management

- Railway management had not followed PPRs / codal provisions and awarded a number of contracts amounting to Rs 781.86 million irregularly.⁸
- Four contracts valuing Rs 140.75 million were awarded to a blacklisted firm. Moreover, a contract valuing Rs 45.00 million was also executed with a contractor who deposited fake Security Deposit Receipt. ⁹
- Management procured substandard and damaged hard wood sleepers valuing Rs 118.38 million. ¹⁰
- An amount of Rs 20.08 million was not recovered from the contractors on account of sales tax. ¹¹
- The contractors/suppliers of stone ballast did not establish field testing laboratories which were obligatory for the project and were

⁵ Para 4.2.8, 4.2.11, 4.2.12 and 4.2.13

⁶ Para 4.2.10

⁷ Para 4.2.14

⁸ Para 4.3.1, 4.3.2, 4.3.3,4.3.5, 4.3.7, 4.3.9 and 4.3.12

⁹ Para 4.3.2 and 4.3.6

¹⁰ Para 4.3.4 and 4.3.14

¹¹ Para 4.3.8

supposed to be handed over to the PR at the completion of work. This caused a loss of Rs 12.80 million approximately.¹²

Construction & Works

- Pakistan Railways sustained a loss of Rs 37.62 million on account of extra fuel consumption due to late completion of a work.¹³
- Pakistan Railways sustained a loss of Rs 7.9 million on account of execution of defective work¹⁴

Asset Management

- Asset management was observed to be very poor as material valuing Rs 12.99 million was stolen. Besides this T&P items amounting to Rs 2.55 million were found short.¹⁵
- Audit observed the issuance of 22,000 sleepers in excess of the approved quantity as per PC-I involving Rs 55.90 million.¹⁶
- Less realization of released material worth Rs 39.64 million was observed in certain works.¹⁷
- Shortage of 150,049 cft stone ballast valuing Rs 5.19 million at Khanpur and Jhimpir ballast query was observed during physical verification.¹⁸

Recommendations:

- i. All recoveries against contractors, other Govt. departments and employees should be made at an early date.
- ii. Inventory controls should be improved to ensure posting of each received and issued item of inventory.

¹² Para 4.3.11

¹³ Para 4.4.1

¹⁴ Para 4.4.2

¹⁵ Para 4.5.3 and 4.5.7

¹⁶ Para 4.5.1

¹⁷ Para 4.5.2 and 4.5.6

¹⁸ Para 4.5.5

- iii. Defective work should be corrected according to approved specification.
- iv. Contract management may be strengthened to safeguard Railway interest.
- v. Observance of canons of financial propriety should be ensured.
- vi. PPRs must be observed in all procurements besides adopting an effective control mechanism to avoid unjustified procurements/acquisitions.

1. INTRODUCTION

Pakistan Railways has 11,755 kilometers of track. The Permanent way (P-way) is the main infrastructure of the rail network for haulage of trains. Running of trains causes wear and tear of P-way (i.e. track) and when the existing old track structure is unable to run rolling stock efficiently, track renewals are required to be carried out. Track renewals involve replacement of existing rails or sleepers, separately or together with new or second hand serviceable materials.

In view of the extremely dilapidated condition of Railway assets, a rehabilitation plan was presented before the Nation Security Council and Cabinet in its joint meeting held on 29.12.1999. Accordingly, a PC-I amounting to Rs 11,192 million for track rehabilitation was prepared and approved by ECNEC in February, 2002. This Project envisaged the renewal of main line on Landhi-Rohri (350 Kms) double line section with UIC-54 rails and new PSC sleepers and correspondent renewals on other important Primary-A and B sections with the releases from main line. This comprised 1774 Kms Rail Renewal and 1,925 Kms Sleeper Renewal during the period from July, 2001 to June, 2006.

The original PC-I was subsequently revised for Rs 9,405.366 million and approved by ECNEC on 14.12.2005. The project was revised to rehabilitate the track on an extended part of main line corridor i.e. Karachi-Khanpur section, to make the section fit for higher speed of 140 Km/h. The project was to be completed up to June, 2007. However, the PC-I was again revised on the same grounds which were already considered for earlier revision of PC-I. The re-revised PC-I for Rs 11,544 million was approved by ECNEC in May, 2015 with estimated date of completion in June, 2016.

The TR management had achieved the following targets as on 31.12.2015:

Sr. #	Items of work	Achievement up till 31.12.2015
1	CTR (LND-KOT)	271.40 Kms

2	SR (KOT-KPR)	135.73 Kms
3	CTR (KWL-SKO-SLL-WZD)	SR = Work Completed RR = 69.26 Kms
4	CTR (LON-PPX-KUS)	SR = Work Completed RR = 9.43 Kms
5	Welding of Rail Joints	626.64 Kms
6	Realignment of Curve	2 Nos.
7	Provision of IRJ Glued Joints	1195 Nos.
8	Replacement of Bridge Timber	64 Nos.
9	Replacement of Turnouts	59 Nos.

The remaining work was in progress and project management intended to complete the project within time line 30-06-2016.

2. AUDIT OBJECTIVES

The objectives of the Audit were to review:

1. compliance with applicable rules, regulations, codal provisions and procedures
2. observance of canons of financial propriety to ensure economy in expenditure
3. efficient utilization of financial and human resources
4. effectiveness of the completed / rehabilitated track

3. AUDIT SCOPE AND METHODOLOGY

Special Audit was conducted with a view to determine the benefits transferred to Pakistan Railways and general public from the Project. The Audit covered the whole process and operations of the Project.

Relevant record as provided by the project management was checked at the designated locations for the period from 2001 to 2015. Site visits were made on different locations of the project to observe achievements / shortcomings / discrepancies and effectiveness.

AUDIT FINDINGS AND RECOMMENDATIONS

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

The Project Management Guidelines developed by the Planning Commission provide exhaustive guidelines for efficient management of the projects funded by PSDP. As per Guidelines, the projects of infrastructure sector costing Rs 300 million and above should undertake proper feasibility studies before submission of PC-I. For timely completion of the project and attainment of envisaged goals and objectives, the Guidelines necessitate that there should be a suitable, qualified and dedicated Project Director responsible for effective and efficient management and should not be transferred during currency of the project. Significant observations regarding organization and management are discussed in the following Paras.

4.1.1. Non-preparation of feasibility study /PC-II

As per clause 3.3 of Guidelines for Project Management, it is mandatory that for the projects of Infrastructure Sector and Production Sector costing Rs 300 million and above proper feasibility studies should be undertaken before the submission of PC-I.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed that PC-I of the project Rehabilitation and Improvement of Track was got approved without conducting feasibility study/PC-II.

The matter was taken up with management in August, 2016 and requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that reason for non-preparation of feasibility study/PC-II may be explained and in future all PC-I may be followed by PC-II.

4.1.2. Frequent change/transfer of Project Director

As per clause 2.2 of Guidelines for Project Management, Project Director, who is the focal point in project implementation, is responsible for project execution according to its objectives, work scope and

implementation schedule. For effective, efficient and economical project management, a suitable and qualified Project Director should be appointed in case of each project and he should not be transferred during currency of the project.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed that the Project Directors, who were responsible to monitor overall progress of the project were frequently transferred as detailed below.

Sr.#	Name of Project Director	Tenure	
		From	To
1	Mr. Muhammad Sarfraz	01/02/2006	18/09/2007
2	Mr. Mehmood A. Lashari	18/09/2007	26/01/2008
3	Syed Ghazanfar Abbas	22/03/2008	25/08/2008
4	Mr. Muhammad Khalid	25/08/2008	17/08/2009
5	Mr. Javaid Iqbal	17/08/2009	12/08/2011
6	Syed Ghazanfar Abbas	12/08/2011	05/08/2012
7	Mr. Maqbool Ahmed Magsi	07/08/2012	04/12/2014
8	Mr. Amir Muhammad Daudpota	05/12/2014	Till date

Audit is of the view that with the transfer of a PD, a tremendous amount of skills and knowledge is transferred as well, which badly affects the project. Further, in the absence of one permanent PD (till the completion of the project) the responsibility for timely completion of tasks, for management and reporting cannot be fixed.

The matter was taken up with the management in August, 2016 and requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the reasons for frequent changes of project directors may be explained. Further, provision of a full-time PD for the length of a project should be ensured for all future projects.

4.2. Financial Management

According to clause 4 of Guidelines for Project Management, the Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministry/Division/Department etc. but also continues to be personally answerable before Public Accounts Committee. The two main principles to be observed are economy; (getting full value of money) and regularity; (spending money for the purposes and in the manner prescribed by Law and Rules). Since the Project Director implements the project on behalf of Principal Accounting Officer (by delegation of powers) hence, he/she has to ensure adherence to the above financial principles. The system of New financial control and budgeting (September, 2006) should be referred to for guidance in all financial matters. Significant observations in this regard are discussed in the following paras.

4.2.1. Incorrect accountal of released material at site (RMAS) – Rs 488.96 million

As per para-1736 of Pakistan Government Railway Code for the Engineering Department, the authority in executive charge of a work should be responsible for holding in safe custody, for controlling the consumption and, to the extent prescribed herein after, for the correct accountal of all materials-at-site of such work; also for the return to Stores, transfer, or disposal otherwise, to the best advantage of the Railway, of any materials-at-site which, it appears certain, will not be consumed on that work.

During Special Audit of Track Rehabilitation Project Karachi, while reviewing RMAS accounts of PWI-Jumagoth (JMTH), audit found that 100 RE rails and PSC sleepers valuing Rs 488.96 million received from July to September and November, 2015, were accounted for less or excess than the actual quantities acknowledged. In some cases material received was not accounted for in the closing balance of RMAS. (details in the Annexure-1). The error was not rectified up to March, 2016.

The issue was taken up with the management in August, 2016 and it was replied that there were some typing mistakes in RMAS accounts when it was checked by audit, the same had been corrected and there was no more shortage of any material in RMAS accounts.

The reply was not acceptable as no documentary evidence in support of correction made was furnished to audit.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that verification of materials available with PWIs Jumagoth be carried out at the earliest.

4.2.2. Irregular expenditure on additional works from the funds allocated to TR project – Rs 386.34 million

Para 806 of Government of Pakistan Railway General Code provides that the lump-sum grants voted by the legislative assembly in response to the demands for grants presented to them, may be spent only on the objects and for the purpose specified in the PC-I/detailed statements. No expenditure may be incurred by any authority on a new service/work not contemplated in the original demand, without obtaining a supplementary grant from the legislature.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed that 10 additional works valuing Rs 381,340,881 (detail in Annexure-2) were approved by AGM-I on 29.02.2016. Out of the above, an amount of Rs 48,570,722 was approved to be spent on sleeper renewal (SR) on Mirpur Khas-Khokhropar (MPS-KRB) Sections. Neither these works were included in the approved PC-I nor extra funds were allocated for the same at a later stage. Tenders for six additional works were floated and opened on 17.03.2016.

Furthermore, during special audit of Track Rehabilitation Project, Sukkur, it was noticed that case for procurement of 2 acre land for realignment of curve No.18, at Deh Jahan Khan, between MRP-DRK was

approved and sanctioned for Rs 5.0 million by GM/Operations. Neither the acquisition of land was included in the approved PC-I nor extra funds were allocated for the same.

Audit is of the view that expenditure amounting to Rs 386.34 million was incurred irregularly/un-authorizedly on additional works.

The matter was taken up with the management in August, 2016 and it was replied that the additional works were proposed to be carried out on the directives of the Federal Minister of Railways, as proposed by DS Karachi and approved by AGM/I. It was further replied that the re-alignment of curve no. 18 at Km no. 563/012563/11-12 was provided in the approved PC-I which also included acquisition of land. However, no payment had been made to any authority or person.

The reply was not acceptable as no such works were provided in the approved PC-I.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated at an appropriate level for fixing responsibility and action be taken against those held responsible. Further, incurrence of unauthorised expenditure should be avoided in future.

4.2.3. Non-regularisation of loss – Rs 108.46 million

As per para-8.2.4.1 of Accounting Policies and Procedures Manual subject to the limits and conditions specified in the Delegation of Financial Powers, a delegated officer may approve the write-off or waiver of irrecoverable public money.

During Special Audit of Track Rehabilitation Project Karachi, it was observed that material and machinery costing Rs 108.460 million at different sections of TR Project was burnt and stolen on 27.12.2007 at the time of assassination of Ex-Prime Minister Benazir Bhutto. No efforts were made to get the loss regularized despite lapse of eight (8) years. It is

worth mentioning here that TR management did not prepare a register of losses and the said loss was also not booked in annual accounts of TR. This caused overstatement of TR assets by Rs 108.460 million.

The matter was taken up with the management in August, 2016 and it was replied that a comprehensive report of assets of TR/Project had already been submitted to AGM/I, Lahore to write off the damaged/lost material since 2013 but decision was awaited.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that efforts may be made to get the loss regularized from competent authority besides adjusting the amount in the books of accounts.

4.2.4. Non recovery of Liquidated Demurrage charges – Rs 52.53 million

As per item 6-A of appendix B of terms and conditions of tender regarding supply, stacking and loading 2” mechanically crushed stone ballast, an amount of Rs 20,000 for each day of delay in completion of the work subject to a maximum of 10% of contract price stated in the letter of acceptance should be recovered from the contractor. Furthermore, Para-772 of Pakistan Government Railway Code for the Stores Department provides that in case the contractor fails to supply the tendered stores within the due period a sum of money amounting to a half (1/2) % per week on the value of the contract/supplies will be debited to the contractor as compensation to the Railway.

During special audit of Track Rehabilitation Project, Karachi and Sukkur, Audit observed that different tenders for supplying, stacking and loading of 2-inch sized stone ballast and hardwood sleepers were called and awarded to different firms. The contractors failed to complete the supply within the delivery period but an amount of Rs 52.53 million on account of L.D charges was not recovered from the contractors (detail in Annexure-3, 3.1 and 3.2).

The issue was taken up with the management in August, 2016 and it was replied that in case of M/s Ghulam Sarwarand Co. for work of supply of ballast, L.D charges of Rs 188,165 were recovered. In case of RAILCOP, M/s Al-Mehran builders and M/s Naaz Trading Co. L.D charges were exempted by the competent authority due to extension in time limit. In respect of M/s Haji Ranjha Khan, it was replied that the contractor failed to complete the work without any reason for which 10% security deposit Rs 803,756 and 2% earnest money of Rs 900,000 were forfeited and credited to the project's accounts besides blacklisting the firm.

The reply was not tenable as the extension in time and waiver off L.D charges can only be allowed in case of force majeure as per clause-6 (extension of time for delivery) of Pakistan Railways standard conditions of contract.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for non-imposition/recovery of L.D charges be fixed besides recovering the loss from the persons at fault.

4.2.5. Excess payment on account of engagement of TLA and TA/DA – Rs 42.94 million

Para-118 of Pakistan Government Railway code for the Engineering Department stipulates that it is the duty of executive engineer to pay strict attention to the economical application of all labour and material. Further, as per Annexure-C/III of Re-Revised PC-I the estimated cost of 1 Km sleepers' renewal by replacing existing wooden/steel/twin block sleepers with new PSC sleepers on Kotri-Khanpur Section was Rs 190,536.

During Special Audit of Track Rehabilitation Project, Sukkur, it was observed that 44.60 K.M sleeper renewal was carried out during the period from July, 2010 to February, 2016. During this period, an amount

of Rs 8,497,906 on TLA was required to be paid but TR management paid Rs 50,120,728 on account of engagement of TLA. Furthermore, a payment of Rs 1,313,120 was also made on account of TA/DA during the months when there was no progress of the sleeper renewal at all.

This caused an extra payment of Rs 42.94 million on engagement of TLA and TA/DA (detail in Annexure-4).

The matter was taken up with the management in August, 2016 and it was replied that certain other works like deep screening, rail renewal and re-alignment of curves were also carried out by the staff engaged on TLA. Overall average cost of 1 km rose to Rs 696,314 for replacing existing sleepers.

The reply was not acceptable as payment of labour charges in excess of PC-I provisions was not authorized in any case.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated at an appropriate level for fixing responsibility along with recovering the amount involved. Further, internal controls regarding adherence to the provisions of PC-I be strengthened to avoid recurrence.

4.2.6. Unauthorised expenditure on account of deep screening of ballast- Rs 30.94 million

Para-118 of Pakistan Government Railway Code for the Engineering Department stipulates that it is the duty of executive engineer to pay strict attention to the economical application of all labour and material. As per Annexure-C/II of Re-Revised PC-I the estimated cost of labour for 1 Km deep screening of ballast, replacement of broken/worn out rails and sleepers and replacement of fastening on Kotri-Khanpur Section was Rs 501,200.

During special audit of Track Rehabilitation Project, Sukkur, it was observed that two agreements for 200 km deep screening of ballast

were awarded to M/s RAILCOP over and above the rates approved by ECNEC. This caused unauthorised/extra expenditure of Rs 30.94 million (Rs 799,247 -Rs 501,200 = Rs 298,047 x 103.82 km) over and above the sanctioned amount.

The above state of affairs shows that TR management failed to ensure economy measures.

The issue was taken up with the management in August 2016 and it was replied that the Executive Committee of Railway Board decided the rates.

The reply was not acceptable, as rates should not have been accepted higher than those provided in the PC-I.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be inquired at appropriate level for fixing responsibility for incurring expenditure in excess of the provisions of PC-I and action be taken against those held responsible.

4.2.7. Unauthorised advance payment to F.W.O – Rs 25 million

As per para-1441 of Pakistan Government Railway Code for the Engineering Department it will be the duty of executive engineers to abstain as far as possible from making advances and they should endeavor to maintain a system under which no payment is made except for the work actually done. Further, as per System of Financial Control and Budgeting(September, 2006) issued by Finance Division, Government of Pakistan, the Secretary/Chairman of Pakistan Railways has full power to make Advance payment to other government departments and government owned/controlled organizations, in exceptional cases subject to adjustment of previous advance, if any.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that an amount of Rs 25 million was paid to Frontier Works Organization during 2006, under the sanction of the GM/Operations as

mobilisation advance for construction of Ran Pathani bridge No. 85. This resulted in unauthorised payment of Rs 25 million on account of mobilisation advance.

The issue was taken up with the management in August, 2016 and it was replied that GM operations with the concurrence of FA and CAO sanctioned the mobilisation advance after obtaining the recommendation of MoR.

Track Rehabilitation management failed to provide the documentary evidence in support of their reply.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility may be fixed for making advance payment without the sanction of competent authority. Furthermore, the amount involved be got regularized.

4.2.8. Non acceptance of adjustment memo (transfer certificates)– Rs 10.62 million

As per Para-1421 of Pakistan Government Railway Code for the Engineering department, all adjustment memos requiring the acceptance of third party should as far as possible be got accepted by such party before submission to the Divisional Officer. If a debit is to be raised against another Division, Railway or department suitable action should be taken by the Divisional Office to obtain the acceptance of the party concerned and to raise the debit through Accounts Officer.

During the Special Audit of Track Rehabilitation Project, Karachi, it was noticed that TR/management transferred different kinds of material to different Divisions of Pakistan Railways and raised debit amounting to Rs 10.62 million for acceptance and crediting the amount of material to TR/Project. But in most of the cases, despite lapse of more than two years no action was taken by the concerned Division regarding crediting the amount to TR/Project.

This resulted into loss and overstatement of cost of TR/Project. This also indicated ineffectiveness of internal financial controls.

The issue was taken up with the management in August, 2016 and it was replied that debit TCs had been adjusted by DAO/RWP and PSC and efforts were being made to realise the outstanding amount from DAO/LHR and SUK.

Status of the amount realised, credited to project accounts and efforts made to realise the outstanding amount were not reported to audit.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the outstanding amount be recovered from concerned departments. Matter needs to be investigated to fix responsibility for non-adjustment/recovery of amount involved.

4.2.9. Non-recovery of demurrage charges from the contractor – Rs 9.78 million

As per clause 22 of the terms and conditions towards supply of 2-inches size ballast 3,000,000 cft, in case the contractor fails to load ballast in the empty Wagon placed for the purpose within due time, the contractor shall pay demurrage charges at the rate of Rs 30.282 per day per wagon.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that 918 wagons provided by Railway management for loading of ballast to M/s RAILCOP were detained at Jangh Shahi station for a period of 354 days but demurrage charges worth Rs 9.841 million were not recovered from the contractor for the period from 28.07.2004 to 19.07.2005. The matter was referred to General Manager/Operations who approved recovery of demurrage charges of Rs 68,765 only instead of Rs 9.841 million.

This resulted in loss of Rs 9.78 million to the Pakistan Railways due to extending undue favor to the contractor.

The issue was taken up with the management in August, 2016 and it was replied that the amount of Rs 68,765 was recovered from the contractor at reduced rate under the approval of GM/Operations.

The reply was not acceptable because as per item 47 of GM schedule of powers, the General Manager was only competent to waive of demurrage charges of Rs 10,000.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that amount involved be recovered from the contractor/person found at fault.

4.2.10. Irregular booking/misclassification of expenditure – Rs 5.10 million

As per para-331 of State Railway General Code, the cost of renewals and replacement of assets, as and when they become necessary, is to be charged to Depreciation Reserve Fund.

During Special Audit of Track Rehabilitation Project, Karachi, it was observed that an expenditure of Rs 5.10 million was incurred on procurement of new assets during the period from 12.01.2005 to December, 2015 and booked against Depreciation Reserve Fund-III instead of Capital (detail in Annexure-5).

The incorrect booking of expenditure indicated the violation of Financial Prudence in maintaining accounts. The expenditure booked against Depreciation Reserve Fund (DRF) was inflated and caused incorrect Financial Reporting.

The matter was taken up with the management in August, 2016 and it was intimated that the funds for TR project were allocated only against DRF and not Capital, and expenditure was incurred strictly according to approved PC-I.

The reply was not acceptable as procurement of new assets is a capital expenditure and should have been charged accordingly.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that rectification may be made in accounts in respect of irregular booking of expenditure.

4.2.11. Non receipt of credit of stone ballast – Rs 1.20 million

As per Para-1421 of Pakistan Government Railway Code for the Engineering department, all Adjustment Memos requiring the acceptance of third party should as far as possible be got accepted by such party before submission to the Divisional Officer. If a debit is to be raised against another Division, Railway or department suitable action should be taken by the Divisional Office to obtain the acceptance of the party concerned and to raise the debit through Accounts Officer.

During the special audit of Track Rehabilitation Project Karachi, it was noticed that during the month of August, 2015, TR management provided a quantity of 24,040 cft stone ballast valuing Rs 1.20 million to PWI Right Bank Outfall Drain (RBOD, a deposit work) and PWI Buradabad (BKB). The cost of the said material should have been debited to the concerned department and credit thereof received in shape of cash funds and accounted for in Project books but no action regarding raising debit against the said department was taken. This resulted in overstatement of TR/Project cost.

The issue was taken up with the management in August, 2016. In September 2016, it was replied that in fact stone ballast valuing Rs 3.580 million was issued to PWI RBOD and PWI BDB for which debit TCs were issued in May, 2016 which had been accepted and entire cost credited to project accounts.

Audit verification revealed that only book adjustment was made but cash funds were not transferred to account No. XVIII.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that amount involved may be recovered at an early date.

4.2.12. Unjustified payment on account of arrears of pay and leave encashment – Rs 2.22 million

Para 320 (c) of Railway Code for the Accounts Department provides that all claims should be scrutinized with a view to see that it is covered by the grants at the disposal of the officers incurring it or by funds re-appropriated by competent authority for the purpose.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed that an amount of Rs 1.16 million was paid to an officer on account of arrears of Pay and Allowances for the period 01.09.2002 to 05.04.2007. Audit is of the view that the amount of arrear bill was to be cleared by Railway Management instead of PD/TR as the officer was not posted in PD/TR office during the period against which the arrears were paid and the expenditure of Rs 1.16 million was required to be charged to revenue instead of DRF.

In another case it was noticed that an amount of Rs 1.06 million was paid to four (4) employees of Pakistan Railways on account of leave encashment (detail in Annexure-6). Audit is of the view that expenditure of Rs 1.06 million should have been borne by Pakistan Railways instead of TR/project and charged to revenue (Account III) instead of DRF (Account XVIII).

The issue was taken up with the management in August, 2016 and it was replied that in both the cases TCs (TC No. 1-SFTR/EG dated 26.05.2010 TC No. 2-SFTR/EG, 03-SFTR/EG and 04-SFTR/EG dated 17.08.2016) had been raised to adjust the amount against Revenue.

The reply was not tenable, as the amount should have been recovered in cash instead of adjustment through TC.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for incurring expenditure on behalf of other department may be fixed besides recovering cash funds from revenue to DRF.

4.2.13. Improper maintenance of Contractors' Ledger

As per para-1437 of Pakistan Government Railway Code for the Engineering Department the accounts relating to contractor should be maintained as per prescribed Proforma and kept as personal accounts in contractors' ledger and a separate folio should be opened in the contractors' ledger for each contractor.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that the contractors' ledger was not maintained as required under the rules. Audit observed that in most of the cases the date of contract agreement, commencement and completion of work, per unit rate and total quantity was not provided in contractors' ledger. It was also noticed that in most of the cases the quantity of the material supplied against the payment made to the contractor (bill passed) was not recorded. Further the ledger was not closed on monthly basis and frequent corrections/cuttings were also found. This resulted improper maintenance of important financial record.

The issue was taken up with the management in August, 2016 and it was replied that the Contractors' Ledger had been maintained as per prescribed Proforma.

The reply was not acceptable as the contractor ledger was not maintained as per para E-1437.

Railway management was requested vide letter 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the contractors' ledger may be prepared as per codal provisions to ensure correct accountal and effective monitoring at all levels. Furthermore, supervisory and internal controls regarding preparation and maintenance of accounting record may be strengthened to avoid recurrence.

4.2.14. Non production of record

As per Section 14 (2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 read with the 18th Amendment to the Constitution, officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete form as possible and with all reasonable expedition.

During special audit of Track Rehabilitation Project Karachi, it was observed that an expenditure of Rs 5,048.049 million was incurred during the period from 01.07.2001 to 31.12.2004. The record of said period was requisitioned vide letter dated 09.03.2016 and 16.03.2016 but the same was not produced by TR management.

Audit was unable to comment on authorization, regularity and authenticity of expenditure incurred during said period.

The issue was taken up with management in August, 2016 and it was replied that the record relating to procurement of rails pertained to Director Procurement, Islamabad and was not available.

The reply was not acceptable, as provision of record was the responsibility of TR management.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that Railway administration should ensure timely provision of requisite record for audit scrutiny as and when required, enabling Audit to discharge its statutory obligations within the timelines. Disciplinary action needs to be taken against the persons at fault.

4.3. Procurement and Contract Management

Procurement and contract management are essential components of infrastructural projects. Value for money should be the main consideration for the procurement and contract management. The management should have proper procurement policy and procurements should be made after need assessment. The Guidelines for Project Management state that all the contracts be processed and awarded by following the procedures contained in the Public Procurement Rules, 2004.

During special audit of this Project, audit observed that the procurement process of the project was neither economical nor efficient. Instances of mis-procurement, violation of contractual obligations etc. were noticed. The procurement planning was done without proper need assessment. Significant observations are discussed in the following paras.

4.3.1. Irregular award of contract agreement to non-responsive firm – Rs 371.49 million

As per section 25 of PPRs 2004, the procuring agency may require the bidders to furnish a bid security not exceeding 5% of the bid price. Public Procurement Regulatory Authority also clarified vide frequently asked question No.18 that this rule is applicable irrespective of the fact whether bidder is from public sector or private sector. Further clause 15.1 and 15.3 of Annexure-1 read with clause 15.1 of Annexure-II of tender documents provides that each tenderer shall furnish, as part of his tender a tender security minimum 2 % of quoted price in the form of tender. Any tender not accompanied by an acceptable tender security shall be rejected by the employer as non-responsive.

During Special Audit of Track Rehabilitation Project, Sukkur, Audit observed that seven (7) contract agreements for different works were executed between TR/Management and M/s RAILCOP during the period 2009 to 2013. M/s RAILCOP did not furnish Bid Security/Earnest Money even with a single bid but even then the TR/Management executed the contract agreements with M/s RAILCOP. This resulted in irregular award of contract agreements amounting to Rs 371.49 million and non-

receipt of Bid Security/Earnest Money amounting to Rs 7.43 million (detail in Annexure-7). It was the responsibility of TR/Management to ensure that the Public Procurement Rules, 2004 were adhered to.

The issue was taken up with the management in August, 2016 and it was replied that M/s RAILCOP is exempted from all formalities as required from private contractors as per decision of the Executive Committee.

The reply was not acceptable as Executive Committee of Pakistan Railways is not competent to relax Public Procurement Rules, 2004.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for awarding the contracts to non-responsive firm may be fixed and action against responsible persons be taken under the rules.

4.3.2. Irregular award of contracts – Rs 347.27 million

As per Rule 20 and 21 of PPRs 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. The procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than Rs 100,000. Further, as per Para 1104 and 1106 of Pakistan Government Railway Code for the Engineering Department, no contractor or firm should be allowed to participate in any tender for procurement of stores or works who are blacklisted due to any reason by any Government department or Authority.

During Special Audit of Track Rehabilitation Project, Sukkur, it was noticed that a contract for deep screening of 10 km on TDM-ROH section valuing Rs 3.87 million at the rate of Rs 387,000 per Km and subsequently deep screening work of 200 Km valuing Rs 159.85 million at the rate of Rs 799,247 per km were awarded to M/s RAILCOP without adopting tender system. Furthermore, it was also noticed that the second

contract was awarded at exorbitant rate after negotiation and as demanded by M/s RAILCOP i.e. Rs 799,247 per Km. This resulted in loss to the public ex-chequer, amounting to Rs 42.80 million, (Rs 799,247-Rs 387,000 = Rs 412,247x103.82 km (upto 20.03.2014) due to splitting up of work and award of contracts at abnormally high rates.

In another case, it was noticed that M/s Al-Mehran Builders was blacklisted on 19.01.2003 due to poor performance in agreement No. 1/1998-99 dated 13.08.1998. However, during the year 2013-14, the said contractor i.e. M/s Al-Mehran Builders (a blacklisted firm) was awarded 4 contracts all dated 28.09.2013 for supplying and stacking of 2-inch size, 2,950,000 cft stone ballast at a cost of Rs 140.75 million at different locations (detail in Annexure-8). This showed that the management failed to safeguard interest of Pakistan Railways.

The issue was taken up with the management in August, 2016 and it was replied that deep screening of 10 kms was awarded to M/s RAILCOP at the rate of Rs 387,000 per km on trial basis and deep screening of 200 kms at the rate of Rs 799,247 per km was awarded to M/s RAILCOP as per directives of Executive Committee of Railway Board on 29.03.2008. In respect of issue regarding blacklisted firm it was replied that the contractor was re-instated on 12.04.2007 with the approval of AGM/I Lahore.

The reply was not tenable as according to PPRs no contract can be awarded without open competition and AGM/I was not competent authority to re-instate a blacklisted firm as per blacklisting policy of Pakistan Railways.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for splitting up of work and awarding the contracts at abnormally higher rates may be fixed and matter may be investigated at an appropriate level for execution of contract

agreements with a blacklisted firm. Action may be taken against those held responsible persons and the amount involved be recovered.

4.3.3. Unauthorised sub-contracting of work by M/s RAILCOP – Rs 118.40 million

As per Clause 3.1 of contract agreement the contractor shall not, without the prior consent of the employer (which consent, notwithstanding the provision of sub clause 1.5, shall be at the sole discretion of the employer), assign the contract or any part thereof or any benefit or interest therein or thereunder. Further clause 4.1 provides that the contractor shall not sub-contract the whole of the works except where otherwise provided by the contract, the contractor shall not sub-contract any part of the works without the prior consent of the engineer. Provided that the contractor shall not be required to obtain such consent for:- (a) the provision of labor (b) the purchase of material which are in accordance with the standard specified in the contract (c) the sub-contracting of any part of the works for which the sub-contractor is named in the contract.

During special audit of Track Rehabilitation Project, Sukkur, it was noticed that three contracts valuing Rs 118.400 million for supplying, stacking and loading of 2-inch (50mm) mechanically crushed stone ballast were awarded to M/s RAILCOP(detail in Annexure-9). M/s RAILCOP illegally appointed sub-contractors for supplying of entire quantity of ballast without prior approval of the competent authority i.e. General Manger Operations in violation of rules ibid. After sub-contracting, M/S RAILCOP requested Railway management for approval of nomination of sub-contractors which was turned down and RAILCOP was directed vide letter dated 27.03.2014 to commence the work within fortnight failing which the contract will be terminated. M/s RAILCOP again requested vide letter dated 09.04.2014 for approval of nomination of the sub-contractors. The Additional General Manager instead of terminating the contracts, accorded unauthorised approval for the same. It is worth mentioning here that powers to approve the nomination of sub-contractor are vested with the General Manager Operations (the employer) and not with AGM/Infrastructure. It is also pertinent to mention that M/s

RAILCOP and its sub-contractors completely failed to supply the ballast within delivery period.

The issue was taken up with the management in August, 2016 and it was replied that as per new policy AGM/I was the authority to sign the civil works agreements and subletting of contracts to concerned agreement.

The reply was not acceptable as no such policy regarding delegation of powers to AGM/I was provided to audit.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be inquired at an appropriate level for fixing responsibility of violating contractual clauses. Action against responsible persons may also be taken under the rules.

4.3.4. Irregular purchase – Rs 115.29 million

As per Chapter II, General requirement of standard specifications for Hard wood sleepers 1983, the sleepers shall only be of first Grade/Class and with moisture content not more than 20%.

During the special audit of Track Rehabilitation Project, Karachi, it was found that three (03) agreements for procurement of hard wood sleepers, bridge and crossing timbers were executed with M/S Naz Trading Corporation during March, 2006. A quantity of 12,830 sleepers was procured at the rate of Rs 1,652 per cft at a total cost of Rs 115,287,779.

A moisture test was carried out by the Forest Product Research in September, 2006 and it was reported that there was average moisture of 45% which may cause split and warp to sleepers. It is worth mentioning here that each supply had been inspected by Pakistan Railways team but no one reported the said deficiency/fault. The procurement was irregular, and a violation of standard specification.

The issue was taken up with the management in August, 2016 and it was replied that due to storage of sleepers in open air and the climatic conditions of Karachi the moisture content in hardwood timbers increased.

The reply was not acceptable as the moisture content test was required to be conducted before shipment of the sleepers.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be inquired at an appropriate level for fixing responsibility for accepting the material against standard specification and action be taken against those held responsible.

4.3.5. Splitting of works – Rs 80 million

As per Rule-9 of the Public Procurement Rules-2004, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or the regrouping of the procurement so plan. The annual requirements thus determine would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed that 1,600,000 cft 2-inch size stone ballast was required for TR/Project for Hyderabad / Mirpurkhas Sections. Under the rules, only one tender was to be called for procurement of entire quantity. Project Management invited two different tenders both dated 19.08.2013 and awarded to M/s Al-Mehran Builders at the rate of Rs 5,000 per % cft vide agreement No. 4-W/ballast/TR/Sultanabad and No. 5-W/ballast/TR /KC both dated 28.09.2013 (detail in Annexure-10). Audit is of the view that a single tender could have invited more economical rates.

The issue was taken up with the management in August, 2016 and it was replied that tenders were called at two different locations as

stacking capacity of 1,600,000 cft stone ballast was not possible at one station.

The reply was not acceptable as TR management could have call one tender and obtain supply of ballast at two different stations.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for splitting up purchases may be fixed, action against responsible persons be taken under the rules and the amount involved be regularized.

4.3.6. Irregular execution of contract – Rs 45 million

According to clause 15.1 of terms and conditions of the contract regarding supply, stacking and loading of 2” mechanically crushed stone ballast, each tenderer shall furnish, as part of his tender, a tender security in the amount 2% with the tender documents. Clause 15.3 says that any tender not accompanied by an acceptable tender security shall be rejected by the employer as non-responsive.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that the tenders for procurement of 1,500,000 cft stone ballast were called and opened on 11.10.2010 and awarded to M/s Haji Ranjha Khan and Company at the rate of Rs 3,000 per 100 cft. The acceptance letter was issued on 25.02.2011. Security Deposit Receipts (SDR) valid for 6 months valuing Rs 900,000 was submitted by the contractor.

On 10.08.2011, after expiry of validity period of the SDR the same was referred to UBL, Chock Mezan Branch, Quetta for extension of validity period. The bank manager intimated that the captioned SDR was fake and kept it for reporting to State Bank of Pakistan (SBP). Surprisingly, instead of cancellation of tender, forfeiture of security money and blacklisting of the firm, contract agreement No. 6-W/ballast/TR/KC dated 12.01.2012 was executed with the firm for the supply of 1,500,000 cft stone ballast at a total cost of Rs 45,000,000.

The issue was taken up with the management in August, 2016 and it was replied that the contractor had submitted fresh earnest money and the management had provided him an opportunity to complete the supply of ballast. However, the contractor failed to complete the work and finally he was blacklisted vide letter dated 14.11.2015.

The reply was not tenable as the agreement was knowingly executed with a fraudulent person who deceived the management.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter be investigated at an appropriate level for accepting the defective tender and action be taken against those found at fault.

4.3.7. Loss due to irrational rate analysis and uneconomical purchase of ballast –Rs 23.73 million

As per Rule-5 of the Public Procurement Rules, 2004, Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process. Further Para-807 of Pakistan Railway General Code provides that each and every public officer should exercise the same vigilance in respect of expenditure from Government revenues as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During special audit of Track Rehabilitation Project, Karachi, it was observed that before calling of tenders for procurement of 3,939,292 cft 2-inch size stone ballast, a rate analysis was carried out by obtaining the rates from local market. A rate of Rs 3,770 was obtained (cost of ballast Rs 1,970 + carriage Rs 1,700 + stacking Rs 100) inclusive of income tax. It is pertinent to mention here that TR management while conducting rate analysis included 10% sundry charges, 10% contractor profit and 3.55% income tax to arrive at acceptable rates whereas

quotations obtained were already inclusive of profits, sundries and income tax as well.

This caused an uneconomical purchase of ballast and resulted in overpayment of Rs 23.73 million (detail in Annexure-11).

The issue was taken up with the management in August, 2016 and it was replied that quotations were obtained from the crushers who did not include profit of the contractors. The income tax mentioned meant for taxes to be paid to mining department and toll tax etc.

The reply was not acceptable as the rates quoted by the ballast suppliers were inclusive of all charges.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated at an appropriate level for irrational rate analysis and uneconomical purchase of ballast and action be taken against those found at fault besides recovering the amount involved.

4.3.8. Non-deduction of sales tax – Rs 20.08 million

As per clause-7 of terms and conditions of purchase orders for procurement of hard wood sleepers, crossing timber and bridge timber, payment against the pay order was subject to deduction of Income Tax and Sales Tax as per law. No deduction on account of Sale Tax would be effected if original sale tax invoice, bank challan receipts are submitted along with bills by the contractor.

During the Special Audit of Track Rehabilitation Project, Karachi, it was observed that 3 purchase orders for supply of Hard Wood Sleepers, crossing timbers and bridge timbers were issued to M/s NAAZ Trading Corporation during 2005-06. An amount of Rs 133.87 million was paid to contractor during 2005-06 and 2006-07 including an amount of Rs 20.08 million of G.S.T but no evidence of depositing the said amount with public exchequer was available on record. This resulted in loss on account

of non-deduction of G.S.T amounting to Rs 20.08 million (detail in Annexure-12).

The issue was taken up with the management in August, 2016 and it was replied that the firm had deposited GST amounting to Rs 16.773 million to government for supply of sleepers and bridge timber.

The reply was not acceptable as no evidence of payment of GST i.e. bank challans/original sale tax invoice issued by FBR were produced to Audit.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that amount involved may be recovered besides fixing responsibility for non-deduction of G.S.T.

4.3.9. Irregular award of contract agreements due to non-receipt of performance security – Rs 19.87 million

As per section 39 of Public Procurement Rules 2004, where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guaranty which shall not exceed 10% of the contract amount. Further clause IB.32 and 37 of bidding documents for supplying stacking and loading stone ballast provides that the successful bidder shall furnish to the purchaser a performance security in the form and the amount stipulated in the bidding data and the conditions of the contract within the period of 28 days after the receipt of letter of acceptance. Failure of the successful bidder to comply with the above requirement shall constitute sufficient grounds for the annulment (cancellation) of the award and forfeiture of bid security. Further clause 32.1 and 37.1 of bidding data provides that the amount of performance security will be equal to 2 % of the value of the contract or equal to the amount of Bid Security.

During Special Audit of Track Rehabilitation Project, Karachi, it was observed that a number of agreements were executed with different

contractors for supplying, stacking and loading of 2-inch stone ballast and for other works. The contractors were required to furnish Performance Security within the stipulated time but failed to do so. Despite the fact that contractors did not furnish Performance Security/Bank Guaranty, TR/Management executed the contract agreements with them.

This resulted in irregular award of contract amounting to Rs 740,734,430 and non-receipt of Bank Guaranty/Performance Security amounting to Rs 19,872,689 (detail in Annexure-13).

The matter was taken up with the management in August, 2016 and it was replied that in terms of clause 37.I and II, all contractors had submitted bid security in the form of “CDR” in the mentioned cases. These CDRs were retained as Performance Security/Performance Guaranty which was kept in Suspense Account till completion of works. Therefore, no more performance security was required.

The reply was not accepted as TR management could not produce any CDRs to audit during inspection.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated for not obtaining performance security and extending undue favour to the contractors.

4.3.10. Over payment to the contractor –Rs 14.07 million

Para-807 of State Railway General Code provides that every public officer would exercise same vigilance in respect of expenditure from Government revenues as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During special audit of Track Rehabilitation Project, Karachi, it was observed that tenders for released SS/PSC sleepers between Buradabad-Jung Shahi-Ranpathani (BKP-JGS-RNP) sections were called

on 09.02.2016 for picking of 20,000 sleepers. But just after one week i.e. 16.02.2016 a corrigendum was issued raising quantity from 20,000 to 30,000 without assigning any reason for this enhanced quantity. The tenders were opened on 27.02.2016 and awarded to M/s Naik Wali and agreement No.16-W/Released PSC dated 19.03.2016 was executed between the parties.

However, according to RMAS Accounts of PWI/TR there were only 14,280 PSC/SS Sleepers in the said sections for which tender was awarded. Thus wrong tendering of sleepers caused an over/unjustified payment of Rs 14,067,400(15720 x Rs 895).

The matter was taken up with the management in August, 2016 and it was replied that there were 108,468 released PSC sleepers for which initially tenders were called for picking of 20,000 sleepers. The quantity was enhanced to 30,000 for urgent rehabilitation of track in MYP.

The reply was not acceptable because at the time of tendering, as per record, there were only 14,280 PSC/SS sleepers in the sections.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that justification for calling tenders for 20,000 sleepers and further enhancement of quantity to 30,000 against the available quantity of 14,280 sleepers may be explained besides fixing responsibility for the same and action be taken under the rules.

4.3.11. Non establishment of field testing laboratories resulting in loss – Rs 12.80 million

As per Clause 25 of annexure-V of tender documents for supply of 2” stone ballast, the contractor shall establish a field testing laboratory at his own cost within one month after signing of agreement at allocation approved by the engineer. On completion of work (or in case termination before completion) contractor will hand over entire testing facilities/laboratories equipment intact, to the employer free of cost. Final

bill of the contractor shall only be passed after satisfactory handing-over the laboratory equipment.

During special audit of Track Rehabilitation Project, Karachi and Sukkur, it was noticed that a number of contracts for supply of 2-inch stone ballast were awarded to different contractors. The contractors did not establish field test laboratories for carrying out all tests required under the agreement.

This was irregular and resulted in a loss of Rs 12.80 million to TR management (detail in Annexure-14) as after completion of the contracts the laboratory equipment were to become the property of TR management.

The issue was taken up with the management in August, 2016 and it was replied that as per general condition of contract Para 4-c/i, the contractor should have established field testing laboratory for carrying out prescribed test as required under the contract. However, all the tests required were got done from NED university therefore, there was no need of testing laboratory.

The reply was not tenable as establishment of field test laboratories were mandatory as per clause 25 of annexure V of tender documents for supply of stone ballast. The requirements of contractual obligations should have been carried out as all such labs were to become the property of Pakistan Railways after completion of work.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated for not observing the contractual obligations besides recovering the amount involved from contractors or persons found at fault.

4.3.12. Irregular payment on account of excess supply of 119,146 cft stone ballast – Rs 4.65 million

As per contract agreement No. 1-W/Ballast/TR/2012-13 dated 15.04.2013 the contractor was required to supply 500,000 cft stone ballast at the rate of Rs 3,900 per % cft.

Contrary to above during Special Audit of Track Rehabilitation Project, Karachi, it was observed that tenders for procurement of 500,000 cft stone ballast of 2-inch size at Jhampir were called and opened on 21.01.2013. Eventually, the tenders were awarded to M/s Rehmatullah Sheikh at the rate of Rs 3,900 per % cft. The work was started on 01.12.2013 and completed on 02.11.2014. As per contractor bills, instead of making payment for a quantity of 500,000 cft, the contractor was paid for a supply of 619,146 cft. An amount of Rs 4.65 million was paid to the contractor for the excess quantity of ballast without any approval of authority or rule.

The issue was taken up with the management in August, 2016 and it was replied that the contract was awarded for procurement of 500,000 cft stone ballast and accordingly the payment was made for 499,737 cft vide FCC-7/17DFA dated 29.11.2014.

The reply was not factual as the contractor ledger showed that the payment against quantity of 619,146 cft of ballast was made.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be investigated for fixing responsibility besides regularizing the amount involved.

4.3.13. Irregular payment on account of defective supply of 167,000 cft stone ballast by the contractors – Rs 4.65 million

The contractors were required to provide 2-inch stone ballast as per characteristics mentioned in clause 33 of Annexure-V of tender documents.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that the ballast supplied by M/s Frontier Works Organization (FWO) and M/s RAILCOP was inspected by a joint team of management and vigilance on 10.03.2007. The team reported that the ballast 50,000 cft and 117,000 cft supplied by FWO and RAILCOP respectively was found

unfit for Track. Despite this, a payment of Rs 4,651,000 (at the rate of Rs 2,750 per % cft Rs 1,375,000 and Rs 2,800 per % cft Rs 3,276,000 respectively) against the supply of the defective ballast was made to the contractors.

The matter was taken up with the management in August, 2016 and it was replied that no payment was made to the contractors for defective ballast as ordered by the competent authority.

The reply was not factual as the contractor ledger showed that the payment of Rs 4,651,000 had been made.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the material should immediately be got replaced or recovery be made against supply of defective ballast and responsibility be fixed for not getting it replaced in time.

4.3.14. Loss due to acceptance of damaged materials – Rs 3.09 million

Para-1801 of Pakistan Railway General Code provides that every Government officer/official should be held responsible for any loss to the Government through fraud or negligence on his account.

During Special Audit of Track Rehabilitation Project, Karachi, it was noticed during physical verification of stores of PWI Juma Goth dated 17.03.2016 that 243 Nos. Timber supplied by M/s NAAZ Trading Corporation during 2006-07 valuing Rs 3.09 million were found damaged (detail in Annexure-15).

This proved that no proper inspection was conducted at the time of receipt of Timber despite the fact that the project management team visited Malaysia for inspection of said Timber before each supply. It is pertinent to mention here that neither any claim was ever lodged against the contractor nor the position was reported to the management by PWI, Juma Goth. This resulted in a loss of Rs 3.09 million to the TR management.

The issue was taken up with the management in August, 2016 and it was replied that the Timber/sleepers were procured through four different contracts and were stocked in open air since last 10 years. Maximum sleepers had been issued to work and in small quantity of sleepers minor defects were developed due to climate but they were still in a good condition to be utilised.

The reply was not acceptable as sleepers pointed out by audit were totally damaged and could not be put in use.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the material should immediately be got replaced or recovery be made against supply of wrong/defective material and responsibility be fixed for not getting it replaced in time.

4.3.15. Unauthorised/unjustified payment to M/s RAILCOP for maintenance of track machines – Rs 1.73 million

Clause 17.1 of agreement for working of Track Machinery Cranes over the system, between M/S RAILCOP and Railway management provides that M/s RAILCOP shall make all arrangements for maintenance of TM/Cranes in the shops and in the field.

During special audit of Track Rehabilitation Project, Karachi, it was observed that an amount of Rs 1.73 million was paid to M/s RAILCOP for repair and maintenance of TM/Cranes working over Karachi Division (detail in Annexure-16). This caused irregular/unjustified payment of Rs 1.73 million as the expenditure was to be borne by M/s RAILCOP instead of TR/Management.

The matter was taken up with the management in August, 2016 and it was replied that debit TC No 01-SF/TR dated 10.08.2016 amounting to Rs 1,732,483 had been raised by SF&AO/TR to realise the amount from M/s RAILCOP.

The reply was not tenable, as the amount should have been recovered in cash instead of adjustment through TC.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that amount involved may be recovered from M/s RAILCOP.

4.4. Construction and Works

The construction and works should be done in an efficient and economical manner in accordance with the provisions of PC-I. For this purpose, the PC-I should be prepared after detailed feasibility study in order to specify the extent and scope of construction work.

Significant observations are given below.

4.4.1. Loss on account of extra fuel consumption – Rs 37.62 million

As per Clause 9 of the contract Terms and Conditions regarding construction of bridge in connection with realignment of curve No. 17, the contractor was required to complete the work within 9 months of execution of the agreement.

During Special Audit of Track Rehabilitation Project, Sukkur, it was noticed that an agreement No.1/TR/2010-11 was executed on 15.02.2011 with M/s Al-Sharif Construction and Co. for construction of a bridge in connection with realignment of curve No. 17 at the rate of Rs 147% above CSR-2003. The work was to be completed by 28.02.2012. The contractor failed to complete this work in time and completed it on 15.07.2013 i.e. with a delay of 16 months 15 days. The work was carried out under stop dead speed restriction. As per AME/PRC/Suk report, 34 trains passed on the bridge to down side each day and each locomotive consumed 22 liters extra fuel in case of stop dead speed. Due to non-completion of work in time, 376,244 liters HSD oil was consumed in excess by the passing trains. This fuel consumption worth Rs 37,624,400, (detail in Annexure-17) caused a loss to public ex-chequer. No action was taken against the contractor for this delay in completion of work.

The issue was taken up with the management in August, 2016 and it was replied that extension in time limit was granted by competent authority i.e. 16 months 15 days due to heavy flood and rains. The contractor carried out work without imposing stop dead for the period from 01.06.2011 to 15.07.2013.

The reply was not acceptable as consumption of extra fuel due to delay in completion of work was required to be recovered from the contractor, since the grounds for extension contended by the management (flood and heavy rain) did not commensurate with the request of contractor.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for delayed completion of work may be fixed and action be taken against those found at fault.

4.4.2. Execution of defective work – Rs 7.90 million

As per Clause 28.1 of the contract agreement regarding construction of bridge and earth work for realignment of curve No.17 from Km No.561/9 to 562/4 on Rohri-Khanpur section, all structural works of concrete shall conform to AASHTO T-22 to T-24 minimum compressive strength as measured on 6"x12" cylinder at 28 days shall be 6000 Per Square Inch (PSI). Further, Para-1801 of Pakistan Railway General Code provides that every Government officer/official should be held responsible for any loss to the Government through fraud or negligence on his account.

During special audit of Track Rehabilitation Project, Sukkur, it was noticed that two contracts for the above work were awarded to M/s Al-Sharif Construction CO. and Ch. M. Rasheed Arain at the rate of Rs 147% and Rs 298% above CSR-2003 respectively. Concrete structural work carried out by the contractors was got tested from CSF/Sukkur and Quaid-e-Awam University Nawabshah. As per test reports, the compressive strength was found at the average of 4,470 PSI and 4,874 PSI, which were much below the required strength of 6,000 PSI. However, the contractors were paid an amount of Rs 1,354,326 and Rs 1,974,991 respectively (detail in Annexure-18). It is pertinent to mention here that low compressive strength on the bridge work was also a safety risk for running trains and traveling public.

In another case it was also noticed that work for embankment up loop live Jumagoth station was awarded to M/s Saeed and Co. The IOW inspected the work executed by the contractor and found it damaged. Despite this final bill amounting to Rs 4.57 million was paid to the contractor.

This resulted in an unjustified payment of Rs 7.90 million and a loss to public ex-chequer.

The issue was taken up with the management in August, 2016 and it was replied in respect of work at curve No. 17 that the minimum compressive strength as per agreement was 4000 PSI and there was no safety risk involved. In respect of embankment of up loop it was replied that deficiency pointed out by the Inspector of Works had been reported to the contractor in order to get the defects removed.

The reply was not acceptable as according to clause 28.1 of agreement, minimum compressive strength as measured on 6"x12" at 28 days shall be 6,000 PSI. Further, no timely efforts had been made to get the defects pointed out by IOW removed by the contractor.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that matter may be inquired at an appropriate level for making payment against defective work besides recovery of the amount involved either from contractor or those found at fault. Further, defective work be got corrected according to the approved specifications.

4.5. Asset Management

Asset management of a project should be done in an effective and efficient manner in order to protect sophisticated machinery from any damage/loss or misuse. It is the responsibility of PD to implement the rules and regulations regarding asset management and ensure that all assets are managed in an efficient and economical manner.

During Special Audit of this project, it was observed that project assets were not being managed in an efficient manner. Significant observations are discussed in the following paras:

4.5.1. Extra expenditure due to excess issuance of 22,000 Prestressed Concrete Sleepers (PSC) – Rs 55.90 million

As per Annexure-C/ii of Re-Revised PC-I of Rehabilitation and improvement to deep screening of ballast, replacement of broken/worn out rails and sleepers and replacement of fastening on Kotri-Khanpur Section (25 KMS). A quantity of 125,000 sleepers at the rate of 1250 per kilometer was to be issued.

During Special Audit of Track Rehabilitation Project, Sukkur, it was noticed that an estimate No.60/2008-09 was approved for deep screening of 100 Km at a face value of Rs 556.734 million. A quantity of 125,000 sleepers was to be issued at the rate of 1,250/km against which 147,000 sleepers were issued. This resulted in excess issuance/usage of 22,000 sleepers, at the rate of Rs 2,540 each, valuing Rs 55,880,000 (detail in Annexure-19). This was irregular and caused an extra expenditure.

The issue was taken up with the management in August, 2016 and it was replied that actually 31,521 SS, PSC sleepers already existed in the track which were not replaced. During deep screening 115,489 sleepers were replaced and no excess sleepers were issued.

The reply was not acceptable as according to MAS account a quantity of 147,000 sleepers had been issued.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that the responsibility may be fixed for excess utilization/issuance of sleepers and the amount involved be got regularized by revision and approval of PC-I.

4.5.2. Released material obtained in short quantity – Rs 36.14 million

As per estimate No. 60/2008-09 for deep screening 100 km, released Permanent Way materials worth Rs 108,732,884 were to be obtained from the said work. Further, as per estimate No. 63/2010-11 for sleeper renewal of 18 km, released Permanent Way materials worth Rs 32,504,100 were required to be obtained from the said work.

During special audit of Track Rehabilitation Project, Sukkur, it was noticed that an estimate No. 60/2008-09 was approved for deep screening work 100 km at a face value of Rs 556.73 million. Released permanent way material worth Rs 108,732,884 was to be obtained from the said work, while released permanent way material amounting to Rs 77,130,900 was obtained.

In another case it was also noticed that an estimate No.63/2010-11 was approved for sleeper renewal of 18 km at a total cost of Rs 163.58 million. Released Permanent Way material worth Rs 32,504,100 were to be obtained from the said work, but released Permanent Way material amounting to Rs 27,966,605 only was obtained.

This resulted in obtaining short quantity of released permanent Way material worth Rs 36,139,475 (Rs 31,601,984 +45,37,491)detail in Annexure-20&20.1). This also resulted in overstatement of the cost of project.

The issue was taken up with the management in August, 2016 and it was replied in respect of estimate No. 60/2008-09 that at the time of deep screening work due to short supply of new fittings from store department, the SS fitting in good condition were re-used due to which

released material was obtained in lesser quantity. In respect of estimate No. 63/2010-11 it was replied that sleeper renewal work of 18 km was revised and released P-way material as per revision carried out per km which is not less.

The reply was not acceptable as documentary evidence regarding less utilization of new fittings and revision of released P-Way material was not provided to audit.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility may be fixed for short receipt of released material besides recovering the amount from those found at fault.

4.5.3. Loss/theft of P-way material from TR/project– Rs 12.99 million

As per Para-1736 of Pakistan Government Railway Code for the Engineering Department, the authority in executive charge of a work should be responsible for holding in safe custody, for controlling the consumption and, to the extent prescribed hereinafter, for the correct accountal of all material at site of such work; also for the return to Stores, transfer, or disposal otherwise, to the best advantage of Railway, of any materials at site which, it appears certain, will not be consumed on that work.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that the P-way material released as well as new, valuing Rs 12,994,533 (Rs 12.99 million) was stolen from the yards, stores and sections, during the period from February, 2007 to November, 2014 (detail in Annexure-21). It is pertinent to mention here that more than 300 persons were engaged on TLA including patrollers and chokidars but theft cases could not be controlled. A case of theft of rails 100 RE was reported in September, 2007 in which Railway police was found involved with strong evidence but no action was taken by TR management except

lodging FIRs. The concerned PWI who was responsible for safe custody of P-way material was warned a number of times to protect the material but all in vain.

The issue was taken up with the management in August, 2016 and it was replied that the work of TR was being carried out over a distance of 145 kms and sufficient staff was not available to take care of P-Way material spread over the track. However, FIRs for each incident of theft have been lodged.

The reply was not acceptable as Railway police itself was found involved in theft and management did not make any efforts to protect the P-way stores.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that theft cases should be investigated to fix responsibility for taking appropriate action against the persons held responsible for the loss and amount of loss may be recovered from the defaulters. Moreover, security measures should be strengthened to safeguard public assets.

4.5.4. Unauthorised utilization of Permanent-Way material by divisional staff –Rs 6.16 million

As per Para-38.2 and 38.9 (g) of Way and Works Manual, every stock holder shall be responsible for maintaining all stores and tools and plant in his charge in proper condition and for protecting them from undue deterioration. It is essential that greatest possible accuracy is maintained in the accountal of stores. Material borne on the material at site account of a work shall not, unless so directed, be used for any other purpose. If owing to urgency, it is found necessary to use the material for purposes other than for which it was indented, the transaction shall be shown as a minus receipts and the full particular of the work for which it has been used and the reason thereof shall be recorded.

During special audit of Track Rehabilitation Project, Karachi, it was noticed that Permanent-Way material valuing Rs 6.16 million (detail in Annexure-22), including new and released material was forcibly taken away by the Divisional Civil Engineering staff from the section of PWI-TR/KC during the period March, 2007 to March, 2014. The issue was taken up with Divisional authorities but no action regarding accepting the cost of said material was taken.

The issue was taken up with the management in August, 2016 and it was replied that the material was taken/utilised by sectional PWIs in acute emergencies to keep the train operation intact. However, issue notes along with “A” memos had been issued and debit TCs would be raised as and when issue notes were verified.

The reply was not tenable, as the amount should have been recovered in cash instead of adjustment through TC.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that amount involved may be recovered from the division.

4.5.5. Shortage of 150,049 cft stone ballast – Rs 5.19 million

As per Para-1736 of Pakistan Government Railway Code for the Engineering Department, the authority in executive charge of a work should be responsible for holding in safe custody, for controlling the consumption and, to the extent prescribed hereinafter, for the correct accountal of all material at site of such work; also for the return to Stores, transfer, or disposal otherwise, to the best advantage of Railway, of any materials at site which, it appears certain, will not be consumed on that work.

During special audit of Track Rehabilitation Project, Audit team visited the ballast queries at Khanpur and Jhimpir Station along with Ballast Inspectors. Ballast stacks 1 to 7 at Jhimpir and 1 to 4 at Khanpur

were physically measured. It was found that a quantity of 299,970 cft and 331,158 cft stone ballast were available on ground at Jhimpir and Khanpur respectively. As per RM account the book balance of ballast was 370,503 cft and 357,816 cft at Jhimpir and Khanpur respectively. This indicated in shortage of 150,049 cft(123,389 cft+26,660 cft)stone ballast valuing Rs 5.19 million (detail in Annexure-23&23.1).

The issue was taken up with the management in August, 2016 and it was replied in respect of Jhimpir query that there was no shortage of stone ballast. At the time of audit verification the stacks were not in proper shape due to which there was some confusion. In respect of Khanpur query it was replied that as per terms and conditions, payment will be made to the contractor on the basis of measurement of ballast at site of unloading after verification of challans.

The reply was not acceptable as the measurement was made along with the Ballast Inspectors, who did not raise any objection regarding figures taken during measurement. Further, the proper maintenance of stacks was also responsibility of the contractor.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility may be fixed for shortage of ballast and amount recovered from those found at fault.

4.5.6. Shortage and excess of released material – Rs 3.50 million

Para-1736 of Pakistan Government Railway Code for the Engineering Department, provides that the authority in executive charge of a work should be responsible for holding in safe custody, for controlling the consumption and, to the extent prescribed hereinafter, for the correct account of all material at site of such work; also for the return to Stores, transfer, or disposal otherwise, to the best advantage of Railway, of any materials at site which, it appears certain, will not be consumed on that work.

During Special Audit of Track Rehabilitation Project, Sukkur, it was noticed that different items of released material valuing Rs 2.65 million and Rs 0.85 million (detail in Annexure-24) were found short and in excess respectively by stock verifier during stock verification conducted in February, 2016. The difference in actual and book balance of released material at site could have been due to possible misappropriation.

The issue was taken up with the management in August, 2016 and it was replied that the stock sheets returned to SAO/Store were not finalised.

The reply was not acceptable. The fact that stock sheet could not be finalised showed the negligence on part of the management.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that stock sheets may be finalised without further delay under intimation to audit.

4.5.7. Shortage of T&P items – Rs 2.55 million

As per para 151 of General Financial Rules, the head of an office or any other officer entrusted with stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores. He should maintain suitable accounts and inventories and prepare correct returns in respect of the stores in his charge with a view to preventing losses through theft, accident, fraud or otherwise and making it possible at any time to check the actual balance with the book balances and the payment to suppliers, etc.

During Special audit of Track Rehabilitation Project, Karachi, it was noticed that different T&P items valuing Rs 2.55 million were found short by stock verifier during stock verification conducted on 23.02.2016 (detail in Annexure-25).

Difference in actual and book balance of T&P items might have been due to possible misappropriation of these items. This was irregular and a violation of extant rules. This was also an indication of weak inventory controls.

The issue was taken up with the management in August, 2016 and it was replied that T&P items which were not available at the time of audit have since been traced and at present there was no shortage of T&P items.

The reply was not acceptable as no documentary evidence i.e. finalisation/clearance of stock sheet against T&P was furnished.

Railway management was requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that responsibility for difference in actual and book balance of T&P items may be fixed and amount involved be recovered from those held responsible.

4.6. Overall Assessment

The overall performance of the project was not satisfactory as project started in 2001 and was not completed even after 15 years. The scope of work was reduced by more than 50% but cost of the project was increased by 3.15%. The target fixed was not achieved except for the alignment of only two curves.

4.6.1. Cost Over Run

As per original PC-I, the cost of the project was approved for Rs 11,192 million in 2002. The scope of the work was reduced more than 50% as per re-revised PC-I approved in May, 2015. But the cost of the project was raised from Rs 11,192.00 to 11,544.00 million. Audit is of the view that the cost of the project should have been reduced by 50% as well i.e. 5,500.00 million minimum rather than increasing it further. This was due to poor planning and inefficiency of the project management. This resulted in an over expenditure of Rs 5,976.52 million (detail in Annexure-26)

The matter was taken up with management in August, 2016 and requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that reasons under which the cost was raised and scope of work was reduced by more than 50% may be justified. Further, internal controls regarding planning and execution of the project be strengthened to avoid recurrence.

4.6.2. Time Over Run

As per original PC-I, the project started on 01.07.2001 and was to be completed with a period of five years.

Contrarily, it was observed that a time of 15 years elapsed up to 30.06.2016 but the project was not completed despite of the fact that the scope of work was reduced by 50%. This showed poor performance and inefficiency by the management.

The matter was taken up with management in August, 2016 and requested vide letter dated 02.11.2016 to hold a DAC meeting but no reply was received till finalization of Audit Report.

Audit recommends that inordinate delay in completion of the project may be justified besides fixing responsibility for delay and mismanagement.

5 CONCLUSION

Project was started without proper planning. It was badly affected by faulty execution. The relevant laws i.e. PPRs 2004, Codal provisions and Planning Commission's Guidelines for Project Management etc. were neglected. Since the commencement of the project, the management was not confident as to how and what actually had to be done/achieved in this project. Due to this fact, the PC-I was got revised twice. Scope of the work, as a result of revision of PC-I was reduced almost 50% but cost of the project was increased by 3.15 %. Project management totally failed to execute and complete the project as planned.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management and staff of the project (Rehabilitation and Improvement of Track) for their assistance and cooperation extended to the auditors during this assignment.

ANNEXURES

STATEMENT SHOWING THE INCORRECT ACCOUNTAL OF MATERIAL

Sr. #	Month	Description	Opening Balance	Receipts	Issue	Closing Balance	Should be (feet)	Difference	Rate	Amount
1	November, 2015	Rail 100 RE/SS	141448 ft	12820 ft	Nil	128628 ft	154268 ft	25640 ft 384600 kg	55	21,153,000
2	August, 2015	PSC Sleepers U/S	158543 Nos	300 Nos	Nil	158843 Nos	-	-	-	-
3	September, 2015	PSC Sleepers U/S	15884 Nos	400 Nos	-	16284 Nos	159243 Nos	142959 Nos	3250	464,616,750
4	July, 2015	Rail 100 RE/SS	131558 ft	1932	Nil	129626 ft	133490 ft	3864 ft 57960 Kg	55	3,187,800
TOTAL AMOUNT										488,957,550
AMOUNT IN MILLION										488.958

Annexure 2:

**STATEMENT SHOWING ADDITIONAL (COMPLETE TRACK
RENEWAL 19.87 KM & SLEEPER RENEWAL 10.10 KM) WORKS
EXECUTED FROM TR/KC-KPR PSDP-FUNDED PROJECT**

S #	Description	Amount
1	Execution of washing line No.1,2&3 at KYC Railway station.	3,766,552
2	CTR at RG-RYD (5Km)	86,580,598
3	CTR of General Store 1.82 Km	35,754,618
4	CTR of KC shed in connection with up-gradation of Maintenance Diesel Shed KC (4.9 Km)	83,262,575
5	CTR on DN Main Line at KM 174/2 to 175/8 in the section of pwi-kot (1.4 Km)	26,584,986
6	S.R of Dispatch line No.1 (1850') 2 (1600'), 3 (1600') and up Loop line No.4 (1850') total 6900' = 2.10 Km in Stowel yard RG-KMR.	22,863,883
7	CTR Line No.6 (2673') & (2670') total = 5343'=1.62 Km at RYD yard	26,181,351
8	CTR of Jungle line (375') seedha line (310'), Khadda line (350') Sick line No.2 (540') & 3(400') New yard line No.1 (730') & 2 (610') total 3315 = 1.01 Km RG-KMR	15,775,596
9	CTR of three goods lines No.8 (2300') 9 (2300'), 10 (2300) & two loco lines of (3040' & 2600') total 12540' = 3.82 Km at Kotri yard	32,000,000
10	S.R on MPS-KRB section at Km 67/0 to 75/0 (8.00 Km)	48,570,722
Total Amount in Rs		381,340,881
Amount in Million		381.340
	Add cost of 2 acre land procured for realignment of curve No. 18	5.00
Grand Total		386.340

STATEMENT SHOWING DETIL OF NON-RECOVERY OF L.D CHARGES

S #	Name of Work	Agreement No & Date	Agency	Date of commencement	Date of Completion as per Agreement	Actual Date of Completion	Qty	Rate	Amount of Agreement	Delay in days	Rate of LD Charges	Amount
1	Providing & lying earth for realignment of curve No 14	2/Tender/earth work/ TR/13-14 Dt:26.08.13	M/S Asad enterpriser	22.03.2014	21.12.2014	work in progress (12.04.16)	-	-	4357300	476	10 % of contract price	435,730.0
2	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmir	1-W/1/TR/Suk Dt.15.05.09	M/s Rail cop	15.05.2009	14.02.2010	work in progress (12.04.16)	1000000 CFT	2850per % CFT	28500000	2248	10 % of contract price	2,850,000.0
3	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar	4-W/1/TR/Suk Dt.03.10.09	M/s Ghulam sarwar & Co.	15.11.2009	14.11.2010	28.11.13	1000000 CFT	2875per % CFT	28750000	1109	10 % of contract price	2,875,000.0
4	Supply, Stacking & Loading of 2 inch stone ballast @ Rohri Goods yard, Rohri	3-W/ballast/ ballast/TR/Suk Dt:03.09.09	M/s Rail cop	17.12.2009	16.12.2010	work in progress (12.04.16)	2000000 CFT	2997per % CFT	59940000	1941	10 % of contract price	5,994,000.0
5	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmir	10-W/1/TR/Suk Dt:14.10.13	M/S Al Sharif construction Co. Multan	05.03.2014	04.03.2015	work in progress (12.04.16)	800000 CFT	5247 per % cft	41976000	395	10 % of contract price	4,197,600.0

6	Supply, Stacking & Loading of 2 inch stone ballast @ Padidan station	11-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	19.04.2014	18.10.2014	03.02.2016	800000 CFT	5400 per % cft	43200000	470	10 % of contract price	4,320,000.0
7	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar station	7-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	19.10.2013	18.10.2014	work in progress (12.04.16)	800000 CFT	4500 per % cft	36000000	539	10 % of contract price	3,600,000.0
8	Supply, Stacking & Loading of 2 inch stone ballast @ Daharki station	8-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	19.10.2013	18.10.2014	work in progress (12.04.16)	800000 CFT	5500 per % cft	44000000	539	10 % of contract price	4,400,000.0
9	Supply, Stacking & Loading of 2 inch stone ballast @ RETI station	9-W/1/TR/Suk Dt:14.10.13	M/S Al Sharif constructi on Co. Multan	12.01.2014	11.01.2015	18.06.2015	800000 CFT	5575 per % cft	44600000	157	Rs20000 per day of delay	3,140,000.0
10	Deep screening of ballast replacement of broken rail sleepers and fastening @ up line	15-W/deep screening/TR/08 Dt:10.01.09	M/s Rail Cop	11.11.2008	10.11.2009	03.04.2014	100 KM	799247 per KM	79924700	1603	10 % of contract price	7,992,470.0

11	Supply, Stacking & Loading of 2 inch stone ballast	6-W/ballast/TR/K C Dt: 12.01.12	M/s Ranjha Khan	12.01.2012	11.01.2013	Nil	1,500,000	3000 per % cft	45000000	365	10 % of contract price	4,500,000.0
TOTAL AMOUNT IN RS											44,304,800.00	
TOTAL AMOUNT IN MILLION											44.30	
	Note:- Amount of LD Charges Rs 20000 for each day of delay in completion of work subject to maximum of 10 % of Contract Price stated in the letter of Acceptance.											

Annexure 3.1:

STATEMENT SHOWING L.D. CHARGES RECOVERABLE FROM M/s NAAZ TRADING CO.

S#	Purchase order #	Date	Delivery Period	Supplied on Date	Delay in weeks	Qty in cft	Rate	Amount	LD Charges 0.5 %
1	835-W/58/PD/TR-05	15.03.06	14.07.06	31.01.07	5	1558.333	1652	2,574,366.12	64,359.15
2	Do	Do	Do	02.02.07	5	5145.833	1652	8,500,916.12	212,522.90
3	Do	Do	Do	02.02.07	5	1138.888	1652	1,881,442.98	47,036.07
4	Do	Do	Do	02.02.07	5	3725.000	1652	6,153,700.00	153,842.50
5	835-W/57/PD/TR-05	Do	Do	31.01.07	5	3660.000	1652	6,046,320.00	151,158.00
Total Amount									628,918.63
Total amount in million									0.63

**STATEMENT SHOWING THE DETAIL OF NON-RECOVERY OF L.D.
CHARGES FROM M/s AL-MEHRAN BUILDERS**

S #	Date of Commencement	Due Date of Supply upto	Supplied on Date	Delay (in weeks)	Qty (cft)	Rate (Rs)	Amount (Rs)
1	28.09.2013	27.09.2014	05.11.2014	5	800,000	200000 *	1,000,000
2	Do	Do	18.11.2014	7	699,872	174,968	1,224,776
3	Do	Do	25.11.2014	8	599,940	149,985	1,199,880
4	Do	Do	02.12.2014	9	480,349	120,087	1,080,785
5	Do	Do	10.12.2014	11	388,851	97,213	1,069,340
6	Do	Do	20.12.2014	13	289,121	72,280	939,643
7	Do	Do	26.12.2014	14	189,612	47,403	663,642
8	Do	Do	16.01.2015	18	93,227	23,307	419,521
9	Do	Do	06.02.2015	23	93,227		0
TOTAL AMOUNT							7,597,587

*	Rate=800000 cft x5000 (rate per % cft) = 40000000 x 0.5% LD charges =200000
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**STATEMENT SHOWING DETAIL OF PAYMENT ON ACCOUNT OF
ENGAGEMENT OF TLA AND TA/DA FROM 07/2010 TO 02/2016**

Amount in Rs

Sr #	Month	Target Fixed	Target Achieved	Expenditure on TLA	TA/DA	Expenditure on TA/DA when progress of the work was Nil
		Sleeper Renewal Unit KM	Sleeper Renewal Unit KM			
1	Jul-10	2	0.86	29799	-	-
2	Aug-10	2	0.72	17612	-	-
3	Sep-10	2	0.64	1306557	-	-
4	Oct-10	2	0.90	239122	96584	-
5	Nov-10	2	-	663247	49636	49636
6	Dec-10	2	-	66000	35908	35908
7	Jan-11	2	-	256019	71013	71013
8	Feb-11	2	0.15	63762	49565	-
9	Mar-11	2	0.44	390198	25170	-
10	Apr-11	2	0.50	35806	59455	-
11	May-11	2	0.13	255105	66056	-
12	Jun-11	2	0.30	112777	38940	-
13	Jul-11	2	0.80	416595	-	-
14	Aug-11	2	-	71896	38781	38781
15	Sep-11	2	-	379889	-	-
16	Oct-11	2	-	659957	-	-
17	Nov-11	2	-	439582	37598	37598
18	Dec-11	2	-	800702	21364	21364
19	Jan-12	2	-	882044	86632	86632
20	Feb-12	2	-	507419	-	-
21	Mar-12	2	-	617955	48273	48273
22	Apr-12	2	1.04	93222	13100	-
23	May-12	2	1.78	1412515	35307	-
24	Jun-12	2	1.66	957277	148170	-
25	Jul-12	2	0.77	1389763	-	-

26	Aug-12	2	-	641106	53335	53335
27	Sep-12	2	-	73861	-	-
28	Oct-12	2	-	404939	104150	104150
29	Nov-12	2	-	530219	17700	17700
30	Dec-12	2	-	235080	28030	28030
31	Jan-13	2	-	93628	44300	44300
32	Feb-13	2	-	117114	6050	6050
33	Mar-13	2	-	100488	20850	20850
34	Apr-13	2	-	79563	6400	6400
35	May-13	2	-	103348	28100	28100
36	Jun-13	2	-	91648	55600	55600
37	Jul-13	2	-	82121	-	-
38	Aug-13	2	-	114617	27800	27800
39	Sep-13	2	0.38	98413	23100	-
40	Oct-13	2	0.42	275710	85745	-
41	Nov-13	2	0.32	326324	27800	-
42	Dec-13	2	0.35	312069	56895	-
43	Jan-14	2	0.67	321221	50890	-
44	Feb-14	2	1.09	544301	54675	-
45	Mar-14	2	1.12	724446	53530	-
46	Apr-14	2	0.93	805135	57465	-
47	May-14	2	0.67	765238	66225	-
48	Jun-14	4	0.96	1639845	198985	-
49	Jul-14	4	1.87	-	-	-
50	Aug-14	4	1.72	1125428	51415	-
51	Sep-14	4	1.45	1291977	69145	-
52	Oct-14	4	1.02	1081595	90295	-
53	Nov-14	4	1.17	1115949	39060	-
54	Dec-14	4	1.75	1126845	55575	-
55	Jan-15	4	2.04	1392807	85625	-
56	Feb-15	4	2.32	1705962	66475	-
57	Mar-15	4	2.73	2022581	109800	-
58	Apr-15	4	1.50	2090720	98315	-
59	May-15	4	1.38	1649552	76025	-
60	Jun-15	3	-	1631401	147075	147075

61	Jul-15	2	0.32	793067	115150	-
62	Aug-15	2	1.75	871587	97520	-
63	Sep-15	3	1.83	1467614	106875	-
64	Oct-15	3	1.50	1646770	126200	-
65	Nov-15	3	-	1599424	133330	133330
66	Dec-15	3	-	2054736	163370	163370
67	Jan-16	3	2.65	2646852	131075	-
68	Feb-16	3	-	2260607	87825	87825
TOTAL		167	44.60	50,120,728	3,839,327	1,313,120

Amount of TLA Required for one (1) KM as per Re-Revised PC-I	190,536
Amount of TLA should be for 44.60 Km as per Re-Revised PC-I	8,497,906
Expenditure incurred on TLA for 44.60 Km by TR/Management	50,120,728
Excess Expenditure Incurred (50120728-8141603)	41,622,822
Excess Expenditure on TA/DA Incurred	1,313,120
Total	42,935,942

Annexure 5:**STATEMENT SHOWING THE DETAIL OF EXPENDITURE BOOKED
IRREGULARLY AGAINST DEPRECIATION RESERVE FUND (DRF)
INSTEAD OF CAPITAL – Rs 5.101 MILLION**

S#	Pay order No	Date	Description	Amount
1	450511	12.01.2005	Purchase of New Furniture for PD	24000
2	450512	12.01.2005	Purchase of New Furniture for DD/PD	24500
3	450513	12.01.2005	Purchase of Carpet for PD	11194
4	450517	08.02.2005	Purchase of Almara 3 Nos	16200
5	450521	21.02.2005	Purchase of Curtains	18880
6	450535	24.03.2005	Purchase of New Furniture for o/o XEN&AEN	24150
7	450543	27.04.2005	Purchase of FAX Machine	13000
8	450548	11.05.2005	Purchase of Split AC	23000
9	450550	13.05.2005	Purchase of water cooler	24500
10	450556	30.05.2005	Purchase of Refrigerator for PD office	15900
11	450572	22.06.2005	Purchase of TV for PD office	17000
12	450573	22.06.2005	Purchase of Cordless Telephone	21000
13	450591	29.06.2005	Purchase of P4 System for PD	19200
14	482311	20.09.2005	Purchase of Building Material LND-KOT	23665
15	482336	03.12.2005	purchase of sofa set for PD office	14600
16	482362	05.01.2006	Purchase of Furniture for the o/o PD&XEN	21900
17	482371	20.01.2006	Digital Camera	23500
18	482397	23.02.2006	Purchase of carpet for DD/PD	12915
19	484125	19.04.2006	Purchase of FAX Machine	10428
20	484130	29.04.2006	Purchase of Steno Telephone for PD office	22100
21	484159	14.06.2006	Purchase of Curtains tables & Revolving Chairsfor rest room	12525
22	484180	04.07.2006	Purchase of Carpet for XEN 1 & 2	12078
23	485508	01.09.2006	Purchase of rechargeable Cell for motorola set & chairs & Tables	21790
24	485539	27.10.2006	Purchase of office Furniture PD	21400
25	563929	17.04.2008	Slipt AC Dawlance 1 Ton	22000

26	563948	03.05.2008	Furniture	24950
27	563953	13.05.2008	Furniture	24850
28	678261	03.12.2012	Suzuki Cultus VXR (Euro 2) 2 Nos	1970000
29	678262	03.12.2012	Toyota Corolla XLI	1534000
30	678273	20.12.2012	Registration Fee & Number Plats of GP-3220	19740
31	678277	08.01.2013	Seat Cover for GP-3220	10300
32	678284	18.01.2013	Steel Almara 4*6f t 2 No	25000
33	678286	19.01.2013	Registration fee & Number Plats & Seat Cover GP No-3234 & 33235	47522
34	678294	07.02.2013	Providing Shelter in PD office	81640
35	431207	26.12.05	Purchase of furniture for office	24300
36	431208	26.12.05	Purchase of furniture for office	24500
37	431227	13.04.06	P O Panasonic Fax machine	10428
38	431235	24.05.06	P O Desert Room Coller	4500
39	431256	28.07.06	P O Furniture	22800
40	431257	28.07.06	P O Furniture	14500
41	431269	12.09.06	Purchase of Computer	38550
42	431290	20.12.06	P O Furniture	4900
43	431291	21.12.06	P O Furniture Sofa Set	4900
44	527405	17.03.07	P O Furniture	18600
45	527406	26.03.07	P O Furniture	10050
46	527431	09.06.07	P O Fax Machine	8200
47	527435	19.06.07	P O Com&Printer	29900
48	527446	13.07.07	Bracket Fan	4920
49	527447	14.07.07	P O Furniture	5000
50	527472	29.10.07	P O Office Furniture	24750
51	527477	10.11.07	P O Furniture	18500
52	528506	17.01.08	Aluminum Doors	8960
53	528516	08.03.08	P O Furniture	24700
54	528541	03.06.08	P O Furniture	24900
55	528558	04.07.08	Bracket Fan	1900
56	528588	10.10.08	Stabiliser 1000 w	3300
57	657094	28.05.10	Stabiliser 1000 w 1 No	11948
58	678222	14.09.12	Siplit AC 2 Ton	57900
59	678271	19.12.12	Fax Machine 2 Nos PD TR & SFO	62640

60	678296	08.02.13	Intercom change	28100
61	678299	18.02.13	Furniture for PD office	47000
62	735101	18.02.13	Furniture for Accounts office	44300
63	805611	22.01.14	UPS for PD office	49000
64	805643	15.04.14	Dispenser for PD office	14800
65	840179	22.06.15	Furniture for TR office	24970
66	792722	14.12.15	Laptop Model 5558 for DD/PD	87000
67	751824	10.07.2012	Furniture for AO/TR Office	21900
68	671025	26.08.2013	Exhaust Fans	4000
69	671084	09.05.2014	Purchase of UPS with Battery	43000
70	671091	06.06.2014	Computer Set	47000
71	795997	25.06.2015	Revolving Chair	14600
Total Amount				5,100,643

Annexure 6:**STATEMENT SHOWING UNJUSTIFIED PAYMENT OF RS 1.064
MILLION ON ACCOUNT OF LEAVE ENCASHMENT**

S. No	P. order No	date	Description	Amount
1	770495	31.03.2011	Leave Encashment to Mr. M. Yaqoob	49,080
2	617578	04.06.10	Leave Encashment of 94 days to Mr. Ghulam Yaseen XEN,TR	75,419
3	617591	06.09.10	Leave encashment of 180 days to Mr. H.J Danish AEN,TR	101,220
4	829223	04.12.2014	Leave encashment of 365 days to Mr. Maqbool Ahmed Magsi	838,283
Total Amount				1,064,002

DETAIL OF CONTRACTS AWARDED WITHOUT OBTAINING EARNEST MONEY.

S #	Name of Work	Agreement No & Date	Agency	Qty in CFT	Rate Per% CFT	Amount of Agreement	Amount of earnest money @ 2% of bid price
1	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmoor	1-W/1/TR/Suk Dt.15.05.09	M/s Rail cop	1000000	2850	28500000	570000
2	Supply, Stacking & Loading of 2 inch stone ballast @ Rohri Goods yard, Rohri	3-W/ballast/ ballast/TR/Suk Dt:03.09.09	M/s Rail cop	2000000	2997	59940000	1198800
3	Supply, Stacking & Loading of 2 inch stone ballast @ Padidan station	11-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000	5400	43200000	864000
4	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar station	7-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000	4500	36000000	720000
5	Supply, Stacking & Loading of 2 inch stone ballast @ Daharki station	8-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000	5500	44000000	880000

6	Deep screening of ballast replacement of broken rail sleepers and fastening @ up line	15-W/deep screening/TR/08 Dt:10.01.09	M/s Rail Cop	-	-	79924700	1598494
7	Deep screening of ballast replacement of broken rail sleepers and fastening @ down line	2-W/deep screening/TR/08 Dt:15.09.2009	M/s Rail cop	-	-	79924700	1598494
Total amount in Rs						371489400	7429788
Total amount in million						371.489	7.430

STATEMENT SHOWING THE DETAIL OF TENDERS AWARDED TO A BLACKLISTED FIRM

S #	Agency	Name of Work	Agreement No & Date	Date of Commencement	Date of Completion	Qty (in Cft)	Rate (in per % Cft)	Amount
1	M/S Al Mehran Builders	Supply of Ballast @ Juma Ghoth	6-W/ballast/TR /KC dated 28.09.13	08.01.2014	30.06.2016	800000	4300+ 200 (loading)	36,000,000
2	M/S Al Mehran Builders	Supply of Ballast @ Tajpur-Nasarpur(hyd-mirpurkhas section)	5-W/ballast/TR /KC dated 28.09.13	15.01.2014	14.01.2015	800000	4700 (Supply & stacking) + 300 (loading)	40,000,000
3	M/S Al Mehran Builders	Supply of Ballast @ Jangh Shahii Station	3-W/ballast/TR /KC dated 28.09.13	25.01.204	24.09.2014	550000	4300+ 200 (loading)	24,750,000
4	M/S Al Mehran Builders	Supply of Ballast @ Sultanabad (hyd-mirpurkhas section)	4-W/ballast/TR /Sultanabad dated 28.09.13	08.10.2013	30.06.2015	800000	4700 (Supply & stacking) + 300 (loading)	40,000,000
Total amount in Rs								140,750,000
Total amount in million								140.750

DETAIL OF AGREEEMNTS SUB-LETTED BY M/S RAILCOP.

Sr.#	Agreement & Date	Date of Commencement	Date of Completion as per agreement	Actual date of completion (Delays)	Quantity in CFT	(*)Rate per% CFT	Amount
1	7-W/I/TR/Suk 11.10.2013	19.10.2013	18.10.2014	Work in progress up to 12.04.16	800000	4300	34400000
2	8-W/I/TR/Suk 11.10.2013	19.10.2013	18.10.2014	Work in progress up to 12.04.16	800000	5300	42400000
3	11-W/I/TR/Suk 11.10.2013	19.10.2013	18.10.2014	03.02.2016 (410 days)	800000	5200	41600000
Total amount in Rs							118400000
Total amount in million							118.400

(*)The rates are only for supplying of ballast.

STATEMENT SHOWING THE DETAIL OF TENDERS SPLITTED UP

S #	Agency	Name of Work	Agreement No & Date	Date of Commencement	Date of Completion	Qty (in Cft)	Rate (per % Cft)	Amount
1	M/S Al Mehran Builders	Supply of Ballast @ Tajpur-Nasarpur (Hyderabad Mirpurkhas sections)	5-W/ballast/TR /KC dated 28.09.13	15.01.2014	14.01.2015	80000 0	4700 (Supply & stacking) + 300 (loading)	40,000,000
2	M/S Al Mehran Builders	Supply of Ballast @ Sultanabad (Hydrabad-Mirpurkhas sections)	4-W/ballast/TR /Sultanabad dated 28.09.13	08.10.2013	30.06.2015	80000 0	4700 (Supply & stacking) + 300 (loading)	40,000,000
Total amount in Rs								80,000,000
Total amount in million								80.000

STATEMENT SHOWING THE DETAIL OF UNECONOMICAL PURCHASE OF BALLAST

Sr #	Description	Agreement & Date	Contractor Bill	QTY in CFT	Agency	Rate (accepted)	Should be (Market rate)	Difference (in rates)	Amount (Rs)
1	Supplying & stacking 2" Stone ballast	2- W/ballast/TR /12-13 dated 13.05.13	CC-I/56DFTR Dt.16.02.13	65012	M/S Rehmatullah Sheikh	3900	3770	130	84515.600
2	Supplying & stacking 2" Stone ballast		CC-II/51DFTR Dt.10.03.14	106004	M/S Rehmatullah Sheikh	3900	3770	130	137805.200
3	Supplying & stacking 2" Stone ballast		CC- III/14DFTR Dt.27.03.14	44014	M/S Rehmatullah Sheikh	3900	3770	130	57218.200
4	Supplying & stacking 2" Stone ballast		CC- IV/18DFTR Dt.29.05.14	74036	M/S Rehmatullah Sheikh	3900	3770	130	96246.800
5	Supplying & stacking 2" Stone ballast		CC-V/93DFTR Dt.17.06.14	45738	M/S Rehmatullah Sheikh	3900	3770	130	59459.400
6	Supplying & stacking 2" Stone ballast		CC- VI/12DFTR Dt.04.10.14	71136	M/S Rehmatullah Sheikh	3900	3770	130	92476.800

7	Supplying & stacking 2" Stone ballast		CC-VII/18DFTR Dt.29.11.14	47667	M/S Rehmatullah Sheikh	3900	3770	130	61967.100
8	Supplying & stacking 2" Stone ballast		CC-IX/69DFTR Dt.15.09.15	40046	M/S Rehmatullah Sheikh	3900	3770	130	52059.800
9	Supplying & stacking 2" Stone ballast		CC-X/18DFTR Dt.02.11.15	81057	M/S Rehmatullah Sheikh	3900	3770	130	105374.100
10	Supplying & stacking 2" Stone ballast	5- W/TR/ballast/ KC dated 12.2015	CC-I/10DFTR Dt.25.01.16	88978	M/S Rehmatullah Sheikh	4450	3770	680	605050.400
11	Supplying & stacking 2" Stone ballast		CC-II/75DFTR Dt.16.02.16	150997	M/S Rehmatullah Sheikh	4450	3770	680	1026779.600
12	Supplying & stacking 2" Stone ballast			142543	M/S Rehmatullah Sheikh	4450	3770	680	969292.400
13	Supplying & stacking 2" Stone ballast	1- W/ballast/TR/ 12-13 dated 16.01.13	CC-I/54DFTR Dt.14.09.13	64463	M/S Rehmatullah Sheikh	3900	3770	130	83801.900
14	Supplying & stacking 2" Stone ballast		CC-II/29DFTR Dt.19.09.13	88068	M/S Rehmatullah Sheikh	3900	3770	130	114488.400

15	Supplying & stacking 2" Stone ballast		CC-III/46DFTR Dt.09.10.13	150348	M/S Rehmatullah Sheikh	3900	3770	130	195452.400
16	Supplying & stacking 2" Stone ballast		CC-IV/14DFTR Dt.25.11.13	107141	M/S Rehmatullah Sheikh	3900	3770	130	139283.300
17	Supplying & stacking 2" Stone ballast		CC-V/92DFTR Dt.17.06.14	89353	M/S Rehmatullah Sheikh	3900	3770	130	116158.900
18	Supplying & stacking 2" Stone ballast	6- W/ballast/TR /KC dated 28.09.13	CC-I/29DFTR Dt.29.01.14	172568	M/S Al Mehran Builders	4300	3770	530	914610.400
19	Supplying & stacking 2" Stone ballast		CC-II/12DFTR Dt.24.10.14	91262	M/S Al Mehran Builders	4300	3770	530	483688.600
20	Supplying & stacking 2" Stone ballast		CC-III/12DFTR dt.30.03.15	21717	M/S Al Mehran Builders	4300	3770	530	115100.100
21	Supplying & stacking 2" Stone ballast	5- W/ballast/TR/ KC Dt.28.09.13	CC-I/47DFTR Dt.04.02.14	85298	M/S Al Mehran Builders	4700	3770	930	793271.400
22	Supplying & stacking 2" Stone ballast		CC-II/16DFTR Dt.02.04.14	67771	M/S Al Mehran Builders	4700	3770	930	630270.300

23	Supplying & stacking 2" Stone ballast		CC-III/25DFTR Dt.28.04.14	108235	M/S Al Mehran Builders	4700	3770	930	1006585.500
24	Supplying & stacking 2" Stone ballast		CC-IV/9DFTR Dt.21.05.14	61885	M/S Al Mehran Builders	4700	3770	930	575530.500
25	Supplying & stacking 2" Stone ballast		CC-V/94DFTR Dt. 17.06.14	168704	M/S Al Mehran Builders	4700	3770	930	1568947.200
26	Supplying & stacking 2" Stone ballast		CC-VI/19DFTR dt.28.08.14	99709	M/S Al Mehran Builders	4700	3770	930	927293.700
27	Supplying & stacking 2" Stone ballast		CC-VII/31DFTR dt.15.10.14	192830	M/S Al Mehran Builders	4700	3770	930	1793319.000
28	Supplying & stacking 2" Stone ballast		CC-VIII/28DFTR Dt.05.11.14	14052	M/S Al Mehran Builders	4700	3770	930	130683.600
29	Supplying & stacking 2" Stone ballast	3- W/ballast/TR/ KC Dt.28.09.13	CC-I/63DFTR Dt.15.02.14	99886	M/S Al Mehran Builders	4300	3770	530	529395.800
30	Supplying & stacking 2" Stone ballast		CC-II/38DFTR Dt.08.04.14	117977	M/S Al Mehran Builders	4300	3770	530	625278.100

31	Supplying & stacking 2" Stone ballast		CC-III/24DFTR Dt.28.04.14	97153	M/S Al Mehran Builders	4300	3770	530	514910.900
32	Supplying & stacking 2" Stone ballast		CC-IV/20DFTR 03.06.14	108161	M/S Al Mehran Builders	4300	3770	530	573253.300
33	Supplying & stacking 2" Stone ballast		CC-V/102DFTR Dt.17.06.14	123442	M/S Al Mehran Builders	4300	3770	530	654242.600
34	Supplying & stacking 2" Stone ballast	4- W/ballast/TR /Sultaabad dated 28.09.13	CC-I/41DFTR dt12.11.14	100128	M/S Al Mehran Builders	4700	3770	930	931190.400
35	Supplying & stacking 2" Stone ballast		CC-II/55DFTR Dt.20.11.14	99932	M/S Al Mehran Builders	4700	3770	930	929367.600
36	Supplying & stacking 2" Stone ballast		CC-III/14DFTR Dt.27.11.14	119591	M/S Al Mehran Builders	4700	3770	930	1112196.300
37	Supplying & stacking 2" Stone ballast		CC-IV/29DFTR Dt.04.12.14	91498	M/S Al Mehran Builders	4700	3770	930	850931.400
38	Supplying & stacking 2" Stone ballast		CC-V/54DFTR Dt.16.12.14	99730	M/S Al Mehran Builders	4700	3770	930	927489.000

39	Supplying & stacking 2" Stone ballast		CC-VI/9DFTR dt.23.12.14	99509	M/S Al Mehran Builders	4700	3770	930	925433.700
40	Supplying & stacking 2" Stone ballast		CC-VII/17DFTR dt.03.01.15	96285	M/S Al Mehran Builders	4700	3770	930	895450.500
41	Supplying & stacking 2" Stone ballast		CC-VIII/56DFTR Dt.20.01.15	93364	M/S Al Mehran Builders	4700	3770	930	868285.200
42	Supplying & stacking 2" Stone ballast	18-WA/ballast/K WL/14 dted 15.11.14	CC-I/93DFTR Dt.20.06.15	52004	M/S Ch. Shareef & Co.	4650	3770	880	457635.200
Total				3939292	-	-	-	-	23731790.600
Total amount in million									23.732

STATEMENT SHOWING THE AMOUNT OF SALES TAX NOT DEDUCTED

S #	Purchase order No	Description of stores	Total Amount of purchase order	Rate of Sales Tax @ 15%
1	835-W/126-TR/Pt-II/06 dated 23.12.06	Hardwood Crossing Timbers	17,254,595	2,588,189
2	835-W/57-TR/05 dated 15.03.05	Hardwood Sleepers	24,780,000	3,717,000
3	835-W/58-TR/05 dated 15.03.05	Hardwood Bridge Timbers	49,938,568	7,490,785
4	835-W/59-TR/05 dated 23.12.06	Hardwood Crossing Timbers	41,898,961	6,284,844
Total amount in Rs			133,872,124	20,080,819
Total amount in million			133.872	20.081

Annexure 13:

**DETAIL OF CONTRACTS AWARDED WITHOUT OBTAINING
PERFORMANCE SECURITY**

S #	Name of Work	Agreement No & Date	Agency	Qty	Rate	Amount of Agreement	DD/PD Sukkur
							Amount of performance security @ 2% of contract price
1	Construction of Bridge & Earth work at curve No. 17	01/Tender/bridge/earth work/TR/10-11 dt; 15.02.11	M/S Al Sharif construction Co. Multan	-	-	5307901	106158.02
2	Conversion of guarder bridge No 279 into RCC Box culvert	3/Box culvert/TR/13-14 dt:04.03.14	M/S Ch. M. Rasheed Arain	-	-	3939158	78783.16
3	Providing & lying earth for realignment of curve No 14	2/Tender/earth work/TR/13-14 Dt:26.08.13	M/S Asad enterpriser	-	-	4357300	87146
4	Purposed changes in bridge No 266	4/Box culvert/TR/14-15 Dt: 28.08.14	M/s Ghulam sarwar & Co.	-	-	16979671	339593.42
5	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmoor	1-W/1/TR/Suk Dt.15.05.09	M/s Rail cop	1000000 CFT	2850 per % CFT	28500000	570000
6	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar	4-W/1/TR/Suk Dt.03.10.09	M/s Ghulam sarwar & Co.	1000000 CFT	2875 per % CFT	28750000	575000

7	Supply, Stacking & Loading of 2 inch stone ballast @ Rohri Goods yard, Rohri	3-W/ballast/ballast/TR Suk Dt:03.09.09	M/s Rail cop	2000000 CFT	2997 per % CFT	59940000	1198800
8	Supply, Stacking & Loading of 2 inch stone ballast @ Khair Pur	5-W/1/TR/Suk Dt:08.02.13	M/S Ch. M. Rasheed Arain	500000 CFT	5347 per % CFT	26735000	534700
9	Supply, Stacking & Loading of 2 inch stone ballast @ Bandhi Station	6-W/1/TR/Suk Dt:22.08.13	M/s Saeed khan constructi on Co.	500000 CFT	5600 per % CFT	28000000	560000
10	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmoor	10-W/1/TR/Suk Dt:14.10.13	M/S Al Sharif constructi on Co. Multan	800000 CFT	5247 per % cft	41976000	839520
11	Supply, Stacking & Loading of 2 inch stone ballast @ Padidan station	11-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000 CFT	5400 per % cft	43200000	864000
12	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar station	7-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000 CFT	4500 per % cft	36000000	720000
13	Supply, Stacking & Loading of 2 inch stone ballast @ Daharki station	8-W/1/TR/Suk Dt:11.10.13	M/s Rail cop	800000 CFT	5500 per % cft	44000000	880000

14	Supply, Stacking & Loading of 2 inch stone ballast @ RETI station	9-W/1/TR/Suk Dt:14.10.13	M/S Al Sharif construction Co. Multan	800000 CFT	5575 per % cft	44600000	892000
15	Deep screening of ballast replacement of broken rail sleepers and fastening @ up line	15-W/deep screening/TR/08 Dt:10.01.09	M/s Rail Cop	-	-	79924700	1598494
16	Deep screening of ballast replacement of broken rail sleepers and fastening @ down line	2-W/deep screening/TR/08 Dt:15.09.20 09	M/s Rail cop	-	-	79924700	1598494
Total Amount in Rs(A)						572134430	11442688.6
Total Amount in million						572.134	11.443

							DD/PD Karachi
Sr #	Name of Work	Agreement & Date	Agency M/S	Qty	Rate per % cft	Amount of Agreement	Amount of performance security @ 5% equal to bid security
1	Supply of stone ballast at JGS.	3-W/ballast/JGS /TR /15-16 dated 11.01.16	Al-Mehran	500,000/- cft	4,790	23,950,000	1,197,500

2	Supply of stone ballast at Burradabad	11- W/ballast/BKB /TR / dated 23.02.16	Ali Nawaz Raj Par	500,000/- cft	3,775	18,875,000	943,750
3	Supply of stone ballast at Jang shahi	10- W/ballast/JGS/ 15-16 dated 23.02.16	Ali Nawaz Raj Par	500,000/- cft	3,875	19,375,000	968,750
4	Supply of stone ballast at Juma goth	6- W/ballast/TR/ KC/13 dated 28.07.13	Al- Mehran	800,000/- cft	4,500	36,000,000	1,800,000
5	Supply of stone ballast at JHP	2- W/TR/Ballast/ JHR dated 02.11.15	Naik Wali	500,000/- cft	3,100	15,500,000	775,000
6	Supply of stone ballast at JHP	1- A/W/Ballast/T R dated 02.11.15	Naik Wali	500,000/- cft	3,200	16,000,000	800,000
7	Supply of stone ballast at MYP	4- W/TR/Ballast /MYP dated 11.01.16	Rail Cop	500,000/- cft	3,890	19,450,000	972,500
8	Supply of stone ballast at MYP	6- W/TR/Ballast /MYP dated 29.12.15	Rail Cop	500,000/- cft	3,890	19,450,000	972,500
Total Amount (B)						168,600,000	8,430,000
Grand Total (A+B)						740,734,430	19,872,689
Grand total in million						740.73	19.87

**STATEMENT SHOWING THE AMOUNT OF LOSS – Rs 4.8
MILLION APPROXIMATELY DUE TO NON-
ESTABLISHMENT OF FIELD TESTING LABORATORY.**

						DD/PD, Karachi
S #	Agency	Name of Work	Agreement No & Date	Qty (in Cft)	Rate (in per % Cft)	Amount to construct Field Testing Laboratory (approximately)
1	Rail Cop	Supply of Stone Ballast 2" size	16-W/Ballast /TR dated 06.10.03	2040000 0	2800	800,000
2	FWO	Supply of Stone Ballast 2" size	9-W/Ballast/TR dated 23.08.06	3000000	2750	800,000
3	M/S Everest Internatio- nal	Supply of Stone Ballast 2" size	7-W/ballast dated 17.07.06	1500000	2980	800,000
4	M/S Everest Internatio- nal	Supply of Stone Ballast 2" size	8-W/ballast dated 17.07.06	1500000	2950	800,000
5	Rail Cop	Supply of Stone Ballast 2" size	10-W/Ballast/ TR dated 05.09.06	3000000	2800	800,000
6	M/S Ranjha Khan & Comp	Supply of Stone Ballast 2" size	6- W/ballast/TR/K C dated 12.01.2012	1500000	3000	800,000
Total amount in Rs (A)						4,800,000

						DD/PD, Sukkur
7	M/s Rail cop	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmoo r	1-W/1/TR/Suk Dt.15.05.09	1000000 CFT	2850 per % CFT	800000
8	M/s Ghulam Sarwar & Co.	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar	4-W/1/TR/Suk Dt.03.10.09	1000000 CFT	2875 per % CFT	800000
9	M/s Rail cop	Supply, Stacking & Loading of 2 inch stone ballast @ Rohri Goods yard, Rohri	3-W/ballast/ ballast/TR/Suk Dt:03.09.09	2000000 CFT	2997 per % CFT	800000
10	M/S Ch. M. Rasheed Arain	Supply, Stacking & Loading of 2 inch stone ballast @ Khair Pur	5-W/1/TR/Suk Dt:08.02.13	500000 CFT	5347 per % CFT	800000

11	M/s Saeed khan construction Co.	Supply, Stacking & Loading of 2 inch stone ballast @ Bandhi Station	6-W/1/TR/Suk Dt:22.08.13	500000 CFT	5600 per % CFT	800000
12	M/S Al Sharif construction Co. Multan	Supply, Stacking & Loading of 2 inch stone ballast @ Kashmir	10-W/1/TR/Suk Dt:14.10.13	800000 CFT	5247 per % cft	800000
13	M/s Rail cop	Supply, Stacking & Loading of 2 inch stone ballast @ Padidan station	11-W/1/TR/Suk Dt:11.10.13	800000 CFT	5500 per % cft	800000
14	M/s Rail cop	Supply, Stacking & Loading of 2 inch stone ballast @ Walhar station	7-W/1/TR/Suk Dt:11.10.13	800000 CFT	4500 per % cft	800000
15	M/s Rail cop	Supply, Stacking & Loading of 2 inch stone ballast @ Daharki station	8-W/1/TR/Suk Dt:11.10.13	800000 CFT	5500 per % cft	800000

16	M/S Al Sharif construction Co. Multan	Supply, Stacking & Loading of 2 inch stone ballast @ RETI station	9-W/1/TR/Suk Dt:14.10.13	800000 CFT	5575 per % cft	800000
Total amount in Rs (B)						8,000,000
Total amount in million						12.80

**STATEMENT SHOWING THE DETAIL OF HARDWOOD SLEEPERS
BRIDGE AND CROSSING TIMBERS RECEIVED DAMAGED FROM THE
CONTRACTOR**

Sr #	Description	Size	Total No	Cft per sleeper	Total CFT	Rate (per cft)	Amount
1	Bridge Timbers	10x10x12	129	8.333	1075.000	1652	1,775,900.00
2		10x10x10	28	6.944	194.444	1652	321,222.22
3	Crossing Timbers	16x12x6	22	8.000	176.000	1652	290,752.00
4		16X10X6	1	6.667	6.667	1652	11,013.33
5		15X12X6	13	7.500	97.500	1652	161,070.00
6		10X10X10	10	6.944	69.444	1652	114,722.22
7		10X10X12	22	8.333	183.333	1652	302,866.67
8		11X10X6	5	4.583	22.917	1652	37,858.33
9	Sleepers	9x10x6	13	3.750	48.750	1652	80,535.00
Total			243	-	1874.056	1652	3,095,939.78
Total amount in Rs							3,095,939.78
Total amount in million							3.096

Annexure 16:

DETAIL OF EXPENDITURE INCURRED ON REPAIR AND MAINTENANCE
OF TRACK MACHINES/CARAINS

Sr. #	P. Order No	Date	Description	Amount
1	450505	12.01.05	Batteiries for crain No.75	18,800
2	450506	12.01.05	Filter for Duomatic T/Machine	12,000
3	450507	12.01.05	12 Oil filter for TM DU-2775 & 2589	66,000
4	450508	12.01.05	Fule separator filter TM NO 2775 & 2509	9,600
5	450509	12.01.05	Lube Oil for TM NO AL 24 & 13	3,600
6	450541	14.04.05	Fule oil filter for Crain No 5575	18,000
7	450571	22.06.05	Temping tools for TM Duomatic	24,200
8	450588	28.06.05	Parts for Burro Crain No 5565	20,250
9	450589	28.06.05	U-Clumps for Burro Crain	22,900
10	482313	23.09.05	Repair to crain No 4622	17,000
11	482325	24.10.05	Diafram voshwls for crain No5570 & 5571	5,000
12	482331	15.11.05	Repair to self starter of craon No 4622	1,750
13	482334	02.11.05	Repair of P&H Croller crain No.4622	24,500
14	482340	13.12.05	Repair of Air compressor Burro crain No 5565	6,700
15	482343	14.12.05	Oil Filters for T machines	2,450
16	482370	20.1.06	Ball baring for crain No4622	1,500
17	482372	20.01.06	Oil filter for crain No 1202	9,750
18	482381	04.02.06	Oil fule filter for TM NO2776 & crain No 755	24,245
19	482388	13.02.06	Repair of croller crain no 4622	2,500
20	482400	25.02.06	Repair to tougal of crain No 4622	10,000
21	484101	07.03.06	Repair to crain No 4622	3,000
22	484103	07.03.06	U-Clumps and turn buckels for crains	24,945

23	484108	21.06.06	Roller baring for T machine	15,000
24	484113	30.03.06	Repair of temping tools of TM No DU-3082	24,440
25	484114	30.03.06	Repair of chamber of crain No 4622	1,500
26	484115	04.04.06	Wire rough for crain No 755	10,760
27	484118	04.04.06	Repair of motor of crain no755	27,000
28	484128	28.04.06	Oil filter for crain no 5570 & H-4622	18,700
29	484137	12.05.06	Wire rough 16mm for burro crain	4,680
30	484140	22.05.06	Shell Oil Renula for Tm No 3082	15,010
31	484142	26.05.06	Batteiries for crain No.5565 & 4622	20,200
32	484147	31.05.06	Wire rough for crain No 755	6,448
33	484158	14.06.06	Parcahse of U-Clumps for crain	952
34	484161	14.06.06	Wire rough for crain No 5575	13,025
35	484167	27.06.06	wheel slender for crain No 4622	2,000
36	484185	13.07.06	Shell Oil Renula for Tm No DU-3085	14,450
37	485517	09.09.06	Air filter for TM NO DU-3085	4,000
38	485519	13.09.06	Engine oil for TM No DU-3082	11,250
39	485530	07.10.06	Temping tolls for Tm No DU-3082	19,825
40	485531	09.10.06	U-Clumps for crains	24,750
41	485532	10.10.06	Engine oil for TM No DU-3082	22,700
42	485558	08.12.06	Repair of boom bush of crainNo 5565	2,100
43	485572	26.12.06	Wire rough for crain No 1202	22,145
44	485583	23.01.07	Wire rough for crain No 5565	5,625
45	485595	03.02.07	U-Clumps and turn buckels for crains	16,900
46	485596	07.02.07	Repair of motor gair of TM NO DU-3085	4,900
47	485599	10.02.07	shell oil for TM NO 3085	23,534

48	528306	26.02.07	Wire rough for crains	24,800
49	528317	12.03.07	Fram Rubber for crain no 5570	4,200
50	528318	12.03.07	Repair of crain No 5565	4,500
51	528337	11.04.07	Lube oil for TM No 3082	23,384
52	528355	28.05.07	U-clumps & turn buckels for crains	17,250
53	528367	9.06.07	Temping tolls of Tm No 3082	9,420
54	528373	28.06.07	Plastic drums for FOTM	15,040
55	528376	03.07.07	Repair to gear of TM 3085	7,300
56	528398	08.08.07	U-clupms wire rough for crains	24,150
57	528399	28.08.07	Lube oil for TM 3082	23,384
58	528400	28.08.07	Battery for crain No 752	17,200
59	561505	01.09.07	Repair of Nosel to crain 1202	6,600
60	561514	08.09.07	Shouldary for crain No 5575	7,500
61	561532	11.10.07	Repair to crain No 755	4,950
62	561541	15.11.07	Repair of TM No 3082	3,500
63	561549	26.11.07	Repair of Bomage roller of crain	5,000
64	561556	29.11.07	Repair of crain No 5570	5,500
65	561578	23.01.08	Shell oil for TM	22,758
66	561579	23.01.08	Shouldaries for T machine	22,400
67	561585	28.01.08	Shouldaries for T machines	22,400
68	561592	21.02.08	Fule oil filters for crain no1202	18,700
69	561596	22.02.08	U-Clumps and turn buckels for T Machines	24,000
70	563901	25.02.08	Honorarium to T Machine staff	10,000
71	563912	19.03.08	Glasses for crain no 5565,4622 & 1202	8,400
72	563942	02.05.08	One set batteries for crain No5570	18,000

73	563943	02.05.08	Wire rough for crain No 755	17,876
74	563960	27.05.08	Oil shell Renula for TM 3085	23,846
75	563965	30.05.08	Break booster for crain No 4622	4,995
76	563980	17.06.08	Fule oiol filter for TM No 3085	23,000
77	563995	04.07.08	batteries for crains	38,300
78	604522	09.09.08	One set batteries for burro crain No5560	20,000
79	604525	11.09.08	Safety glasses for crain No 5570 &5575	13,495
80	604540	15.10.08	one set batteries for crain No 755	19,600
81	604564	26.11.08	Oil Shell for Tm No 3085	15,390
82	604573	24.12.08	Repair of TM No 3085	3,500
83	604575	05.01.09	Steel wire for crain No 1202	67,260
84	604587	29.01.09	Oil Shell for Tm No 3085	15,390
85	604596	10.04.09	Oil shell Renula for TM 3085	14,471
86	770462	13.01.11	Repair of Generator of crain	19,000
87	735155	20.08.13	Wire rough for crains	33,345
88	805670	05.06.14	Injectors for FO TM	72,540
89	805672	12.06.14	Injectors for FO TM	72,540
90	805675	14.06.14	Auto mizer for FOTM	72,540
91	805683	17.06.14	Auto mizer for FOTM	72,540
92	892710	16.11.15	Service of crain No 5565	7,550
93	892744	06.02.16	Repair of Hydrolic jack od 32 ton crain	7,400
94	892745	06.02.16	Repair of water body crain No 4622	13,000
95	892749	06.02.16	4 No batteries for FOTM	65,100
96	892767	07.03.16	Repair of Bomage roller of crain No 677	8,885
TOTAL AMOUNT IN RS				1,732,483
TOTAL AMOUNT IN MILLION				1.73

**STATEMENT SHOWING THE DETAIL OF EXTRA FUEL
CONSUMPTION DUE TO LATE COMPLETION OF
WORK**

Daily Running of trains DN to KC	
Goods and Passenger trains	34 trains
Extra fuel consumption due to dead stop each train	22 litters
Fuel consumed by 34 trains	748 litter per day
Due date of completion 28.02.2012	28.02.2012
Actual date completion	15.07.2013
Delay in completion (16 months and 15 days)	503 days
Extra fuel consumed for 503 days	376244 litters
Cost of fuel approximate @ Rs100 per litter	Rs37624400
Total in million	Rs37.624

STATEMENT SHOWING THE EXECUTION OF DEFECTIVE WORK
VALUING RS 3.330 MILLION

FCC-II/20 AB No-137/TR dated 19.06.2014

Date of Commencement	20.03.2014
Date of Completion	21.05.2014
Estimate No	4/2013-14
Date of Measurement	30.05.2014

		Quantity CFT	Rate	Amount
Item No.3	Cement concrete Plain	334	6448/10	21536.65
Item No.4	Providing laying reinforcement	3031	143/25 per CFT	434190.75
Item No.5	Providing laying reinforcement	335	120/90 per CFT	40501.50
Total Rs				496228.90
Add 298% above CSR 2003				1478762
Total				1974991.022
Add				1354326
Grand Total				3329317.022
Total in million				3.33

**STATEMENT SHOWING THE DETAIL OF EXTRA
EXPENDITURE DUE TO EXCESS ISSUANCE OF 22000
PSC SLEEPERS**

Sr.#	Month	PSC-New	PSC/SS
1	Aug-08	997	-
2	Sep-08	669	-
3	Oct-08	563	-
4	Nov-08	630	2
5	Dec-08	1312	-
6	Jan-09	1302	25
7	Feb-09	4330	647
8	Mar-09	4256	1120
9	Apr-09	3920	1244
10	May-09	3193	87
11	Jun-09	2834	233
12	jun-09 supp	1966	1474
13	Jul-09	2161	277
14	Aug-09	1987	712
15	Sep-09	884	242
16	Oct-09	1827	273
17	Nov-09	2073	332
18	Dec-09	642	119
19	Jan-10	483	329
20	May-10	138	217
21	Jun-10	1703	1365
22	jun-10 supp.	1479	887
23	Jul-10	614	349
24	Aug-10	595	68
25	Sep-10	1096	254
26	Oct-10	1118	177
27	Nov-10	1322	-
28	Dec-10	120	-

29	Jan-11	1690	270
30	Feb-11	2361	364
31	Mar-11	2635	712
32	Apr-11	1131	46
33	May-11	1741	191
34	Jun-11	879	572
35	Jul-11	1020	970
36	Aug-11	1434	253
37	Sep-11	539	149
38	Oct-11	371	219
39	Nov-11	779	689
40	Dec-11	746	212
41	Jan-12	4054	128
42	Feb-12	5174	346
43	Mar-12	4665	511
44	Apr-12	2012	372
45	May-12	1619	143
46	Jun-12	1221	135
47	Jul-12	1508	164
48	Aug-12	324	76
49	Sep-12	429	185
50	Oct-12	653	935
51	Nov-12	335	159
52	Dec-12	1660	475
53	Jan-13	2804	1682
54	Feb-13	5972	-
55	Mar-13	2127	-
56	Apr-13	2874	285
57	May-13	1321	851
58	Jun-13	1285	493
59	Jul-13	1091	1979
60	Aug-13	690	991
61	Sep-13	1131	839

62	Oct-13	130	32
63	Nov-13	693	79
64	Dec-13	2164	197
65	Jan-14	2357	143
66	Feb-14	2492	2241
67	Mar-14	2205	1538
68	Apr-14	1214	1258
69	May-14	1721	161
70	Jun-14	14	43
Total		115,479	31,521

Total No of Sleepers required for 100 km Deep Screening/100 KM @ Rs 1250 Sleepers/100 km	125,000
No of Sleepers issued	147,000
No of Excess sleepers issued	22,000
Cost @ Rs 2540 Excess issued 22000 sleepers	55,880,000
Total amount in million	55.9

**STATEMENT SHOWING THE DETAIL OF RELEASED MATERIAL
OBTAINED IN SHORT QUANTITY FROM 100 KM DEEP SCREENING**

Sr.#	Item	Quantity	Rate	Amount
1	PSC Sleepers	112484	-	-
2	T.Bolts & nuts	224862	15	3,372,930
3	ER Clips	232761	21	4,887,981
4	Wooden sleeper	1688	1603	2,705,864
5	CIA/Plates	3246	61.5	199,629
6	WI/Round spikes	8431	32	269,792
7	steel Keys	3748	14.5	54,346
8	Timber scrape	50434	5	252,170
9	CI Scrape	8187	25	204,675
10	WI/Scrap	1718	35	60,130
11	Steel scrape	148117	35	5,184,095
12	Steel S/plates	300	10	3,000
13	Dog spickes	1327	12	15,924
14	WI/bearing plates	540	162	87,480
Total amount in Rs				17,298,016
Provision of released material as per estimate Rs				108,732,884
Per estimate Rs				91,434,868
Les Cost of released rails				57,832,884
Balance amount				33,601,984
Less lump sump cost of US/Sleepers				2,000,000
Less release of obtained Rs				31,601,984
Total amount in million				31.60

**STATEMENT SHOWING THE DETAIL OF RELEASED
MATERIAL OBTAINED IN SHORT QUANTITY FROM
SLEEPER RENEWAL WORK OF 18 KM**

Sr.#	Item	Quantity	Rate	Amount
1	T.Bolts	1622	15	24,330
2	ER Clips	1622	21	34,062
3	Steel through	8660	835	7,231,100
4	Key steel	39230	14.5	568,835
5	M/S losse Jaws	33470	43	1,439,210
6	Wooden sleeper	3530	1603	5,658,590
7	CIA/Plates	6754	61.5	415,371
8	WI/B/Plates	2327	162	376,974
9	WI/R/Spics	15007	32	480,224
10	Steel scrape	289864	35	10,145,240
11	Timber scrape	138020	5	690,100
12	Dog spickes	3962	12	47,544
13	CI/Scrap	34201	25	855,025
Total amount in Rs				27,966,605
Less				32,504,100
Grand total in Rs				(4,537,495)

Annexure 21:

DETAIL OF P-WAY MATERIAL THEFT FROM T.R PROJECT

Sr. #	Date	Location	Description of Material	QTY	Rate	Amount
1	27.02.07	Jhirk	Wooden Sleepers 10x10x6=4.166 cft	19 Nos	1652	130,783
2	03.12.08	97/2-3 JGS	Rail 100 RE (180x15kg per feetx55)	180 feet	55 per KG	148,500
3	02.01.09	JGS	Rails 100 RE	280 feet	55 per KG	231,000
4	12.04.09	RTI-WLR	Steel through sleeprs	70 Nos	55 per KG	192,500
5	27.08.10	126/9-10 JHP-MTG	UIC-54 Rails 4'	8 Nos	25000 0	2,000,000
6	16- 17.05.10	119/9-12 JHP-BOD	Rails 100 RE	494 feet	55 per KG	407,550
7	01.06.11	119/3-4 JHP-BOD	Rails 100 RE	523 feet	55 per KG	431,475
8	09.12.11	110/14 to 112/6-8 LND-KOT	Rails 100 RE	2896 feet	55 per KG	2,389,200
9	20.01.12	115/7-9 JHP-BOD	Rails 100 RE	596 feet	55 per KG	491,700
10	23.06.12	118/1 to 118/4 JHP- BOD	Rails 100 RE	261 feet	55 per KG	215,325
11	15.09.13	103/4-6 BOD-JGS	Rails 100 RE	220 feet	55 per KG	181,500
12	25.03.13	JHP	PSc Sleepers SS	200 Nos	1625	325,000
13	18.11.14	110/14 to 112/6-8 LND-KOT	PSc Sleepers SS	3600 Nos	1625	5,850,000
Total amount in Rs						12,994,533
Total amount in million						12.995

**DETAIL OF PERMANENT WAY MATERIAL TAKING BY OTHER
SUBORDINATE INCHARGES FROM TR/PROJECT**

Sr. #	Date	Location	Description of Material	QTY	Rate	Amount
1	23.03.0 7	LND- KOT	Wooden sleeper 10x10x6=4.167 cft	1000 Nos	826	3,441,942
2	25.05.0 7	Bin Qasim	Wooden sleeper 10x10x6=4.167 cft	100 Nos	826	344,194
3	28.03.1 4	LND-JGS	PSC sleepers SS	1000 Nos	1625	1,625,000
4	28.03.1 4	LND-JGS	UIC-Rails 42 feet	6 Nos	125000	750,000
Total amount in Rs						6,161,136
Total amount in million						6.161

**STATEMENT SHOWING THE DETAIL OF SHORTAGE OF BALLAST
DURING PHYSICAL VERIFICATION ON 23.03.2016 AT JHIMPIR STATION
ALONGWITH IOW/TR**

Sr.#	Stack No	Measurement	Quantity CFT
1	Stack No 1	65x100x4	26000
2	Stack No 2	63x172x5	54180
3	Stack No 3	95x112x4	42560
4	Stack No 4	42x198x4	33264
5	Stack No 5	75x155x4	46500
6	Stack No 6	83.5x149x4	49766
7	Stack No 7	100x140x4	59500
TOTAL AVAILABLE			311770
Less loaded on 25.03.2016			11800
Remaining quantity (A)			299970
Quantity as per RMAS account (B)			423359
Shortage (A-B)			123389
Rate Rs 3100 per % CFT			3,825,059.00
Total amount in million			3.83

**STATEMENT SHOWING THE DETAIL OF SHORTAGE
OF BALLAST DURING PHYSICAL VERIFICATION ON
05.04.2016 AT KHANPUR STATION ALONGWITH BLI/TR
SUKKUR**

Sr.#	Stack No	Measurement	Quantity CFT
1	1	117x124.13x7.71	111974
2	2	127x105.6x8	107290
3	3	98x53+70+80/3x8	53051
4	4	106.6x69x8	58843
TOTAL			331158
Quantity as per RMAS Account for February, 2016			369818
Difference			38660
Issued During April, 2016			12000
Shortage			26660
Cost @ Rs 5100 per % CFT			1359673
Total amount in million			1.360

**STATEMENT SHOWING THE SHORTAGE AND EXCESS OF RELEASED
MATERIAL AMOUNTING TO RS 3.503 MILLION**

Sr	Description	Unit	Book Balance	Ground Balance	Difference	Rate	Amount
1	Steel Scrap (i) RMAS A/C 18:00 Km (ii) RMAS A/C 21:80 km	kg	86430	51430	35000 kg	40	1,400,000
			111945	94505	17440 kg	40	697,600
2	Timber Scrap (i) RMAS A/C 18:00 Km (ii) RMAS A/C 21:80 km	kg	108170	104670	3500 kg	5	17,500
			72575	68575	4000 kg	5	20,000
3	C.I Scrap (i) RMAS A/C 18:00 Km (ii) RMAS A/C 21:80 km	kg	23332	8002	15330 kg	30	459,900
			19848	17848	2000 kg	30	60,000
Total Shortage							2,655,000

1	Steel Trough S.S RMAS A/c 21:80 km	EA	4705	4905 No.	200 No	2500	500,000
2	Wooden Sleeper SS (i) RMAS A/C 21:80 Km (ii) RMAS A/C 18:00 km	EA	929	1029	100	1603	160,300
			470	520	100		160,300
3	C.I Ancher Plate SS RMAS A/c 21:80 km	EA	1398	1598	200	139	27,800
Total Excess							848,400
Grand Total							3,503,400

Annexure 25:

**STATEMENT SHOWING THE DETAIL OF T&P ITEMS FOUND
SHORT IN GROUND BALANCE OF PD/TR**

S #	date of Stock Verification	Description of Material	Qty	Rate	Amount
1	23.02.2016	G.P 4604	1	985000	985000
2	23.02.2016	Cultus VXR No GP-3234	1	985000	985000
3	23.02.2016	Executive Chairs	2	4000	8000
4	23.02.2016	Visitor Chairs	2	6000	12000
5	23.02.2016	Carpet	1800	31 Sft	55800
6	23.02.2016	Fax Machine	1	13000	13000
7	23.02.2016	Fridge	1	15900	15900
8	23.02.2016	Printer (HP-1020)	1	17200	17200
9	23.02.2016	Computer	1	47000	47000
10	23.02.2016	File Cabinet	2	12000	24000
11	23.02.2016	Motorola cardless VHF set	3	15345	46035
12	23.02.2016	Computer Chairs	3	4000	12000
13	23.02.2016	Pedestal Fan	1	4500	4500
14	23.02.2016	Laptop	2	87000	174000
15	23.02.2016	Steel Cabinet	1	4000	4000
16	23.02.2016	Office Table	2	4000	8000
17	23.02.2016	Scanner	1	17500	17500
18	23.02.2016	Batteries	6	16275	97650
19	23.02.2016	USB	3	3400	10200
20	23.02.2016	Kingston DDR/RAM	1	1000	1000
21	23.02.2016	Crockery	1	12000	12000
Total Amount					2549785
Total amount in million					2.55

Annexure 26:

STATEMENT SHOWING THE DETAIL OF ACTIVATES DEDUCTED FROM THE ORIGINAL PC-I

Sr.#	Description	As per original PC-I (11192 m)	As per Re-revised PC-I (11544 m)	Difference	Amount (Rs in million)
1	CTR on Primary A with U/c 5u	700kms	290kms	410kms	2682
2	CTR on Primary A with 100RE	127kms (122+5)	Nil	127kms	355
3	PR on Primary A route	29kms	Nil	29kms	24
4	SR on Primary A	375kms	124kms	251kms	647580
5	CTR on Primary B	518kms	Nil	518kms	1440558
6	Rail Renewal on Primary B	20kms	Nil	20kms	15.2
7	CTR with 90R/90BSS rails & SS sleepers	370kms	Nil	370kms	597.18
8	UIC 54 Rails emergency stock	5000tons	Nil	-	215
9	Deep screening	622kms	200kms	422kms	5061.468
Total					5976.518