Performance Audit Report

WATER DISTRIBUTION NETWORK FOR RAWALPINDI AND CHAKLALA CANTONMENTS FROM KHANPUR DAM SOURCE

Financial Years 2001-17

6th September, 2018

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan 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 and Conditions of Service Ordinance 2001. Auditor General has the mandate to conduct Performance Audit (Value for Money Audit) for the purpose of establishing the economy, efficiency and effectiveness of any expenditure or use of public resources. Performance audit of the project "Water Distribution Network for Rawalpindi Cantonment Board (RCB) & Chaklala Cantonment Board (CCB) from Khanpur Dam Source" funded out of Public Sector Development Programme (PSDP) being sponsored by Ministry of Defence, was carried out accordingly.

The Directorate General Audit Defence Services (North) conducted performance audit of the Project "Water Distribution Network for RCB & CCB from Khanpur Dam Source" during October-December, 2017 for the period from 2001 to 2017. The project is still in progress. The audit was conducted with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the project. In addition, Audit also assessed, on test check basis whether the management complied with applicable laws, rules, and regulations in managing the project. The Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the project. Most of the observations included in this report have been finalized in the light of discussion in the Departmental Accounts Committee (DAC) meeting.

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

Islamabad **(Javaid Jehangir)**
Dated: , 2018 **Auditor-General of Pakistan**

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ABBREVIATIONS AND ACRONYMS

BOQs	Bill of Quantities
CCB	Chaklala Cantonment Board
CDA	Capital Development Authority
CDWP	Central Development Working Party
CEO	Cantonment Executive Officer
CFA	Competent Financial Authority
CFU	Colony Forming Unit
CPM	Critical Path Method
CTR	Computerized Tax Receipt
DG	Director General
ECC	Economic Coordination Committee
ECNEC	Executive Committee of National Economic Council
GFR –I	General Financial Rules, Vol-I
HCV	Hepatitis C Virus
HQ	Headquarters
INTOSAI	International Organization of Supreme Audit Institutions
IPC	Interim Payment Certificate
KIBOR	Karachi Interbank Offered Rate
LCB	Left Canal Bank
MES	Military Engineer Services
MGD	Million Gallon per Day
ML & C	Military Land & Cantonment
MoD	Ministry of Defence
MPN	Most Probable Number
NBP	National Bank of Pakistan
NOC	No Objection Certificate
NSDWQ	National Standards for Drinking Water Quality
O/H	Over head
OM	Office Memorandum
PAO	Principal Accounting Officer
PBG	Performance Bank Guarantee
PC-I	Planning Commission proforma-I
PC-IV	Planning Commission proforma-IV
P&D	Planning & Development
PEC	Pakistan Engineering Council
PEPA	Pakistan Environmental Protection Agency
PERT	Project Evaluation and Review Techniques
PLS	Profit & Loss Account
PPR-2004	Public Procurement Rules-2004
PPRA	Public Procurement Regulatory Authority

PSDP	Public Sector Development Programme
RCB	Rawalpindi Cantonment Board
RDA	Rawalpindi Development Authority
RWR	Raw Water Reservoir
SOP	Standing Operating Procedure
SRO	Standing Routine Order
TOR	Terms of Reference
TR	Treasury Receipt
U/G	Under Ground
WAPDA	Water and Power Development Authority
WHO	World Health Organization

Executive Summary

Earlier up to Eighties inhabitants of Islamabad & Rawalpindi were being provided with potable water from Rawal Dam, Simli Dam, tube wells & self-bored arrangement in houses. Due to increase in population, decrease in rainfall and depleting the underground water level in the area, acute water shortage was faced during last Eighties / early Nineties. In order to solve the issue, Govt. decided to provide potable water to inhabitants of twin cities from Khan Pur Dam source (22300 MG storage capacity). Federal Government under the auspices of CDA, through Japan International Cooperation Agency (JICA) launched a mega project costing Rs. 6828 million, which comprises water from Khan Pur Dam to Sangjani Raw Water Reservoir (61 MGD capacity with workable capacity of 51 MGD), construction of treatment plant at "Sangjani" and laying bulk supply pipelines upto TOMAR Reservoir near Kashmir Highway / Golra More. The project was completed by late 1999. There from CDA, RDA & RCB had to lay down their own distribution network as per following portion decided by ECNEC.

CDA	17.0 MGD (33%)
RDA	14.4 MGD (28.2%)
RCB	19.6 MGD (38.2%)

In order to cope with the shortage of water in RCB & Chaklala area (including Defence Services Establishments), Federal Government decided to provide relevant portion of 19.6 MGD water to the inhabitants by sourcing the Project out of PSDP valuing Rs. 1570.5 (M) covering under three phases. Phase-I (2001) and Phase-II (2002-2007) have been executed by HQ Engineers 10 Corps as deposit work while Phase-III is being executed by RCB which is still under progress.

Director General Audit, Defence Services (North) conducted performance audit of the Project "Water Distribution Network for Rawalpindi Cantonment Board (RCB) and Chaklala Cantonment Board (CCB) from Khanpur Dam Source" valuing Rs.1,570.50 Million out of PSDP during October-December, 2017 for the period from 2001 to 2017. The project comprises three phases. Phase-I & II, financed out of PSDP funds, were executed and commissioned by HQ Engineers 10 Corps in 4 and a half months and 5 and a half years respectively. Phase-III, with funds share of 90:10 from PSDP: RCB & CCB respectively, is being executed by RCB and which is still in progress. The main objectives of the audit were to ascertain economy, efficiency and effectiveness of the project in line with objectives of the project defined in PC-I along with time overrun and cost overrun. The audit was conducted in accordance with the INTOSAI Auditing Standards. Project auditable record pertaining to Phase-I & II was not produced for audit by HQ Engineers 10 Corps on the instructions from their Service HQ.

Main findings

Audit found out that: -

a) Contracts of consultant and contractor in respect of Phases-I & II were awarded on single tender basis without open tender / competitive bidding. Tender for Phase-III was not uploaded on PPRA website. These discrepancies in procurement process led to non-transparent award of contract and non-assurance of value for money. Moreover, the contract being of above Rs.50 million, should have been intimated to NAB as per NAB instructions, but the needful was not done.

b) The executing agencies mismanaged the project funds/account by placing the funds in PLS Bank Account, transfer of unspent balance to a private Account and non-adjustment of profit & unspent balance resulted in increase of project cost.

c) RCB incurred unauthorized expenditure out of project funds on purchase of staff car and construction of roads.

d) Project was delayed due to the following reasons: -

   i. Non-provision of sufficient funds by Federal Govt.
   ii. Non-deposit of due shares by RCB/CCB.
   iii. Diversion from PC-I in shape of addition/alteration/deletion of scope of PC-I by sponsoring / executing agencies without approval of competent forum.
   iv. Non-availability of land for construction of water tanks.
   v. Non-provision of NOC by Pakistan Railways despite payment of Rs.20.161 million on account of compensation for passing water supply lines under rail tracks.

e) The management had not established any internal control system of the project in compliance with directives of Planning Commission i.e. monitoring project timelines, pace of work and funds availability to take timely remedial steps. Non-existence of the monitoring system ultimately delayed the completion of project.

f) RCB & CCB have not maintained any permanent system to test the quality of water periodically from different locations in accordance with PEPA standards for monitoring to ensure supply of safe, clean and bacteriological free water.

g) Audit found that sponsoring /executing Agencies deviated from the defined scope of work in PC-I by executing some additional items of work and by excluding some items of work in violation of PC-I and contract without approval / amendment by competent forum i.e. Planning & Development Division. Subsequently, a revised PC-I was prepared which resulted in time overrun for about 5 and a half years and cost overrun of Rs.181 million.

h) Audit found that both Cantonment Boards did not get their estimated water share as envisaged in PC-I. RCB gets average water quantity of 8 to 9 MGD (50%) against ECNEC fixed share of 19.6 MGD from Khanpur Dam source despite completion of Phase-I & II.

i) The sponsoring agency planned to overcome shortage of potable water up to the year 2030. About 16 years have been elapsed during execution process but the defined goals to eliminate the shortage of potable water could not be achieved yet as is evident from CDA bills showing average delivered quantity of 8-9 MGD. Moreover, no alternate source was planned in case of failure or shortage of water in Khanpur Dam main reservoir which will ultimately affect the water conductance to RCB/CCB and shortage of potable water in Cantonment areas will persist.

j) As per objective of PC-I revenue of Rs.3,089.96 million was projected during the fiscal years from 2007-08 to 2016-17 by enhancing rates of water charges, whereas only Rs.941.38 million could be collected being 30.47% of total.

k) As per project objectives [page-9 of PC-I (original) of Phase-III], owing to gravity-forced water flow, the electric power for running of 70 Tube Wells would be saved – ***"a tremendous saving".*** However, no such saving could be achieved till finalization of this report.

Main Recommendations

Our corresponding recommendations are as under: -

a) Award of contracts on single tender basis and without open tendering/competitive bidding may be regularized from competent financial authority. Sanctity of Govt. rules/regulations may be observed in future.

b) Amount of unspent balance of earlier phases of the project and profit accrued in PLS Account may **EITHER** be adjusted against project funds by lesser demand from Federal Govt. **OR** deposited into Govt. treasury in relevant head of accounts **OR** project cost enhanced under the approval from Planning & Development Division. In future public money may be kept in Current Account and any unspent balance of project fund may either be deposited into Govt. treasury in relevant head of accounts or utilized on the project under the approval of competent forum.

c) Unauthorized expenditure against project funds may be regularized from Planning & Development Division.

d) Federal Govt may provide sufficient funds in commensurate with completion time of project. The sponsoring / executing agencies should strictly follow the terms & conditions of PC-I regarding any share fixed by Govt. Deviation from PC-I may be enquired and responsibility fixed. Non-availability of sites for water tanks and NOC from Railway authorities at this belated stage needs also investigation to fix responsibility.

e) Internal control system of the project in compliance with directives of Planning Commission i.e. monitoring the project with timelines, pace of work and funds position may be adopted in respect of projects in order to adopt timely remedial steps.

f) RCB should take immediate steps to decontaminate water supplied from Khanpur Dam. A permanent system is essential to be devised to carry out periodical laboratory tests of the water supply from recognized laboratory in accordance with PEPA standards. Samples should be taken from different locations for best monitoring of quality of water for early treatment of the water in pursuance to provide safe, clean and bacteriologically free water to the residents of the area.

g) To get Value for Money in shape of defined objectives of project, sponsoring agency should take strenuous efforts to get 19.6 MGD Khanpur Dam water from CDA bifurcation chamber/point otherwise the project may fail and the expenditure may go as infructuous.

h) Exclusive dependence on one source i.e. Khanpur Dam Source to provide sufficient clean potable water to the residents of Rawalpindi and Chaklala Cantonments, may result in serious water crises in near future as is evident from the present scenario of the source. It is highly recommended that some other durable and long-term alternate source of water like Ghazi Barotha Canal may be explored well in time.

i) The management of RCB and CCB should take measures to achieve revenue collection targets as provided in PC-I.

1. INTRODUCTION

The Directorate General Audit Defence Services (North) conducted performance audit of the Project "Water Distribution Network for RCB & CCB from Khanpur Dam Source" during October-December, 2017 for the period from 2001 to 2017. The main objectives of the Performance Audit (value for money audit) were to assess economy, efficiency and effectiveness aspects of the project in line with project defined goals.

As per Cantonment Laws/By-laws, responsibility of provision of potable water to the residents rests upon the Cantonment Board. However, to resolve the issue of acute shortage of potable water, faced by inhabitants of Rawalpindi and Chaklala Cantonments, Federal Govt. planned the project out of PSDP during FY 2000-01with the approval of ECNEC. It was a mega social sector Programme for the provision of water supply for the residents of Rawalpindi. RCB and CCB are now responsible for water distribution system in the Cantonment areas. The project comprised of three phases. The basic statistics of the project are as under: -

Rs. in million

Phase	Approved Cost	Period	Executing Agency	Time taken	Completion cost
I	180.00	06 Months	HQ Engineers 10 Corps	4-1/2 Months	170.00
II	510.00	21 Months	HQ Engineers 10 Corps	66 Months	499.00
III	880.50	24 Months	RCB	88 Months	Under progress
Total	1570.50	----	----	----	------

The project was planned during 2000 and execution of Phase-I, laying and connecting main conductance pipe line of 1200 mm dia of RCB with CDA main transmission line, started during Feb, 2001 and completed by June, 2001. Phase-II, comprising provision of loop, essential storage facilities i.e. overhead/underground tanks and installation of water meters, was started during May, 2002 and completed by December, 2007. Phase-III with scope of laying internal connections of water supply lines of different dia along with construction of some overhead/underground tanks, was started during September, 2010 and still in progress.

The prime objectives of the project are to provide adequate access of clean drinking water and environment, thereby improving health of inhabitants of the Rawalpindi and Chaklala Cantonments. The project will serve the purpose till the year 2030. After completion of the project, almost 400,000 population of Rawalpindi and Chaklala Cantonments would be benefited in line with public-friendly social sector development policies of the Federal Government. As per PC-I of the project, main quantifiable deliverables of the project, are to get 19.6 MGD potable water from Khanpur Dam main conductance line of CDA. Against the planned quantity only 8-9 MGD (50%) is being delivered by CDA from 2007 to date as evident from CDA water bills raised against RCB, despite completion of Phase-I & II by 2007.

Phase-I was completely financed out of PSDP funds while Phase-II was to be financed by PSDP and RCB with the ratio of 2:1 respectively. The RCB could not arrange the funds which were also arranged by Federal Govt. Resultantly project delayed and contractor claimed escalation for steel prices by leaving some work unexecuted. Phase-III is also to be financed jointly through PSDP and RCB with the ratio of 9:1 respectively.

Despite completion of Phase-I & II and repeatedly requests by audit for PC-IV, the same was not produced by sponsoring/executing agencies for examination/verification.

2. AUDIT OBJECTIVES

2.1 The major objectives of the audit were to:

2.1.1 To examine the contribution of Project in providing clean and potable water to the residents of cantonment areas in Rawalpindi.

2.1.2 To assess the process of award of contracts in transparent manner or otherwise.

2.1.3 Observance of compliance with Govt. rules, regulations and procedure.

2.1.4 Assess economy, efficiency and effectiveness of the project.

2.1.5 To examine time overrun and cost overrun and their grounds.

2.1.6 Whether project objectives defined in PC-I achieved materially, if not the reasons behind them.

2.1.7 Whether there exists any internal system to test the project supplied potable water in the light of PEPA standard.

2.1.8 Whether sufficient funds were provided in time? If not, the effect on completion period and cost?

2.1.9 Whether escalation award given to contractors? If yes, whether the circumstances leading to such escalation were beyond the control of executing agency?

2.1.10 To see room for improvement and give recommendations where necessary, to make the project target oriented.

2.1.11 To promote economical, effective and efficient governance.

3. AUDIT SCOPE AND METHODOLOGY

3. 1 The audit scope was to examine the implementation of the project and the achievement of targets. The audit procedure included review of project documents, other applicable laws, rules and regulations. The discussions were held with the project management. The interviews were also conducted with general public. PEPA standards and Sustainable Development Goals were also reviewed. The Audit party analyzed newspaper stories and advertisements. Water samples were collected from various points and got analyzed from Pakistan Council of Research in Water Resources, Islamabad to determine the quality of water being supplied to the residents of Rawalpindi/Chaklala. Audit findings were discussed with the CEO and related officers of RCB.

3. 2 Findings of the audit are based on review of auditable record like PC-I, approval of competent forum, releases of Govt. funds, contract awards, Cash Book, paid vouchers, field survey, auditee / beneficiaries interviews.

3. 3 HQ Engineers 10 Corps executed Phase-I & II of the projects as deposit work. All the relevant auditable record of Phase-I & II was maintained and held by HQ Engineers 10 Corps. However, they did not produce the record for audit check on the instruction of their service HQ. The record pertaining to Phase-III of the project was provided by RCB.

3. 4 Following actions advised in preliminary audit observations were accepted by the management and promptly complied with the audit recommendations. These audit observations are not included in audit findings: -

- Audit observed that RCB did not take on charge the assets/infrastructure transferred from HQ Engineers 10 Corps. RCB took all items on charge at the instance of Audit and verified
- Audit objected payment of Rs.1.20 million to a contractor on account of repair of breach in left bank canal as the maintenance of canal was the responsibility of CDA. Management accepted the audit observation and approached CDA to refund the amount.
- Performance Guarantee against contract of Phase-III expired on 05.06.2012 while neither the same was renewed nor the fresh Guarantee was furnished till December, 2017. Fresh Performance Insurance Guarantee valuing Rs.88.050 million valid upto 18.02.2019 was furnished by contractor on the advice of audit.
- Audit observed that main steel pipeline leading to RCB was not repainted and found pipeline full of corrosion in basement at Bokra bifurcation chamber. However, the management of RCB took timely action and repainted the pipeline.

3.5 Finally, this audit report contains 22 findings and corresponding recommendations. Draft Performance Audit Report was discussed by DAC in its meeting held on 16th May,2018. An amount of **Rs.59.372 and Rs.46.913 million** has been agreed and recovered respectively at the instance of audit till finalization of this report, as detailed below: -

Para No	**Amount under observation**	**Amount agreed**	**Amount deposited into Govt treasury**	**Remarks**
4.2.1	1,439,380	405,339	405,339	Yet to be got verified by audit
4.2.3(A)	4,385,407	4,385,407	4,385,000	As above
4.2.3(B)	13,585,201	13,585,201	13,585,201	Adjustment to be got verified by Planning Division / audit
4.2.5	347,277	347,277	347,000	Yet to be got verified by audit
4.3.7	7,751,918	3,403,629	-	
4.5.1	37,245,000	37,245,000	28,190,000	Adjustment to be got verified by Planning Division / audit
Total	**64,754,183**	**59,371,853**	**46,912,540**	

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1. Accountability

4.1.1. Non-production of auditable project record.

Article 168(2) of the Constitution of Pakistan provides that audit of the accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government shall be conducted by the Auditor-General, who shall determine the extent and nature of such audit.

The Supreme Court of Pakistan in its decision dated: 08.07.2013 declared that the Auditor-General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all federal and provincial governments, as well as all entities established by or under the control of the federal and provincial government, regardless of the designation of such records as secret or otherwise.

In the light of Para-4 of Minutes of Meeting held on 22-02-2001 in Ministry of Defence regarding Phase-I of the Project, circulated vide Ministry of Defence (ML&C Deptt) letter No. 50/6/Budget/ML&C/97-Pt dated 28-02-2001, HQ Engineers 10 Corps shall fulfill all the codal formalities required for the Project including accounting & auditing.

In line with practice in vogue and being mandatory, original record pertaining to expenditure i.e. payment vouchers/Contract original documents etc. should have been produced for audit to avoid any question on authenticity of the expenditure.

Phase-I & II valuing Rs.689.50 million were executed by HQ Engineers 10 Corps as "deposit-work" while Phase-III valuing Rs.880.50 million was being executed by RCB since year 2007 and was still under progress till finalization of this report. In order to conduct performance audit of the project on behalf of the Auditor-General of Pakistan, audit team visited HQ Engineers 10 Corps. HQ Engineers 10 Corps entertained the audit team for 4-5 days. Later on they showed inability vide their letter No.70301/Audit/Accts dated 20.11.2017, to conduct performance audit of the project as per directions from their Service HQ conveyed through HQ 10 Corps. Resultantly, financial aspect of the project in respect of Phase-I & II could not be audited due to non-production of following and other relevant auditable documents: -

i. Feasibility report of the project duly approved by competent forum (PC-II).
ii. Original consultancy contract in respect of M/s International Consultants regarding Phase-I & II.
iii. Original works contract with detailed BOQs in respect of M/s Sadaat Enterprises for Phase-I & II.
iv. Original paid vouchers pertaining to Phase-I & II.
v. Physical Targets based on PSDP allocations and monthly progress reports (PC-III).
vi. Completion Report (PC-IV).
vii. Annual Performance Report after completion of Project (PC-V).

Due to non-production of auditable record, Auditor-General could not exercise his statutory responsibility of Performance Audit of the expenditure of Rs.689.5 million vested on him under Constitution of Pakistan.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance /Special Audit.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed that relevant record relating the project, Phase I & II be made available to audit authorities to conduct audit.

No record was produced by any quarter till finalization of this report.

4.2. Financial Management

4.2.1. Placement of public money (PSDP funds) in PLS account and transfer of unspent balance to Non-Public Fund Account, Rs.1.439 million

Rule-12 of GFR Vol–I provides that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

In terms of Rule-9 (3)-Section V of Treasury Rules of the Federal Government Vol-I, officers commanding units and others concerned in the administration of public funds in the Defence Department may open current account for such funds with the bank in their official capacity.

Scrutiny of Cash Book, maintained for the project "Water Distribution Network to RCB & CCB from Khanpur Dam source" has revealed that against the project (Phase-I & II), an amount of Rs.**684.670 million** was provided by Fed Govt under PSDP. The same amount was kept in PLS A/C No.041575-8 NBP Cantt Branch Rawalpindi operated by HQ Engineers 10 Corps. An amount of **Rs.1,034,341.00** being unspent balance of the project funds was transferred to 10 Corps Project Account (Non-public fund A/c) vide Paid Voucher No. 1 dated 21.10.2011 which accumulated to the tune of **Rs.1,439,380.00** inclusive of the accrued profit as detailed in table below: -

Year	Capital Amount (Rs.)	BF (Rs.)	ROP/ annum in %age	Profit (Rs.)	Amount with Profit (Rs.)	Remarks
1	**2**	**3**	**4**	**5**	**6(3+5)**	7
2011	1,034,341	0	5.00	*12929	1,047,270	*Profit from Oct-Dec,2011
2012		1,047,270	6.00	62,836	1,110,106	
2013		1,110,106	7.00	77,707	1,187,814	
2014		1,187,814	6.50	77,208	1,265,022	
2015		1,265,022	5.00	63,251	1,328,273	
2016		1,328,273	4.50	59,772	1,388,045	
2017		1,388,045	3.72	51,635	**1,439,680**	

Transfer of the funds into private account resulted in mis-utilization of public money.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation pertained to HQ Engineers 10 Corps, being executing agency in respect of Phase-I & II of the project, and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance / Special Audit.

The reply was not tenable in audit as the diversion of public money and that too pertaining to PSDP funds, towards non- public accounts was serious violation of Govt. provisions.
RCB and HQ Engineers 10 Corps may deposit the amount into Govt. treasury under relevant head of Accounts and fix responsibility against person(s) at fault and point be noted for future compliance.

Para was discussed by the DAC in its meeting held on 16th May, 2018, wherein representative of HQ Engineers 10 Corps verbally replied that the amount in question was retained for payment of retention money to the contractor i.e. M/s Sadaat Enterprises.

DAC directed that record relating to release of 2% retention money to the contractor be got verified from audit for settlement of para.

HQ Engineers 10 Corps later on replied on 10th Sep,2018 that Rs.233,476 was already deposited into Govt treasury on 24th Sep, 2012 to settle earlier audit Para (DP-157) of the project, Rs. 800,865 was released to contractor i.e M/s Sadaat Enterprises on 13th Aug,2018 on account of security money and accrued profit of Rs.405,339 on the security money was deposited into Govt treasury on 10th Sep,2018.

To verify the facts of the reply, copies of earlier audit para along with its settlement/verification of the deposited amount, contract with clause of retention money and final bill of the contractor showing recovery of retention money were not provided with the reply. Moreover, release of retention money to contractor after 11 years was also not explained.

4.2.2 Unauthorized diversion of funds into Cantt. Fund and expenditure thereof on the objects other than project specified-Rs.20.000 million

Rule-12 of GFR Vol–I provides that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

It was observed from the record / cash books in respect of Project maintained by HQ Engineers 10 Corps (Phase-I & II) and RCB (Phase-III) that a grant-in-aid amounting to Rs.20 million was allocated by Ministry of Defence under the sanction of Federal Govt. to RCB vide their letter No.40/23/Budget/ML&C/2000/D-6(A-VI) dated 08.11.2000 against "Water Supply Project from Khanpur Dam" which was transferred to Cantt. Fund and expended by RCB on construction of Misrial Road, Transit Camp to Bakery Chowk Road and Iftikhar Janjua Road as revealed from RCB letter No.960/Acctt/2001/293 dated 31.07.2001.

In violation to the aforementioned Govt. instructions/orders, funds were clearly expended on other than the objects for which funds were provided.

When pointed out by audit during December 2017, the executive authority replied that special grant-in-aid meant for the project was diverted towards construction of different roads of Cantt. area in public interest under the orders/advices of Corps Commander 10 Corps and Additional Secretary-I, Ministry of Defence.

The reply was not tenable in audit as the project specific funds were utilized on irrelevant objects. Moreover, the irregularity was already pointed out during regularity audit of the project and printed as Para: 3.4.1 in ARDS, 2008-09 and also discussed in PAC on 05.05.2011 issuing directives thereon as "*The PAC directed the PAO for arranging refund of the amount to the Government, fix responsibility and initiate disciplinary action against the person(s) involved*."

RCB may comply with the PAC directives in letter and spirit by refunding the amount to Govt. along with initiation of disciplinary action against responsible(s) or regularize the un-authorized expenditure from Planning & Development Division.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed ML&C Department that inquiry report may be reviewed keeping in view the factual position. Thereafter the case be taken up with National Assembly Secretariat (PAC Wing) to request review of PAC's directive on similar para 3.4.1/2008-2009.

No outcome in the light of DAC directives was intimated till finalization of this report.

4.2.3 Placement of public money (PSDP funds) in PLS Account and non-adjustment of accrued profit & saving transferred from Phase-II, into project cost-Rs.17.971 million.

(A) In terms of Rule 9(3)-Section V of Treasury Rules Vol-I (Fed Govt), officers commanding units and others concerned in the administration of public funds in the Defence Department may open current account for such funds with the bank in their official capacity.

Project Account was maintained by RCB for the project "Water Distribution Network to RCB & CCB from Khanpur Dam source, Phase-III" in A/c No.5327-4(PLS) NBP Cantt. Branch RWP. It was observed from Cash Book that an amount of **Rs.4,385,407,** as per **Exhibit "A"** to this report, accrued as profit on PSDP releases, till October, 2017.

(B) Similarly**,** having been executed Phase-I & II of the project by HQ Engineers 10 Corps, an amount of **Rs.13,585,201** on account of un-spent balance against Phase-II was transferred by HQ Engineers 10 Corps to RCB vide cross cheque No.893161 dated 23.04.2010 for utilization of the PSDP funds against Phase-III of the project to be executed by RCB which was taken in to the account as receipt during the month of April 2010.

Audit pointed out the following discrepancies: -

a) The Public money should have been deposited into Current Account instead of PLS Account as per Govt. provisions.
b) The amount of **Rs.17,970,608** (**A+B**) was neither deposited into Govt. treasury nor adjusted against the PSDP demand/releases rather expended on the project while additional cost of **Rs.181** million under revised PC-I was approved by Federal Govt. and releases being issued accordingly. The funds to the above extent should have been less demanded against PSDP.

However, it was revealed that no such adjustment of the amount against PSDP demand/releases was shown which ultimately led to the increased project cost from **Rs.880.5** to **Rs.898.471** million.

When pointed by audit during December 2017, the management replied that separate PLS account was opened for Khanpur Dam project and transactions of this project were carried out through this account. The Project was likely to be completed in near future i.e. before 31.03.2018. The profit of Rs.4.385 (M) accrued on capital amount of releases up till now and unspent balance of Rs.13.585 (M) transferred from phase – II were placed in the account and the same were adjusted in total releases upto 30.06.2017 vide letter No.122/KDP/ML&C/PD(RCB)286 dated 19.10.2017. Furthermore, the said profit neither transferred to other account nor spent for any other purpose.

The management reply was not relevant as the letter dated 19.10.2017 was addressed to DG ML&C requesting for referring their demand to Min of Planning, Development and Reform for enhancement of their allocation for FY, 2017-18 from Rs.90.50 to Rs.148.667 million.

RCB may regularize placement of public money in PLS account. **Either** the adjustment of the amount of **Rs. 17,970,608** against the project may be got certified from Ministry of Planning, Development and Reforms **OR** PC-I cost revised due to this additional expenditure against the project **OR** the amount deposited into Govt. treasury in relevant head of accounts and responsibility fixed besides noting the point for future compliance.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that: -

a) Profit accrued i.e. Rs.4.385 million has been deposited in Government Treasury.

b) Un-spent balance i.e. Rs.13.585 million has been adjusted against the total releases.

DAC pended the para subject to verification of deposit of Rs.4.385 million by Audit and certification by Planning Commission to the effect of adjustment of Rs.13.585 million in releases against the project.

Final outcome is awaited till finalization of the repot.

4.2.4 Irregular expenditure on account of purchase of vehicle out of project funds Rs.1.337 million

Rule-12 of GFR Vol–I provides that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Further, para-4.11 of Manual for Development projects issued by Planning Commission stipulates that proposals for road making or earth moving machinery by the Government Departments/agencies should be accompanied by an inventory of the existing strength of machinery of all the public sector departments/agencies. Similarly, whenever a provision of new vehicle is made in the development project or in non-development side, the concerned Ministry/Department/Agency should furnish as a supporting document, full inventory of the existing vehicles both on development and recurring side, along with their date of purchase, to justify the purchase of new vehicles.

Furthermore, under condition-XI for Bill of Quantities at page-39 of the contract agreement, responsibility of provision and maintenance /running cost of vehicle for Engineer & his staff rests upon the contractor, which is included in his tendered rates/prices.

Rule-19 (vi) of GFR Vol-I stipulates that whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and in cases where the lowest tender is not accepted, reasons should be recorded.

Further, Rule-12 (1) of Public Procurement Rules-2004 provides that all Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the

Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

PC-I for Phase-III of the project does not provide any authorization for procurement of staff car.

During the performance audit of Project "Water Distribution Network for RCB & CCB from Khanpur Dam Source" it was observed that an amount of Rs.1,337,000/- was paid to M/s Indus Motors Co Limited vide voucher No.12 dated 04-02-2011 on account of purchase of TOYOTA 1300 CC Staff car while no payment invoice of M/s Indus Motors Co and its payment receipt was on record.

Moreover, physical verification of the car along with stock register/inventory to verify its having been taken on charge by RCB, the executing agency, was requested repeatedly but could not be acceded to.

This resulted in un-authorized/irregular expenditure of Rs.1,337,000 on account of purchase of car out of PSDP funds on the following grounds: -

a) The expenditure on purchase of car is not cover under the project/PSDP funds.
b) The car was not authorized in PC-I.
c) The responsibility rests upon the contractor as per contract clause ibid.

When pointed out by audit during December 2017, the executive replied that the staff car was purchased for Cantt. Executive Officer for Rawalpindi for site visits and supervision of project. Moreover, in budget order / New Item Statement (NIS) for the year 2010-2011 provision of Rs.2.5 million was made under head "Purchase of Transport". Demand draft bearing No.0024598 dated 27.01.2011 for Rs.13,37,000/- towards cost of one vehicle was sent to M/s Toyota Capital Motors, Islamabad vide office letter No.3/Gen-Store/353 dated 28.01.2011 through TCS. They also added that the contractor also provided vehicles for the Project Director and Cantonment Engineer as per agreement. As regards, non-uploading the procurement opportunity on PPRA website they have referred Rule 42 (c) of PPR-2004 which allows purchase of motor vehicles from local original manufacturers / their authorized agents at manufacturer's price through direct contracting.

However, as regard purpose of purchase of car for CEO, RCB referred to in reply did not conform with the note added with reply wherein the same was sanctioned for Project Director while in reply it was narrated that contractor also provided vehicles for the Project Director and Cantonment Engineer. From above narrated situation, purpose of purchase of car could not be established. Further the point was already converted into Draft Para No.355/DGDAS/ 2016-17 during regularity audit of the project. Moreover, neither Vehicle Stock Register was provided to verify the car in inventory of the project/RCB nor physically got verified from audit despite repeated requests.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed to hold an inquiry to fix responsibility and take appropriate measures within two months and submit report to MoD/Audit authority, accordingly.

Further progress of enquiry and its outcome is awaited.

4.2.5 Non-deposit of profit into Govt. Treasury accrued on PSDP funds-Rs.0.347 million

In terms of Rule 9(3)-Section V of Treasury Rules Vol-I (Fed Govt), officers commanding units and others concerned in the administration of public funds in the Defence Department may open current account for such funds with the bank in their official capacity.

An amount of **Rs.684.670** million allocated under PSDP by Federal Government was handed over by Rawalpindi Cantonment Board to HQ Engineers 10 Corps against Khanpur Dam Water Distribution Project for execution of Phase-I & II of the project during the years 2001 to 2004. The capital amount was placed in PLS A/c No.041575-8 NBP Cantt. Branch Rawalpindi. As per Cash Book an amount of Rs.**7,190,202** was accrued as profit as per **Exhibit "B"** to this report. An amount of **Rs.6,330,698** and **Rs.512,227** was deposited into Govt. treasury vide TR No. U-957411 dated 23-09-2009 and TR dated 16-01-2010 respectively while remaining profit of Rs.**347,277** was not deposited into Govt. Treasury.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers 10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance / Special Audit.

RCB may recover the amount from HQ Engineers 10 Corps and deposit the amount with along with profit into Govt. treasury under relevant head of account along with fixing responsibility and noting the point to avoid recurrence in future.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was verbally apprised by representative of HQ Engineers 10 Corps that profit earned was deposited into Govt. Treasury. DAC pended the para subject to verification.

Action on DAC directives is still awaited till the finalization of this report.

4.2.6. Irregular payment to M/s International Consultant-Rs.25.907 million

Rule-19 (vi) of GFR Vol-I stipulates that whenever practicable and advantageous, contract should be placed only after tenders have been openly invited.

Under Section-06 of PEC Consulting Bye-laws notified under Statutory notification being No. SRO.809(I)/86 dated 24-08-1986, a consultant Engineer in Pakistan shall be entrusted only consulting Engineering Services duly registered with Pakistan Engineering Council.

Moreover, Section-7 of the SRO also stipulates that employer will publicly notify the scope of work of a project and will invite pre-qualification applications from consulting Engineers registered with PEC.

Further, under clause-3.03 (a) of contract agreement between HQ Engineers 10 Corps and M/s International Consultants for Design & Consultancy Services of Khanpur Dam Water Supply Project (Phase-I, II & III), the following terms of payment have been agreed:-

> *"The Employer shall pay or reimburse to the consultants in respect of the services, but subject to the ceiling amount of Rs.3.442 Million as set forth in TOR in relevant Annex-B"*

Furthermore, Government of Pakistan, Ministry of Defence (ML&C Deptt.) vide their letter NO.50/6/Budget/ML&C/970-Pt dated 28-02-2001 addressed to CEO, RCB & copies to all concerned, forwarding Minutes of meeting held in Ministry of Defence on 22-02-2001 regarding "Khanpur Dam Water Distribution Project" and para-4 (c) of the Minutes categorically stipulates that consultancy/resident consultancy should not be charged to Rs.180 million being PSDP allocation for the project rather payment to be made by RCB out of Rs.20 million already allocated to RCB in shape of grant-in-aid for the project.

Scrutiny of cash book maintained by HQ Engineers 10 Corps (Phase-I &II) and RCB(Phase-III) in respect of the project account "Water Distribution Work to RCB & CCB from Khanpur Dam Source "revealed that an amount of Rs.**25,907,174** (Phase-I Rs.**6,092,913** + Phase-II Rs.**12,174,261 +** Phase-III Rs.**7,640,000**) was paid to M/s International Consultant up to December, 2017 as consultancy service charges against Consultancy Agreement valuing **Rs.3.442** million for whole of the project.

Audit pointed out following discrepancies in this regard: -

a) Contrary to the above rules/regulations the consultant was selected without competitive bidding/pre-qualification leading to non-transparent/non-economical expenditure out of public exchequer.
b) No original and proper record leading to contract agreement with consultant containing scope of work, payment schedule, duration of contract etc. was produced to audit.
c) Moreover, no registration of the consultant with PEC was made available.
d) Against contract payment schedule and ceiling fixed against all phases of the project to the extent of **Rs.3.442 million** mutually agreed by Employer and the consultant, payment of **Rs.25.907 million** resulted in to overpayment of **Rs.22.465 million.**
e) In disregard to the laid down policy/instruction of Principal Accounting Officer (PAO) referred to in Ministry of Defence letter dated 28.02.2001, HQ Engineers 10 Corps paid an amount Rs.**18.267 million** pertaining to Phase-I & II, as detailed in **Exhibit "C"** to this report, to the consultant out of normal releases of PSDP funds of **Rs.180 million** while the amount of **Rs.20 million** remained with RCB. Diversion of funds in spite of instruction of PAO resulted in irregular charge to project work account.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that: -

a) Payments to consultant against Phase-I & II of the project were made by HQ Engineers 10 Corps being executing agency in respect of the phases and record thereof also maintained and held by them. Observations were sent to them for necessary reply. The

HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance /Special Audit.

b) Secretary Defence, the competent authority, vide Ministry of Defence vide U.O No. F4/10/D-6/A-VI/2003 dated 31.01.2008 authorized the Station Commander Rawalpindi Project Manager to execute the project (Phase – III) through related agency. It was also decided that the same consultant need to continue the work to complete Phase–III as well. In the light of the decision, rates of consultancy i.e. 1.2% of total cost of the project were approved vide Cantonment Board Resolution No.11 dated 22.04.2009. Therefore, payment of Rs.7.640 (M) paid to the M/s. International Consultant accordingly against Phase-III.

The reply was not relevant as award of direct contract to M/s International Consultants without open tendering left a dot on economical aspect of the project. Moreover, Secretary Defence authorized Station Commander to exercise day to day project management of the project in accordance with terms & conditions of already awarded contracts and not to change substance of the contract. Contract is legal document and fixation of any additional remunerations to consultant over and above payment clauses of the contract through Cantonment Board Resolution was irregular.

RCB and HQ Engineers 10 Corps may either provide orders of Government of Pakistan relaxing Govt. fundamental rules/dispensing with the open tendering or regularize the entire expenditure from Government of Pakistan besides justification of payment to consultant out of PSDP funds of Rs.180 million against Phase-I & II despite clear instructions of PAO and non-provision of formal contract agreement and PEC registration of the consultant for the period i.e. during the year 2001 to 2018 for verification of audit.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed HQ Engr 10 Corps & RCB to reconcile the facts with audit with reference to PC-I of Phase I & II and Phase-III, respectively.

Action on DAC directives is awaited till finalization of this report.

4.3 Procurement and Contract Management

4.3.1. Award of Contracts beyond Competency-Rs.1360 million

Rule-18 of GFR Vol-I stipulates that No contracts may be entered into by any authority, which has not been empowered to do so by or under the orders of the President.

Moreover, in terms of S. No. 9 (41) of Annexure to “New system of Financial Control and Budgeting-2006” notified vide Govt. of Pakistan OM No. F.3 (2) Exp-III/2006, dated 13.09.2006, Secretary i.e. PAO was delegated with full powers to sanction expenditure with regard to allocated budget against development Projects.

It was observed during performance audit of PSDP Project “Water Distribution Network to RCB & CCB from Khanpur Dam source”, approved by ECNEC in three phases, that despite the values of contracts falling under the delegated powers of Secretary Defence, the same were accepted by subordinate authorities resulting into irregular award of contracts valuing Rs.1360 million as detailed in table below: -

Phase	**Contract No.**	**Contractor**	**Accepted by**	**Contract Value (Rs)**	**Remarks**
I	* Nil	M/S Sadaat Enterprises	Commander HQ Engineers 10 Corps Chaklala	* 170 Million	*Contract Agreement not produced/shown by management.
II	* Nil	-------Do------	-------Do----	* 500 Million	---------Do-------
III	122/KDP/CA/CE (WS)/31 dated 11-08-2010	M/S Chaudhry Construction CO.	Cantt: Executive Officer Rwp Cantt: Board	690 Million	
		Total		**Rs.1360 Million**	

The above irregular award of contracts led to mis-management of contract by subordinate authority.

When pointed out by audit during November –December 2017, the sponsoring agency i.e. RCB replied that Secretary Defence, the competent authority, vide Ministry of Defence vide U.O No. F4/10/D-6(A-VI/2003 dated 31.01.2008 appointed and authorized the Station Commander Rawalpindi as Project Manager to execute the project (Phase–III) through related agency. As Station Commander was authorized by the competent authority to exercise all financial powers etc. hence agreement was signed by the Station Commander and counter signed by the Cantonment Executive Officer. Phase-I & II of the project were executed by the HQ Engineers 10 Corps, whose replies were requested but could not be furnished due to instructions from their service HQ.

No justification in respect of Phase-I & II was provided.

RCB and HQ Engineers 10 Corps may regularize the acceptance of contract from higher competent financial authority in respect of Phase-I & II and responsibility fixed upon persons involved and point noted for future compliance.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC settled the para against Phase-III and asked revised reply with documents for Phase-I and II.

HQ Engineers 10 Corps furnished reply on 10th Sep, 2018 and stated that MoD recommended award of contracts on fast track basis by adopting practice of negotiated contract or single tender.

The management response was neither covered under prevailing rules nor relaxed by Govt.

4.3.2. Award of Project contracts without competitive bidding-Rs.618.250 million

Rule 19 (vi) of GFR Vol-I provides that whenever practicable and advantageous, contract should be placed only after tenders have been openly invited.

Moreover, para-386 and 391 of MES Regulations-1998 also stipulates for competitive bidding to award contracts.
It was observed from available record that an amount of Rs.618.250 million (Phase-I Rs.152.62 million + Phase-II Rs.465.630 million) was paid to M/s Sadaat enterprises as contractor against 2 x Project contracts account of "Water Distribution Network to RCB & CCB from Khanpur Dam Source" without open competitive bidding/tender.

Award of contract without open tendering and competitive bidding and payment against the contracts led to non-transparent & non-economical expenditure of Rs.618.250 million against PSDP Project.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers 10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance /Special Audit.

RCB and HQ Engineers 10 Corps may either provide orders of Government of Pakistan relaxing Govt. fundamental rules/dispensing with the open tendering or entire expenditure regularized from Government of Pakistan, responsibility fixed upon person at fault and point noted for future guidance.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC pended the para for revised reply and verification of relevant record by Audit.

HQ Engineers 10 Corps furnished reply on 10th Sep, 2018 and stated that MoD recommended award of contracts on fast track basis by adopting practice of negotiated contract or single tender.

The management action was neither covered under prevailing rules nor relaxed by Govt.

4.3.3. Escalation due to non-execution of project in accordance with PC-I and contractual provisions

Paras- 4.12 & 4.13 of Manual for Development Projects issued by Planning Commission say that physical and financial scope of a project, as determined and defined in the project document (PCI), is appraised and scrutinized by the concerned agencies before submitting it for approval of the CDWP/ECNEC. Once approved by the competent authority the executing agency is supposed to implement the project in accordance with the PC-I provisions. It has no authority to change and modify the main approved parameters of the project on its own, beyond permissible limit of 15%. However, if at some stage modifications/changes become imperative then project authorities should revise the project and submit it for the approval of competent authority.

Further Para- 4.18 of the above Manual guides that scheduling of activities and availability of physical facilities are interlinked with the completion period. The availability of physical facilities e.g., (i) access road, (ii) power supply, (iii) water, gas, telephone and other utilities, (iv) education facilities, (v) housing etc., have to be ensured. The sponsoring agency has also to indicate separately what facilities would be available from the project itself and to what extent these would be available from the public utilities. The scope of work to be carried out should be gone into very thoroughly to facilitate physical and financial phasing as well as supervision.

Furthermore, para- 7.5 of the same Manual stipulates that project implementation agencies/departments should seek the approval of the competent authority as soon as they consider change in the scope of work was imminent.

Moreover, contract is a legal document and binding for parties. Any escalation is mandatory to be financially approved/concurred by competent financial authority.

It was observed from PC-I that the execution of contract for Phase-II of the project awarded to M/s Sadaat Enterprises that execution of contract was not in conformity with provision of PC-I. Moreover, contractor ignored some items of work and executed some items in lesser quantities against contract making scope for getting escalated payment against work done. Apparently this was done with the consent of executing agency i.e. HQ Engineers 10 Corps. Actual items and quantities, which to this effect, could not be ascertained as contract of the project was neither produced by RCB nor by HQ Engineers 10 Corps. However, some detail was extracted from photo copy of final bill of the contractor, comparison of which with PC-I and contracted quantities (taken from the final bill) is given in **Exhibit "D"** to this report.

Deviation from PC-I and then from contract provisions resulted in violation of the Govt. rules/regulations/procedure which led to irregular escalation payment to the contractor and devaluation of the work/project.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers 10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance /Special Audit.

RCB and HQ Engineers 10 Corps may either justify the deviation from PC-I and contract duly supported with authentic documents or regularize from Planning and Development Division besides fixing responsibility and noting the point for future guidance.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed to submit revised comprehensive reply to audit for examination.

HQ Engineers 10 Corps furnished reply on 10th Sep, 2018 and stated that Phase-I & II of the project were executed by HQ Engineers 10 Corps under complete supervision of RCB in years

2001 & 2007 and necessary documents related to the project were handed over to RCB subsequently. However, no evidence of handing over all the requisite project documents to RCB was provided.

4.3.4. Award of project contract (Phase-III) without uploading tender on PPRA website-Rs.690 Million

Rule-19(vi) of GFR Vol-I stipulates that whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases where the lowest tender is not accepted reasons should be recorded.

Further, Rule-12(2) of Public Procurement Rules-2004 (PPR-2004) provides that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Moreover, Rule-50 of PPR-2004 stipulates that any unauthorized breach of these rules shall amount to mis-procurement.

It was observed from tender/bidding documents that contract was placed upon M/s Choudhry Construction Co. worth Rs.690 million to undertake project "Water Distribution Network for RCB & CCB from Khanpur Dam Source, Phase-III" by advertising the tender requirement only on print media. Wide publicity by uploading the requirement on PPRA was not adopted.

Resultantly the award of contract to M/s Choudhry Const Co. violating the PPRA Rules and dispensing with wide publicity led to mis-procurement and did not bring value for money in true perspective.

When pointed out by audit during December 2017, the management replied that advertisement for the subject work was widely published in six newspapers during November, 2017.

Management reply was not relevant as audit already accepted the advertisement on print media and observed the non-advertisement of the opportunity on PPRA website to get wide publicity of this mega project.

RCB may either justify the above mis-procurement due to award of contract without uploading the tender on PPRA website or regularize from Govt. of Pakistan, fix responsibility upon the persons involved and note the point for future compliance.

Para was discussed by the DAC in its meeting held on 16th May, 2018. The executive sought settlement of the Para citing reasons of vide publicity through newspapers. Audit is of the view that PPRA provisions cannot be waived by DAC.

4.3.5. Time over-run of 5-1/2 years and cost over-run of Rs.181.00 million due to delayed execution of project.

Paras- 4.12 & 4.13 of Manual for Development Projects issued by Planning Commission provide that physical and financial scope of a project, as determined and defined in the project document (PC-I), is appraised and scrutinized by the concerned agencies before submitting it for approval of the CDWP/ECNEC. Once approved by the competent authority, the executing agency is required to implement the project in accordance with the PC-I provisions. It has no authority to change and modify the main approved parameters of the project on its own, beyond permissible limit of 15%. However, if at some stage modifications/changes become imperative, then project authorities should revise the project and submit it for the approval of competent authority.

Further Para- 4.18 of the above Manual guides that scheduling of activities and availability of physical facilities are interlinked with the completion period. The availability of physical facilities e.g., (i) access road, (ii) power supply, (iii) water, gas, telephone and other utilities, (iv) education facilities, (v) housing etc., have to be ensured. The sponsoring agency has also to indicate separately what facilities would be available from the project itself and to what extent these would be available from the public utilities. The scope of work to be carried out should be gone into very thoroughly to facilitate physical and financial phasing as well as supervision.

Furthermore, para- 7.5 of the same Manual stipulates that project implementation agencies/departments should seek the approval of the competent authority as soon as they consider change in the scope of work was imminent. The sponsoring agencies should also anticipate the likely delays for taking remedial actions well in time. They should also fix responsibility for delays, if any, in terms of ECC's following decision dated December 27, 1988 in case No. CEC-542/37/33: -

> *"Those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task".*

PC-I in respect of Phase-III of the Project “Water Distribution Network for RCB & CCB from Khanpur Dam Source” valuing Rs.699.500 million with completion period of 24 months was approved by Planning & Development Division vide their OM No.6(31)PIA-II/PC/2005 dated 08.04.2006. Detailed scope of the project along with estimated cost of each item was categorically defined/determined vide Annex-H & Appex-2 of Annex-H to PC-I on recommendations of the sponsors. As per PC-I the project should have been completed during 2007-08 whereas Contract No.122/KPD/Contract Agreement/CE (WS)/31 dated 11-08-2010 valuing Rs.690 million to execute the project was placed on M/s Chaudhry Const Co. i.e. about 4 years later. As per contract agreement 24 months period was given to the contractor to complete the project whereby the completion date became as 10.08.2012 while the project was in progress till the finalization of this report.

Scrutiny of the process of the execution of the project revealed that the Executing Agency (RCB) diverted from the determined/defined scope by executing some additional items of work and deleting some items of work entirely out of the scope of PC-I without approval / amendment by competent forum i.e. Planning & Development Division as detailed in table below: -

S#	Item of work	Unit	Approved Qty in PC-I	Qty contracted for	Completed till Oct, 2017	Under progress/ planned in revised PC-I
1	**2**	**3**	**4**	**5**	**6**	**7**
1.	O/H Tank 0.2 MG	No	12	10	7	_
2.	O/H Tank 0.5MG	No	2	_	_	_
3.	O/H Tank 0.05MG	No	_	1	_	_
4.	U/G Tank 0.2MG	No	_	_	2	3
5.	Combined U/G & O/H Tank (0.2+0.3MG)	No	_	_	_	1
6.	Water meter	No	6110	13910	_	4803

Source: Revised PC-I in r/o Phase-III and contract offered rates in BOQ

It was further noticed that after having been physically exercised the above diversion being serious violation of the sanctity of provisions of PC-I, PC-I was revised for additional cost of Rs.181(M) raising the project cost from Rs.699.5(M) to Rs.880.5(M) vide Planning & Development Division OM No.6(31)PIA-II/PC/2017 dated 10.08.2017 resulting in time over-run of 5-1/2 years (in progress till Dec, 2017), cost over-run of Rs.181 million and devaluation of project with regard to PC-I and contract.

Following reasons for delay in timely completion of the project were observed: -

1. Delay in provision of funds by Federal Govt. under PSDP.
2. Delay in award of project contract.
3. Revision of PC-I due to change & additional scope of work.
4. Despite payment of Rs.20.161 million to Pak Railways on account of compensation for passing water pipe lines under railway track near Dhoke Chiragh Din, NOC therefrom is still held in abeyance.
5. Non-availability of site for Overhead/ Underground Tanks.

The above delay in completion of project resulted into the following adverse effects: -

a) Socio economic effects on the poor inhabitants of the cantonment to fulfill their water requirement by hiring private water bowser` ranging from Rs.1000 to 1500.

b) Deprive of the inhabitants of the area from clean drinking water for last ELEVEN years despite the Programme approved by Govt. during the year 2006.
c) Attributable risks of water borne diseases like diarrhea, HCV, hepatitis, dysentery, dyspepsia etc.
d) Revision of PC-I and additional expenditure of Rs.181.0 million.
e) Payment of escalation to the contractor worth Rs.67.796 million.

When pointed out by audit during December, 2017 the management replied that time and cost over-run was attributable due to the following reasons: -

a) ECNEC approved the Phase-III of the project on 08.04.2006 at an estimated cost of Rs.699.50 (M). No PSDP allocations were made during 2006-07 and 2007-08. An amount of Rs.100.00 (M) was allocated in the FY 2008-09 but only Rs.2.07 (M) was released. The project work started in October 2010 after fulfillment of codal formalities with cutoff date October 2012. However, the project could not be completed in time due to less allocations / releases from Federal Government / PSDP.
b) Payment to Pakistan Railways for Railway crossings was neither addressed in PC-I nor in the tender cost. An amount of Rs.20.146 M was paid to Pakistan Railways. NOC from railway authorities was still awaited.
c) Till date, RCB made payments of Rs.78.930 M against escalation and late payments as per General Conditions of contract agreement, whereas, the said factor was not catered for in the approved PC-I.
d) 7.8 Km additional water supply transmission line of 8’’ dia was required to be laid in order to extend KPD water source to additional areas like Ahmadabad, Gulistan Colony and Shehzad Colony Westridge which were not catered for in the approved PC-I, as those areas were thinly populated at that time.
e) It is pertinent to mention that at the time of preparation of PC-I for the said project, the population of Rawalpindi and Chaklala Cantonments was 511,320, however, the same now increased more than 1,500,000. An added factor in this population boom is urbanization trend especially after the earthquake of October 2005 and military operations in FATA / Swat.
f) The Project contractor had requested for revision/increase of rates for the under construction OHWT/UGWT of 0.5 MG combo (Rs.37.70 M as per the approved Rates and Rs.65.00 M as per the revised rates) and the same has been duly verified and recommended by the project consultant. Due to its peculiar engineering design and structural considerations the design was heavier than the earlier one as it involves 30% extra steel and 10% more concrete. This design was to be selected due to non-availability of site to meet water shortage. In addition, as the contract was awarded in the year 2010, therefore, the approved rates were no more workable/ economical for the contractor owing to the ever-galloping inflation in the country.

Audit recommends following actions: -

i. Though Federal Govt approved the programme during June, 2006 but delayed allocation/release of the funds during 2008-09, that too in quarterly installments, delayed the project for years. Govt. may allocate and release the funds in accordance with completion period of the project.
ii. As per strict directives of Planning Commission referred to at succeeding paras, no extra ordinary vigilance/care was exercised during preparation of PC-I document. That's why revision in PC-I for additional work necessitated. This could be avoided by strict vigilance/rationale at the time of preparation of PC-I by the sponsoring/ executing agency/client i.e. RCB/DG, ML& C. A well-organized project monitoring system may be adopted for such mega project.
iii. Level of personal meetings/contacts for NOC from Railway authorities for crossing water pipe line under the railway track, may be raised.
iv. The reason of non-availability of sites for Overhead/Underground Tanks was completely baseless as recommendation and inclusion of the tanks in PC-I without confirmation of their sites was weak planning.
v. To enquire the circumstances under which the change in scope of PC-I by addition/alteration and deletion therein, emerged without referring the case for approval of PAO/ Secretary Defence and Planning & Development Division and responsibility fixed.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC pended the para subject to verification of relevant record/documents with revised PC-I.

4.3.6. Non-installation of 7800 Nos of Water Meters during Phase-II-Rs.21.5 million

As per PC-I of Phase-II, ECNEC approval/ funds provisions of **Rs.510** million vide Govt. of Pakistan, Planning & Development Division (Public Investment Authorization Section) OM No.6 (36) PIA-II/PC/2002 dated 16-03-2002 and Contract Agreement / BOQ, 7800 water meters valuing Rs.**21.50** million out of the allocated funds were to be installed by contractor with the direction that this amount would be treated as loan and will be paid back to Federal Govt. after 5 years by Rawalpindi Cantonment Board.

It was observed from record/final bill of contractor i.e. M/s Sadaat Enterprises, in respect of Phase-II that meters were not installed by contractor despite provision in BOQs and allocation of the funds for the purpose during year 2002. The capital amount of **Rs.21.50** million could not be refunded to Federal Govt. till Nov, 2017.

The violation of the directives of Planning Division, non-adherence to the provisions of PC-I and non-fulfillment of contractual obligations resulted in non-implementation of the project in toto and non-measurement of water consumption. The non-installation of water meters also effected overall completion of project in accordance with the provisions of PC-I.

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers 10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance /Special Audit.

RCB and HQ Engineers 10 Corps may elucidate the matter and status of **Rs.21.5** million may be made known to audit.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed to submit revised reply to MoD/Audit for examination besides planning for refund of Rs.21.5 million to Federal Government as per PC-I provisions.

HQ Engineers 10 Corps furnished reply on 10th Sep, 2018 and stated that earlier Draft Para on the subject already settled and that amount in question already returned to RCB.

Neither copy of Draft Para nor its settlement and nor evidence in support of return of the amount to RCB was provided.

4.3.7 Overpayment to contractor on account of compensation for late payments, Rs.7.752 million

Contract No.122/KPD/Contract Agreement/CE (WS)/31 dated 11-08-2010 valuing Rs.690 million was awarded to M/s Chaudhry Const Co. to execute work of "Water Distribution Network for RCB & CCB from Khanpur Dam Source" wherein a contract clause-60.10 (Time for payment) under Pt-II "Particular conditions of contract" was agreed with by the parties i.e. CEO, RCB on one side and M/s Chaudhry Construction Co. on the other side, namely: -

> *"The amount due to contractor under any interim payment certificate (IPC) issued by the Engineer pursuant to the clause, or any other term of contract, shall subject to clause-47 be paid by the employer to the contractor within 30 days after such IPC was jointly verified by employer and contractor, or in case of the final certificate, referred to in sub-clause 60.8 within 60 days after such final payment certificate was jointly verified by employer and contractor, provided that interim payment shall be caused in 42 days and final payment in 60 days in case of foreign funded project. In the event of failure of the employer to make payment within the time stated, the employer shall pay to the contractor compensation at the 28 days rate of KIBOR + 2% per annum for local currency and KIBOR + 1% for foreign currency, upon all sums unpaid from the date by which the same should have been paid. The provision of this sub clause is without prejudice to the contractor's entitlement under clause 69."*

It was observed from payment record of the contractor that in pursuant to the above clause an amount of Rs.11,135,531 was paid as compensation for delayed payment against IPC-1 to 12.

In this regard it was pointed out that as per above clause of contract, employer was bound for payment within 30 days after such IPC having been jointly verified by employer & contractor. Scrutiny of the IPCs revealed that no signature of Employer i.e. CEO, RCB or his/her relevant representative were got endorsed on the IPCs in token of joint verification of work done & its due payment. The IPCs were only signed by consultant and contractor and the only date of consultant's approval was considered as start date of late period.

However, in the light of spirit of the clause of contract, audit considered the date of approval of CEO to the minutes allowing payment against each IPC as joint verification date. By this way an amount of Rs.3,383,612, as detailed in **Exhibit "E"** to this report, became due for payment to contractor on account of compensation for late payments resulting in overpayment of **Rs.7,751,918** [11,135,531 (-) 3,383,612] to the contractor.

When pointed out by audit during December 2017, the management replied that compensation for late payments was allowed as per Contract clause 60.10 (time for payment) under Pt-II "particular conditions of the contract" mutually agreed by both parties of the contract.

Management reply was not tenable as audit pointed out the overpayment with refence to the same agreed clause of contract.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that actual overpayment comes to Rs. 3,403,609 instead of Rs. 7,751,918.

DAC directed that objected amount be reconciled with audit as per rules in vogue and recovery be made accordingly.

The executive authority could not reconcile the amount of late payment till finalization of this report.

4.4 Monitoring and Evaluation (M&E)

4.4.1. Non-establishment of effective monitoring system of the project

Para-7 of Manual for Development Project issued by Planning Commission, emphasizes that monitoring of Project is a very important tool to check and assess the implementation status of a project/programme/plan during the implementation on a regular basis. The system of watching/ monitoring the progress of a programme/ project implementation, besides being an important link in the project cycle, helps in the identification/analysis and removal of bottlenecks and expediting action where projects have stalled or fallen behind schedule. For an effective monitoring system, the project document must have the following essential data/information:

i. A clear-cut statement of project objectives and benefits;
ii. Detailed project cost estimates-component/activity-wise;
iii. Source of funding;
iv. Annual financial phasing conceived on the basis of implementation plan;
v. Physical scope in quantitative terms with components detail; and

vi. Phasing of the physical scope as per its implementation schedule, duly based on PERT/CPM or Bar Charts.

The manual also provides that internal monitoring serves the objectives of internal project management and is always the responsibility of those sponsoring Ministries / Divisions, and executing agencies who are directly or indirectly involved in project formulation, appraisal/approval and implementation, i.e. ***on daily basis at the project level, monthly by the executing agency and quarterly by the sponsoring agency***. The ***internal monitoring unit*** is to work like an eye of the project management for ensuring the successful and timely completion of the project. A close collaboration and understanding between the project management and the monitoring unit is very important. The essential thing is the quick taking of appropriate decisions on the part of the project management to remove the bottlenecks and solve the problems.

During Performance Audit of the project "Water Distribution Network for Rawalpindi & Chaklala Cantt. from Khanpur Dam Source, Phase-III" being executed by RCB valuing Rs.880.5 million, it revealed that the original PC-I was approved by Planning & Development Division during June, 2006 and contract awarded during August, 2010 determining period of 24 months in both documents. Despite elapsing 7 years of award of contract, the project could not be materialized till Dec, 2017. In the meantime, PC-I of the project (Phase-III) was got revised during August, 2017 raising cost thereof from Rs.699.50 million to Rs.880.50 million and extension granted up to Dec, 2017 mainly due to deletion/addition/alteration in scope of the project.

From the record maintained by RCB, it was observed that no monitoring unit maintaining monitoring record/system of the project was established in line with instructions of Planning & Development Division referred to above.

Due to non-maintenance of active monitoring system of the project, sponsoring agency was unable to detect the reasons for delay in completion of the project and adopt remedial measures to meet the project goals with reference to time, scope and cost of the project defined in PC-I.

When pointed out by audit during December 2017, the management replied that a team of consultant (i.e. M/s International Consultant) is fully responsible to monitor the construction activity of the project and submit the progress report. An Independent Project Director was also appointed by the sponsoring agency (i.e. Ministry of Defence) in January, 2011 for the same.

The management reply was not tenable as engagement of a consultant did not relinquish client/executing agency from its responsibility with regard to monitoring of the project. RCB may enquire the circumstances under which compliance with provisions of Development Manual of Planning Commission to establish an effective monitoring unit/system for the project monitoring was ignored besides fixing responsibility for non-monitoring of the project resulting in time and cost over-run and establishing effective monitoring unit for future projects.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that a consultant and project director were engaged to monitor the project besides establishment of M&E Cell in Ministry of Defence for monitoring the development projects.

DAC pended the para subject to verification of monitoring system of the project.

No response on the DAC directives was reported till finalization of the report.

4.4.2. Non-observance of PEPA standards for drinking water

Pakistan Environmental Protection Agency (PEPA) under the auspices of Govt. of Pakistan, Ministry of Environment has framed National Standards for Drinking Water Quality (NSDWQ)-2010 in line with WHO standards in order to analyze drinking water. As drinking water in our urban areas bears bacteriological contamination and this contamination is attributed to leakage of pipes, pollution from sewerage pipes due to problem within the distribution system, intermittent water supply, and shallow water tables due to human activities which is serious risks to human health, hence, it is mandatory to follow the above water standards in letter & spirit to safeguard human health.

The prime objective of the project "Water Distribution Network for Rawalpindi & Chaklala Cantt. from Khanpur Dam Source" defined in PC-I of the project is to provide adequate access to clean drinking water to the residents of Rawalpindi and Chaklala Cantonments.

Pursuant to the objective of mega social sector project "Water Distribution Network for Rawalpindi & Chaklala Cantt. from Khanpur Dam Source" audit asked for data from RCB regarding any periodical check/analysis/lab tests carried out to ensure the above standards in order to provide safe drinking water to public and adopt immediate remedial measures to forestall health hazards attributable to contaminated/bacteriological water supply in the area of responsibility. The RCB, however, could not provide any such data as no such practice was in vogue.

This resulted in to the conclusion that despite expending substantial financial sources on the project, the prime designated/defined goal of the project to provide clean potable water to the residents could not be achieved in letter & spirit.

When pointed out by audit during December 2017, the management replied that RCB is local body under the Cantonments Act 1924, headed by the President Cantonment Board having 12 elected members and 13 nominated members. Station Health Officer Rawalpindi is nominated member of the Board who has system of checks and balances for water and food sampling and also maintains the Sanitary Diary. In this regard Station Health Officer collected the sample of water from ***06 RCB filtration plants*** in current month, results as and when received would be intimated to Audit Authorities.

The management reply was not relevant as PEPA standards were to be observed in letter & spirit since inception of the project to ensure provision of clean and bacteria-free potable drinking water to the general public of the area in pursuant to the prime objective of the project. No periodical monitoring system of the water supported with laboratory tests was produced during audit despite repeated requests which led to the conclusion that no such arrangements ever existed. Moreover, collection of water samples from filtration plants would not serve the purpose of PEPA as 100% population of the area have no access to few filtration plants.

RCB may adopt periodical observance system to test the quality of water supply in accordance with PEPA standards to provide safe, clean and bacteria-free water to the residents of the area in line with objectives of the project.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that periodical monitoring system has already been adopted by RCB through Station Health Officer.

DAC directed that one-month data of specific area in the light of report of Station Health Office be provided to audit for verification.

No further progress in compliance with DAC directives was reported for verification till finalization of this report.

4.5 Compliance with grant/ loan covenants

4.5.1. Non-injection of share in project cost by RCB & CCB-Rs.58.418 million

Planning & Development Division vide their OM No.6(31) PIA-II/PC/2005 dated 08.04.2006 approved project "Water Distribution Network for RCB & CCB from Khanpur Dam Source, Phase-III" at cost of Rs.699.50 (M) determining share of Govt. and RCB as 90:10 respectively. Later on, due to involvement of escalation element and additional scope of work, PC-I was revised for Rs.880.50(M) maintaining the same share of 90:10 vide Govt. of Pakistan Planning & Development Division OM No.6(31)PIA-II/PC/2017 dated 10.08.2017. Hence, it is mandatory on the executing agency that while incurring expenditure against the project, the proportionate share should have been contributed accordingly.

Consequent upon distribution of the RCB into two cantonments i.e. RCB and CCB, dispute of the share amongst the Boards was inevitable. To resolve the issue, RCB issued a CBR dated 13.05.2009 wherein the 10 % share of RCB was to be further contributed by RCB and CCB as 50% each.

It was, however, observed from project record of releases and cash book maintained for the project account (PLS A/c No.5327-4NBP Cantt. Branch Rwp) that till December, 2017, against PSDP releases of Rs.720.668 million, expenditure of Rs.689.67 million was incurred while against the defined share of Rs.88.050 million, an amount of Rs.29.632 million only was injected by both the Cantonment Boards, resulting in less contribution of Rs.58.418 and Rs.39.335 million with reference to project approved cost and actual expenditure respectively, as detailed in **Exhibit "F"** to this report.

Non-injection of proportionate share in time by the RCB into the project funds, effected the pace of work towards completion of the project which ultimately aggravated the over delay in completion of the project.

When pointed out by audit during December, 2017, the management replied that RCB had already contributed its 10% share on previous approved cost of the project i.e. Rs.699.500 (M) and a certificate to this effect was also furnished to the Joint Secretary – I, Ministry of Defence. As far as share of CB Chaklala was concerned, the overall share of CB Chaklala comes to Rs.44.025 (M) approved vide CBR dated 13.05.2009 against the total revised cost of the project i.e. Rs.880.50 (M), whereas, CB Chaklala only contributed for Rs.15.830 (M) leaving balance of Rs.28.195 (M) on their part while share of Rs.9.050 (M) would also be contributed by RCB on improvement of financial position of the Board.

The management reply was not tenable as the determined share of RCB should have been injected in the project proportionately in order to minimize financial constraints of the project which aggravated the overall delay in completion of project.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that an amount of Rs. 28.190 'M' was injected in to the project account on 15th May,2018 while the balance amount of Rs.9.05 'M' would be injected into the project account before completion of the project.

DAC directed that injected amount of Rs.37.245 million in the project releases may be certified by Planning Commission and verified by Audit while remaining amount of Rs.9.050 million be adjusted / injected into project within 5 months or before completion of project whichever is earlier duly certified by Planning Commission.

No further progress was reported till finalization of this report.

4.6 Environment and health

4.6.1 Non-provision of adequate and safe drinking water under Khanpur Dam project

The prime objective of the project "Water Distribution Network to RCB & CCB from Khanpur Dam source" was to enable the inhabitants of RCB and CCB to have access to adequate clean water and environment thereby improving their general health.

Pakistan Environmental Protection Agency (PEPA) under the auspices of Govt. of Pakistan, Ministry of Environment has framed National Standards for Drinking Water Quality (NSDWQ)-2010 in line with WHO standards in order to analyze drinking water.

To achieve the objectives, Federal Govt. approved the project in three phases at estimated cost of Rs.1580 million. Phase-I & II were completed while Phase-III was in progress at the time of Audit (December, 2017). The Khanpur Dam source water has been injected into the existing water supply network but most of the targeted area has been provided with insufficient water.

(A) Water samples from different location of the conductance line right from Sangjani Raw Water Reservoir to various main distribution Overhead/Underground Water Tanks were collected by Audit in RCB jointly and got tested from Pakistan Council of Research in Water

Resources, Islamabad. Out of 10 samples only 4 were declared safe for drinking as explained under: -

Sample #	Date	Location	PEPA/WHO standard of coliform	As per Lab test report	Safe /unsafe for human health	Area of responsibility
1	14.12.2017	Sangjani RWR	0 MPN & CFU/100ml *	4	**Unsafe**	CDA
2	20.12.2017	Sangjani water Treatment Plant	0 MPN & CFU/100ml	negative	Safe	CDA
3	18.12.2017	Tarnol CDA U/G Tank	0 MPN & CFU/100ml	negative	Safe	CDA
4	18.12.2017	Octroi #26 U/G Tank & pump house	0 MPN & CFU/100ml	negative	Safe	CDA
5	18.12.2017	Tomar U/G tank	0 MPN & CFU/100ml	30	**Unsafe**	CDA
6	18.12.2017	Bokra Distribution Chamber	0 MPN & CFU/100ml	55	**Unsafe**	CDA/RDA/ RCB
7	18.12.2017	Westridge MES O/H tanks	0 MPN & CFU/100ml	3	**Unsafe**	RCB
8	19.12.2017	Ziarat Chowk, Afshan Colony	0 MPN & CFU/100ml	10	**Unsafe**	RCB
9	19.12.2017	SCO Misrial U/G Tank	0 MPN & CFU/100ml	negative	Safe	RCB
10	14.12.2017	Aliabad U/G Tanks	0 MPN & CFU/100ml	2	**Unsafe**	RCB

Source: Lab test reports of water samples from Pakistan Council of Research in Water Resources Islamabad.

**MPN: Most Probable Number.* **CFU: Colony-Forming Unit*

From analysis of above lab test, it revealed that almost all the water in conductance under the project being managed by RCB is **"UNSAFE"** for health.

(B) Sample survey of the beneficial localities of the project was carried out by interviewing the residents of the area regarding adequate and clean potable water. 34 No. of residents from different localities as per **Exhibit "G"** to this report were interviewed out of which 28 No. i.e. 82% were neither satisfied with quantity nor quality and depend on bowsers or in house self-bore while 6 No. i.e. 18% were satisfied with quantity but not with quality. However, the survey in nutshell concludes upon that 100 % population were not satisfied from the water supply of Khanpur Dam Project in either way.

(C) During physical survey of the localities conducted by Audit, in presence of representative of RCB, it was observed that overhead tanks were not cleaned as per schedule, underground tanks contained dust, polythene shoppers, bricks & wires etc, pipe lines were being crossed through sewerage drains, street valves were covered with dirtied water and some valves were found in the waste water drain, ***as evident from pictorial evidence*** given below.

Views of under Ground Tank Ali Abad containing bricks, polythene bags& other waste material

View of under Ground Tank Ali Abad containing wire

Street valve view in Afshan Colony

Street valve view in Afshan Colony

A water pipe crossing across the waste drain at Allama Iqbal Colony

A street valve view at Dhoke Sydan

Westridge O/H Tank due for cleaning in 2016

The situation apparently proved that drinking water being provided and charged for from the residents bears heavy contamination leading to probable bacterial diseases. The prevailing environment proved that objectives of the project to provide clean potable water to the residents were not achieved.

When pointed out by audit during December 2017, the management replied that the points at Sr. No.2, 5, 8 & 9 pertained to RCB, whereas, other points pertained to CDA/RDA and MES. As far as points pertaining to RCB were concerned, the same were main collecting tanks / chambers from which the water was pumped for consumption of the consumers. As far as the matter of cleanliness of water reservoir was concerned, the suggestion was noted and schedule of cleanliness was prepared for implementation. Moreover, they have planned to install chlorinator to make the drinking water safer.

The management reply was not satisfactory because Govt. of Pakistan had expended about ***Rs.7000 million*** on provision of clean potable drinking water from Khanpur Dam to the population of the twin cities by installing Filtration Plant at Sangjani near Margalla Hills. This project was linked with conductance line led from that Filtration Plant. Audit collected the samples from the points of CDA/RDA/MES with the view to detect the actual area of responsibility for unsafe water. As a result of the strategy, it came to know that ***safe*** water is transmitted from Sangjani Filtration Plant while the same becomes ***unsafe*** when it enters in area of responsibility of RCB.

RCB may adopt strict, prompt and lasting remedial measures to overcome the health hazardous environment of water supply to secure health of human beings in line with project objectives.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed that: -
i) Water samples from different areas be got tested and report be submitted to audit.
ii) Chlorinator be got installed expeditiously.
iii) SOP be properly implemented.

No progress was reported till finalization of this report.

4.7 Project deliverables

4.7.1 Non-Achievement of Designated Project Goals/Objectives earmarked in PC-I

As per ECNEC decision fixing 19.6 MGD share of Khanpur Dam Water to RCB leading to PC-I (Phase-I, II & III) of PSDP Project "Water Distribution Network to RCB & CCB from Khanpur Dam Source", the main quantifiable objective of the Project is to inject/transmit 19.6 MGD water to RCB. The Project comprise of three Phases as per detail given below:

Rs in Million

Phase	Main Scope of the Phase as per PC-I	Year wise PSDP Allocation	Actual date of completion of Project Phase	Actual Expenditure
I	• Laying main conductance 1200 mm pipe line 4.75 KM from Tomar Water Reservoir to Westridge Water Works.	180 (2000-01)	June 2001	170
II	• Water transmission main pipeline (1000 to 200mm dia) with laying loops, from Westrige Reservoir to Misriaal Water Works (Beneficiary area not indicated) • Const of 1 UGT (1.5 MG) at Misriaal • Const of 1 O/H Tank (0.2 MG) • Instl of 7800 water meters	510 + 10 savings = 520 (2002-2007)	31-12-2007	499
III	• Iaying distribution network to Gawalmandi, Marir Hassan, Dhoke ChiraghDin, Chaklala Scheme-II, Janda Chichi, Ghazi colony, Nothia, Chak Madad khan etc • Const of 12Nos (0.2 MG) of O/H Tanks • Const of 02Nos (0.5 MG) of O/H Tanks	880.50 (2010-17)	Under progress	75% (667 Million) work completed as per record of RCB
	Total	**1580.5**		**1336**

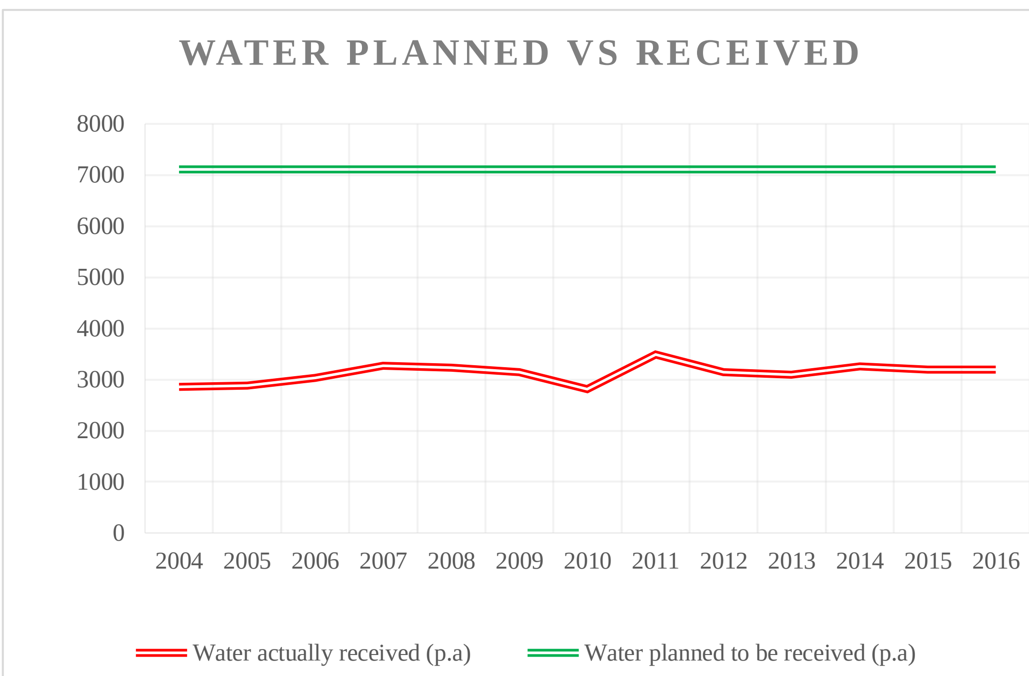
Despite expenditure of 84% of the allocated funds, RCB was getting 8-9 MGD (46%) out of the allocated share as transpired from CDA monthly water bills raised against RCB during the period from 2003 to 2017.

The output of the Project with reference to objective defined in PC-I was not appreciable and needed to be rationalized up to maximum limit to get maximum value for money as explained in Table & graph below:

Water

Year	Water planned to be received (p.a)	Water actually received (p.a)
2004	7110.2	2854.5
2005	7110.2	2881.0
2006	7110.2	3037.7
2007	7110.2	3271.8
2008	7110.2	3233.0
2009	7110.2	3149.0
2010	7110.2	2812.6
2011	7110.2	3489.3
2012	7110.2	3142.6
2013	7110.2	3088.8
2014	7110.2	3257.8
2015	7110.2	3190.8
2016	7110.2	3198.6

Source: Data given by RCB Water Distribution Branch & PCs-I of the Project.



Quantity in Million Gallons

When pointed out by audit during November 2017, the sponsoring agency i.e. RCB replied that the observation being relevant to HQ Engineers 10 Corps being executing agency in respect of Phase-I & II of the project and record thereof also maintained and held by them, was sent to them for necessary reply. The HQ Engineers 10 Corps, however, replied that they have been directed by Service HQ not to conduct any type of Performance / Special Audit.

The management reply was not relevant as the HQ Engineers 10 Corps was the only executing agency while overall client custodian of the project was RCB. The ultimate objectives of the project were to be observed by RCB and not HQ Engineers 10 Corps.

RCB may take necessary effective/remedial measures to get maximum allocated share in order to meet the PC-I objectives and deliver adequate clean potable water to inhabitants of Rawalpindi/Chaklala Cantonments.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management the planned targets were not being achieved due to non-availability of water in reservoirs and efforts were being made to achieve the planned targets.
DAC directed that relevant documents / record be provided to audit for verification.

No record was provided to Audit for verification till the finalization of this report.

4.7.2 Non-achievement of targeted revenue provided in PCs-I

As per para-17 of PC-I of the project (Water Distribution Network to RCB & CCB from Khanpur Dam source) each in respect of Phase-II & III (original) further supplemented with Annex-‘F’& ‘H’ to the PCs-I, projection of annual revenue for 10 years was given. Phase-II was completed and commissioned during Dec, 2007. After commissioning of Phase-II of the project the likely increase in the revenue on account of recovery of water charges should have been reflected during the years 2008-09 onward in accordance with provisions given in PC-I.

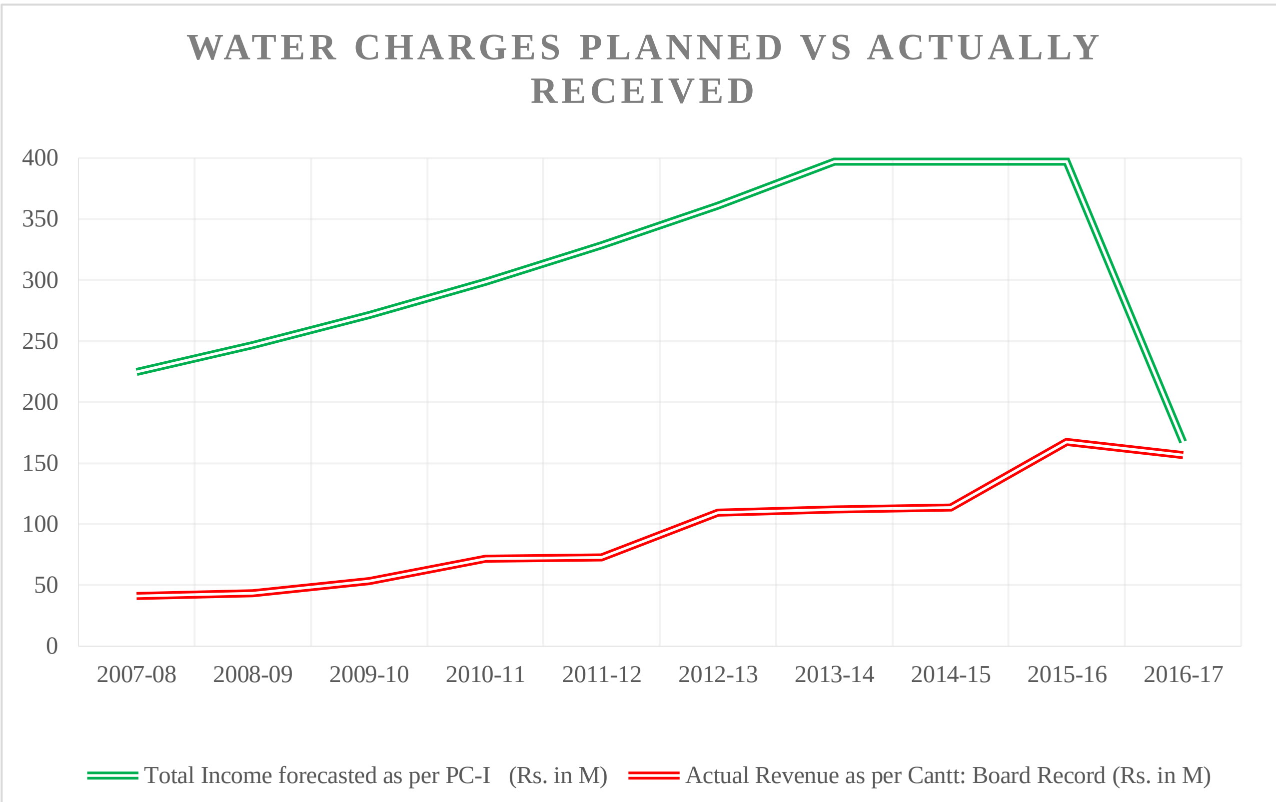
It was observed from the record of RCB that against total projected revenue of Rs.3089.96 million, only Rs.941.38 million could be collected being 30.47% of total, as explained in table & chart given below during years from 2007-08 to 2016-17 despite completion of Phase-I & II.

Rs in million

Year	**Total Income forecasted as per PC-I**	**Actual Revenue as per Cantt: Board Record**	**Achieved Goal %age**
2007-08	224.49	41.19	18.32
2008-09	246.93	43.28	17.52
2009-10	271.63	53.53	19.71

2010-11	298.74	71.76	24.02
2011-12	328.49	72.83	22.17
2012-13	361	109.51	30.34
2013-14	397.1	112.12	28.25
2014-15	397.1	113.45	28.57
2015-16	397.1	167.38	42.15
2016-17	167.38	156.37	93.42
Total	**3089.96**	**941.42**	**30.47**

Source: Annex-F to PCs-I of Phase-II & III (Original)



When pointed out by audit, it was replied by the management that expected expenditure / income was shown in PC-I of Khanpur Dam Project whereas RCB is a municipal civic body providing water to the population of almost one million on subsidized rates. **86.72**% subsidy was given by RCB during the financial year 2016-17. Under the provision of section 116-17 of Cantonment Act 1924, Cantt. Board is supposed to provide drinking water to its residents, without earning the financial / profit proposition. The Board attempted twice, 1st in 2012 and secondly in 2015 to enhance water charges rates but faced severe resentment against the decision rather a non-defendable hue & cry and the residents / consumers stopped to make payment on enhanced rates. Ultimately, the Board was compelled to withdraw the revised rates. Hence, it is very difficult to collect revenue from general public by enhancing the water charges especially when there is still complaint of water shortage.

The management reply was not tenable as the revenue targets set in PC-I were framed after due deliberations and with the recommendations of client.

RCB may take active measures to ensure achievement of the projected revenue.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC was apprised by the management that efforts were being made to achieve the goal. DAC directed that a comprehensive report with updated recovery status be provided to audit for examination.

The said report is still awaited.

4.7.3 Non-availability of statistics regarding saving of electric energy as result of gravity force water supply

As per page-9 of PC-I (original) of Phase-III, it is determined against the objectives that as entire scheme/project is based particularly on gravity flow, the electric power for running of 70 Tube Wells will be saved – ***a tremendous saving.***

In order to evaluate the saving after having been completed Phase-I & II and Phase-III of the project almost up to 90 %, electric consumption record on running of Tube wells prior to the project and after commissioning the project was requested from relevant section of RCB, but no such record/statistics could be produced to evaluate the energy saving.

Due to non-availability of the necessary data/record/statistics, audit could not analyze whether the objectives were achieved or otherwise.

When pointed out by audit, it was stated by the management that owing to increase in population, the demand of water supply has been increased tremendously.

PC-I of the project was prepared on estimated figures, only to supply water for 0.54 million people of Rawalpindi Cantonment including 0.2 million army personnel. But presently due to urbanization the population of Rawalpindi and Chaklala Cantonment is almost 1.00. million excluding the army persons. Accordingly, present water requirement of Rawalpindi Cantonment works out to 50 MGD at scale of 50 G/D/P but RCB is receiving only 11.03 MGD water from all sources. Keeping in view the ground realities and water being basic necessity of all human beings, it is practically impossible to shut down the tube wells.

The management reply was not satisfactory because annual projected population was already forecasted at Annex 'B' to the PC-I of Phase-III (Revised) at Page-11 to the extent of 1,366,152 & 1,406,967 for the years 2016 & 2017 respectively.

RCB may maintain statistics to measure the electric saving in line with the provisions of PC-I to evaluate the deliverables of the project objectives.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed that a comprehensive report be provided to audit for examination, which is still awaited.

4.8 Sustainability

4.8.1. Non-consideration of minimum water storage capacity of Khanpur Dam source resulting into less discharge of water in Left Canal Bank (LCB) affecting the per day requirement of CDA/RCB

During 1990s, a mega project valuing Rs.6,828 million was launched and completed by CDA in collaboration with Japan International Cooperation Agency (JICA) to lay down conductance line from LCB of Khanpur Dam to TOMAR Reservoir (Rawalpindi) to provide clean/potable water to residents of twin cities including Rawalpindi Cantonment against its share of 19.6 MGD fixed by ECNEC. Pursuant to the scheme, Govt. of Pakistan has approved a PSDP project "Water Distribution Network to RCB/CCB from Khanpur Dam Source" valuing Rs.1,570.50 million, comprising **Three Phases** to provide clean potable water to residents of Cantonment Boards Rawalpindi and Chaklala.

During course of performance audit of the project, it was learnt from the visit to Khanpur Dam on 19th November, 2017 and discussion held with the management of the Dam that during peak / rainy season when the Dam enjoys maximum live storage capacity of 22,300 MG, dischargeable capacity from LCB is 236 MGD.

On visit to the Dam, it was observed that water level in the Dam was reached to the minimum level due to shortfall of rain during August, 2017 till finalization of this report (***Fig-1***). The dischargeable quantity to the LCB being live source of provision of potable water to CDA/RCB was also affected which ultimately led to less water to the inhabitants of the localities. Accordingly, RCB has also published a public awareness notice on 15.11.2017 in Daily Jang, Rawalpindi (***Press clip refers***) to alert the public with the expected shortage of water.

FIG-1: ALARMING WATER LEVEL OF KHANPUR DAM ON 09-11-2017

جنگ راولپنڈی

بانی ... میر خلیل الرحمن

جلد 59 | بدھ 25 صفر المظفر 1439ھ 15 نومبر 2017ء، 2 مگھر 2074ب | نمبر 314

راولپنڈی کنٹونمنٹ بورڈ

RCB

اطلاع عام

ذمے داری نبھائیں ... پانی بچائیں

اہالیان راولپنڈی کنٹونمنٹ کو مطلع کیا جاتا ہے کہ حالیہ بارشوں کی کمی کی وجہ سے خانپور ڈیم میں پانی کی مقدار کم ہوگئی ہے۔ لہٰذا راولپنڈی کنٹونمنٹ کے معزز صارفین سے التماس ہے کہ اس دوران پانی کے استعمال میں احتیاط اور کفایت شعاری کا مظاہرہ کریں اور صرف ضروری کاموں کیلئے استعمال کریں۔

گاڑیوں اور فرش دھونے، لان کو پانی دینے اور بلاوجہ پانی کو کھلا رکھنے اور ضائع کرنے سے اجتناب کریں۔

کنٹونمنٹ بورڈ اس تعاون کیلئے آپ کا شکر گزار رہے گا۔

کسی بھی شکایت کی صورت میں واٹر سپلائی برانچ کے رابطہ نمبر 051-9274401-3 پر رابطہ کریں۔

... زحمت کیلئے پیشگی معذرت ...

المشتہر
کنٹونمنٹ ایگزیکٹو آفیسر
راولپنڈی کینٹ

Source: Press clip Daily Jang dated 15th Nov, 2017.

The above situation led to the conclusion that while planning for the project, no alternate solution was planned to provide uninterrupted adequate potable water to the residents of CDA/RCB in case of shortage of water faced in Khanpur Dam, the only water source for the project. Hence it is apprehended that full dependence on Khanpur Dam Source to provide sufficient clean potable water to the residents of RCB & CCB, may result in serious water crises in near future as is evident from the present scenario of the source.

Audit recommended for identification and planning for some other durable and long term alternate source of water like Ghazi Barotha Canal well in time for provision of clean potable water to the residents of twin cities for next 50 years to overcome inconvenience in case of any failure/shortage of the existing sources/arrangement.

When pointed out by audit during December, 2017, the management replied that planning for provision of alternate source of water supply to the residents of Rawalpindi & Islamabad for next 50 years is in pipeline. In this regard, Planning Division Department (PM Secretariat) and CDA are working jointly to propose supply of potable water from Ghazi Brotha to Margalla Hills and onward residents of twin cities.

RCB may pursue the alternate proposed plan vigorously on its part to overcome the anticipated crises of shortage of potable water in future.

Para was discussed by the DAC in its meeting held on 16th May, 2018. DAC directed that a comprehensive report be provided to audit for examination, which is still awaited.

4.9. Overall Assessment

Relevance: The provision of ***clean potable water to citizens of Pakistan*** is the responsibility of the State. This project falls in social sector development framework. This project is also relevant to Goal 6 of SDGs. This goal calls for ensuring availability and sustainability of water for all. Cantonment Boards are responsible for providing municipal services including water to the residents of cantonments. This mega project was funded by the Federal Govt. to fulfill its responsibility towards social sector development.

Efficacy: With regard to efficacy of the project, its assessment is somehow not commendable due to following reasons: -

i. Despite completion of 90% work on the project, the desired quantity/quality of water as envisaged in PC-I has not been obtained.
ii. The projected target of revenue amounting to Rs.3,089.96 million during the fiscal years from 2007-08 to 2016-17 was not realized. An amount of Rs.941.38 million, 30.47% of the revenue collection target, was achieved.
iii. The Project could not save electric power while using gravity forced water flow. The project objective was to save electric power for running of 70 Tube Wells. However, the saving of electricity could not be achieved till finalization of this report.
iv. Quality

Efficiency: Efficiency aspect of the project was not admirable on the following grounds: -

i. Phase-I of the project was completed without time and cost overrun. Phase-II took time overrun of 45 months. Phase-III took time over run of 64 months and cost overrun of Rs.181.00 million (calculated at the time of Audit of the project i.e. December, 2017).
ii. The main reason for the delay in completion of the project was non-provision of funds in time in accordance with progress pace of the project for which state had to pay late payment penalty of Rs.11.00 million.

Economy: Contracts of consultant and contractor in respect of Phases-I & II were awarded on single tender basis without open tender / competitive bidding while that of Phase-III without uploading the tender on PPRA website leading to non-transparent award of contracts.

Effectiveness: The desired objectives of the project could not be achieved as explained below: -
i. Against determined project objectives i.e. provision of 19.6 MGD, only 8-9 MGD was being received.
ii. Against desired goal of the project to provide clean potable water, maximum water in RCB area of responsibility is unsafe for human health as revealed from water lab test of main storage reservoirs, survey of the area and interviews of the residents.
iii. Against projected revenue of Rs.3,089.96 million on account of water charges during the fiscal years from 2007-08 to 2016-17, only Rs.941.38 million could be collected being 30.47% of total.
iv. Against expected saving in energy consumption by decommissioning of Tube wells due to gravity flow of the water, no such saving could be materialized.

Compliance with Rules: During the performance audit of the Project, it was observed that in few instances relevant Govt. rules & regulations were not complied with. Some of the instances are given below:

i. Consultant & Construction Contracts were awarded without observing open tendering system and PPRA Rules.
ii. Public Money was placed in PLS Account and the profit accrued thereupon was not adjusted against Project cost.
iii. Unspent balance of PSDP funds was transferred to non-public account.
iv. Project funds were utilized / expended on unauthorized objects.
v. Income tax recovered from the contractors was retained by executing agency in their accounts for longer period and subsequently transferred to income tax department.
vi. Performance Insurance Guarantee expired after two years of contract. Its validity was got renewed after Audit intervention.

<u>Project Rating</u>

Moderately Satisfactory. (Add para)

Risk Rating of Project

Medium. (Add para)

5. CONCLUSION

5.1 Key Issues for the Future:

Feasibility report of a project is an in-depth "three-in-one" study consisting of the technical, financial and economic viability of a project which needs to be prepared with ample deliberations and full justification for undertaking the project before large resources are tied up with them.

The consultancy and project contracts need to be awarded with wide publicity to make the awards transparent and bring value for money.

Provision of financial resources needs to be available in commensurate with timespan of the project stipulated in PC-I.

Compliance of rules and regulations on the subject needs to be ensured in letter and spirit.

5.2 Lessons Identified:

If all quarters are fully devoted to the project and all technical, financial & human resources are well managed, the project could be completed within time schedule.

During execution of Phase-III, it is learnt that the executing agency deviated from scope determined in PC-I and contract by deletion/addition/modification of some items of work without approval of competent forum resulting in time & cost overrun. Any diversion from PC-I needs to be approved in advance from the competent forum.

Some unauthorized and irrelevant expenditure was incurred out of the project funds which should have been avoided.

No active monitoring and evaluation system of the project was established for monitoring of the project by the management in order to take remedial measures in time.

ACKNOWLEDGEMENT

Audit wishes to express its appreciation to the Management and staff of RCB for the assistance, cooperation and courtesy extended to the audit team during this assignment.

*******---------*******

Exhibits

Exhibit-A

STATEMENT SHOWING ACCRUED PROFIT ON PSDP FUND
(A/C # 5327-4 NBP Cantt Br Rwp)

Month	Profit (Rs.)
07/2001	143172
01/2002	10239
07/2002	5682
01/2003	2399
07/2003	1950
01/2004	5012
07/2004	7008
01/2005	6408
07/2005	96601
10/2005	56666
11/2005	640
01/2006	6919
07/2006	5834
01/2007	4046
07/2007	2081
01/2008	473
07/2008	394
01/2009	1086
07/2009	44545
01/2010	41148
07/2010	100762
01/2011	506768
07/2011	463653
01/2012	5831
07/2012	1749
01/2013	570
07/2013	583
01/2014	51032
01/2015	97199
07/2014	217469
07/2015	463804
01/2016	526603
07/2016	281364
01/2017	581403
07/2017	644314
Total	**4,385,407**

Source: RCB Cash Book for Project Account and Bank Statement

Exhibit-B

Date	**Profit credited by Bank(Rs)**
31/07/2001	26,208
31/01/2002	298,079
31/07/2002	182,381
31/01/2003	76,813
31/07/2003	25,557
31/01/2004	27,105
26/06/2004	58,120
04/03/2004	288,907
31/07/2004	14,427
31/01/2005	713,858
31/07/2005	654,676
18/07/2006	525,277
31/01/2007	463,299
31/07/2007	383,554
31/01/2008	332,856
31/07/2008	240,990
31/01/2009	360,002
16/07/2009	990,552
	1,015,314
16/01/2010	512,227
Total	**7,190,202**
(-) deposited vide TR No. U-957411 dated 23-07-09	6,330,698
(-)deposited vide TR dated 16-01-2010	512,227
Balance	**347,277**

Source: RCB Cash Book for Project Account and Bank Statement

Exhibit-C

Phase	Date	Amount paid	On account of	Total (Rs)
I	01.06.2001	880,299	Bill for months of 2,3 & 4/2001	
	01.06.2001	1,137,800	Design fee	
	26.06.2001	630,028	Supervision fee	
	26.06.2001	70,000	Design fee	
	02.11.2001	515,800	Design fee-Bill No.6,7&8	
	02.11.2001	314,911	Resident supervision-06,07 &08/2001	
	22.01.2002	100,000	Design fee	
	05.03.2002	600,000	Bill No.09	
	03.05.2002	276,000	Balance design fee	
	10.05.2002	314,875	Resident supervision	
	21.06.2002	683,200	Bill No.11 & 12	
	15.08.2002	570,000	Balance design fee for Ph-I	**6,092,913**
II	26.07.2002	337,918	Resident Supervision	
	17.08.2002	900,000	Design fee-6/2002	
	21.08.2002	337,918	Supervision fee-7/2002	
	03.10.2002	337,918	Supervision fee-8/2002	
	22.10.2002	337,918	Supervision fee-9/2002	
	26.10.2002	143,640	Repair of Vehicle	
	02.12.2002	337,918	Supervision fee-10/2002	
	02.01.2003	322,952	Resident Supervision bill	
	09.01.2003	50,000	Design fee Ph-II	
	24.01.2003	35,691	Repair of Vehicle	
	25.01.2003	259,406	Resident Supervision bill	
	01.03.2003	258,195	Resident Engineer fee	
	19.03.2003	200,000	Resident Engineer fee	
	28.04.2003	130,000	Resident Engineer fee-03/2003	
	29.05.2003	131,823	Supervision fee	
	01.10.2003	33,440	Repair of Vehicle	
	27.08.2004	133,000	Supervision fee-07/2004	
	27.08.2004	26,524	Repair of Vehicle	

II(contd)	07.10.2004	133,000	Supervision fee-09/2004	
	11.11.2004	133,000	Supervision fee-10/2004	
	10.12.2004	133,000	Supervision fee-11/2004	
	13.01.2005	133,000	Supervision fee-12/2004	
	12.02.2005	133,000	Supervision fee-01/2005	
	14.03.2005	133,000	Supervision fee-02/2005	
	03.05.2005	133,000	Supervision fee-03/2005	
	12.05.2005	133,000	Supervision fee-04/2005	
	15.06.2005	133,000	Supervision fee-05/2005	
	13.07.2005	133,000	Supervision fee-06/2005	
	19.08.2005	133,000	Supervision fee-07/2005	
	19.09.2005	84,000	Income Tax	
	29.10.2005	133,000	Supervision fee-08/2005	
	04.01.2006	133,000	Supervision fee-09/2005	
	10.03.2006	133,000	Supervision fee-10/2005	
	14.04.2006	133,000	Supervision fee-11/2005	
	30.08.2006	28,000	Income Tax	
	18.10.2006	330,000	25% fee(12/2005 to 09/2006)	
	10.03.2007	601,000	Supervision fee(12/2005 to 06/2006)	
	17.05.2007	378,000	Supervision fee(07/2006 to 09/2006)	
	23.07.2007	131,600	Supervision fee(10/2006)	
	08.08.2007	131,600	Supervision fee(11/2006)	
	13.09.2007	131,600	Supervision fee(12/2006)	
	02.10.2007	263,200	Supervision fee(01/2007 to 02/2007)	
	03.10.2007	116,200	Income Tax(12/2005 to 12/2006)	
	17.12.2007	526,400	Supervision fee(03/2007 to 06/2007)	
	06.03.2008	50,400	Income Tax(01/2007 to 06/2007	
	19.09.2009	2,782,400	Final Bill	
	19.09.2009	177,600	6%Income Tax	**12,174,261**

Source: Cash Book of the Project Account No. 5327-4 NBP Cantt: Branch Rawalpindi. **Total Rs. 18,267,174**

Exhibit-D

S. No.	Item Description		Qty Provided in PC-I	Qty Contracted evident from Final Bill	Actual executed/work done as per final bill
1	**2**	**3**	**4**	**5**	**6**
1	Double Air Valve	150 mm	26 No.	24 No.	34 No.
2	Double Air Valve	80mm	-	1	5
3	Gate Wall with Hand Wheel	450 mm	12	17	0
		300mm	4	28	1
		200mm	14	50	15
		150mm	26	15	29
		80mm	-	-	3
4	Gate Valve with GMS extension spindl head and walt brackets	450mm	2	-	-
		300mm	2	-	-
		200mm	6	-	-
5	Butter Fly Valve PN 16 Manually Operated	1000mm	1	-	-
		900mm	2	2	6
		750mm	2	-	1
		600mm	2	3	5
		450mm	-	-	12
		300mm	-	-	20
		200mm	-	-	53
6	Flow Meter	900mm	1	-	-
7	Pumping			-	-
	i) KSBETA 65/2	Job	6	-	-
	ii)KSBETA 100/33	Job	6	-	-
8	Water Storage Tank		-	-	-
	i)Overhead Tank 0.5 million gallon	Job	1	-	-
	ii)Overhead Tank 0.2 million gallon	Job	-	5	2
9	Water Meters	15mm	6000	6000	-
		20mm	1000	1000	-
		50mm	600	600	-
		150mm	200	200	-

Source: PC-I & contractor's Final bill in respect of Phase-II

Exhibit-E

IPC #	Amount of IPC approved by consultant (Rs)	Date of Employer's verification	Detail of receipt of payment		Total delay in days less 30 days	KIBOR rate	Late compensation due (Rs)
			Date	amount (Rs)			
a	b	c	d	e	f	g	h(e*g%*f/365)
1	20,000,000	09.05.2011	09.05.2011	12,000,000	-	-	
			13.06.2011	6,900,000	6	12.84	14,564
			29.06.2011	1,100,000	22	13.59	9,010
2	39,000,000	29.06.2011	29.06.2011	30,000,000	-	-	-
			29.08.2011	9,000,000	30	13.51	99,937
3	31,000,000	29.08.2011	29.08.2011	30,000,000	-	-	-
			27.10.2011	1,000,000	29	11.93	9,479
4	37,000,000	27.10.2011	04.11.2011	30,000,000	-	-	-
			03.03.2012	7,000,000	96	11.93	219,643
5	25,000,000	01.03.2012	03.03.2012	25,000,000	-	-	-
6	47,000,000	12.04.2012	04.05.2012	45,000,000	-	-	-
			29.06.2012	2,000,000	46	11.99	30,221
7	30,000,000	29.06.2012	29.06.2012	30,000,000	-	-	-
8	41,000,000	02.01.2013	02.01.2013	41,000,000	-	-	-
9	35,000,000	01.03.2013	27.08.2013	35,000,000	150	9.06	1,303,151
10	25,000,000	28.06.2013	21.02.2014	25,000,000	207	10.44	1,480,192
11	41,000,000	30.06.2014	30.06.2014	26,000,000	-	-	-
			05.09.2014	15,000,000	37	10.18	154,792
12	17,900,000	04.12.2014	08.12.2014	10,000,000	-	-	-
			06.02.2015	7,900,000	34	8.51	62,624
						Total:	**3,383,612.3**

Source: IPC No. 1 to 13

Exhibit-F

Rs. in Million

Allocation/ Releases									**Expenditure**				
Revised PC-I cost	Govt /PSDP share (90%)	Adjustable amount against PSDP share	Net PSDP share against estimated PC-I cost	PSDP releases so far	Balance of PSDP Share	RCB/ CCB share (10%)	RCB/CCB share injected so far	Balance of RCB/ CCB share	Expenditure so far	PSDP share (90%)	RCB/ CCB share (10%)	Balance of PSDP Share w.r.t expenditure (+/-)	Balance of RCB/ CCB share w.r.t expenditure
a	b	C	d(b-c)	F	g(d-f)	h	i	j(h-i)	k	L	m	n(l-f)	o(m-i)
880.5	792.45	***17.97**	774.48	720.668	53.812	88.05	**@** 29.632	**-58.418**	# 689.67	620.703	68.967	**(+)99.965**	**(-)39.335**

Source: Cash Book of the Project Account No. 5327-4 NBP Cantt: Branch Rawalpindi

* Unspent balance of Phase-II		=	Rs.13.585
Profit accrued on PLS A/c		=	Rs.04.385
	Total	=	**Rs.17.970**

@ Dated: 12.01.2017	Share of CCB	=	Rs.07.000
	Bal share of CCB	=	Rs.08.830
	Bal share of RCB	=	Rs.13.802
	Total		**Rs.29.632**

# Expenditure up to Nov, 2017		=	Rs.666.545
During Dec, 2017		=	Rs.021.862
I.Tax Dec, 2017		=	Rs.001.263
	Total	=	**Rs.689.67**

Exhibit-G

S.No	NIC #	Name	Area / Address	Comments
1.	3740551370765	M. Shoaib	Houe No. 1874 Street 1 Allama Iqbal Tench Bhatta	Not Satisfied with quantity and also Not Drinkable.
2.	3740503592491	Iban-e-Ali Kazmi	House NO. 875/A-1 Mohallah Ameer Ali MughalabadTench Bhatta	Not Satisfied with quantity and also Not Drinkable.
3.	3740520245915	Abdul Hafeez Awan	House No. 366 Tench Bhatta Rawalpindi	Not Satisfied with quantity and also Not Drinkable.
4.	3740506531497	Bashir Ahmed	Houe No. 2995-8 Street2-AAllama Iqbal Colony Tench Bhatta.	Not Satisfied with quantity and also Not Drinkable.
5.	3740539558144	Fazeelet Bibi	House 43 Street 2/1 Allama Iqbal Colony Tench Bhatta	Not Satisfied resort to bozer in summer Not used for drinking purpose.
6.	1720172559632	RefiatShaheen	House no. 451 Street 5 Allama Iqbal Colony Tench	Not Satisfied with quantity and also Not Drinkable.
7.	3710420114277	Ahsan Maqsood	House No. 1174-B/1-A Street 5 shallyVelly	Satisfied with quantity used for drinking purpose but some time taste is not good.
8.	1330276-99119	Tanveer Khan	House No. 76-B-A Street 5 shallyVelly	Satisfied used for drinking purpose after boiling.
9.	3740513997715	ShahidAzeem	House No. CB-162 shallyVelly Street No.5 Rawalpindi	Not Satisfied with quantity and also Not Drinkable.
10.	3740559062803	Arshad Javed	Houe No. 52-B Street No. 8 Afshan Colony	Not Satisfied with quantity and also Not Drinkable.
11.	3740505025067	S. ArifAnis	House No. CB-585 Saadat market Awan Street Afashan Colony	Not Satisfied with quantity and also Not Drinkable.
12.	375050885303	Amjad Iqbal	House No. CB-682 Afashan Colony Rwp.	Not Satisfied with quantity and also Not Drinkable.
13.	3740505814953	Abdul Waheed	House No. 59 Street 10 Afshan Colony	Not Satisfied with quantity rely on self -boring.
14.	3740565251423	M Saleem	House No. CB-33 Zeshan Colony Rwp.	Not Satisfied with quantity and also Not Drinkable.
15.	ID Missing	M. Aslam	House No. 60 Stree 10 Afshan Colony	Not Satisfied with quantity and also Not Drinkable.
16.	3740519399033	Mushtaq Ahmed	Plot No. 8 Kashmir Market Afshan Colony	Not Satisfied arrange bozer in summer.
17.	3740550904855	Ali Abid	CD-972 A Afshan Colony	Not Satisfied arrange bozer in summer.

18.	3740505264189	M Ismial Bhatti	CB-562 Street 20 Afshan Colony	Not Satisfied arrange bozer in summer.
19.	3740545972117	Ch M. Saeed	CB-215 Street Kashmir Market	Not Satisfied arrange bozer in summer.
20.	3740578000721	Ahmed Rashid	Bangash House Street No.4 Mehboob line Rawalpindi.	Not Satisfied with quantity and also Not Drinkable.
21.	3420313399317	M. Akhtar	House No. 829, Street No.3 Abid Majid Raod Mughalabad	Satisfied with quantity but not drinkable.
22.	3740555507147	WasimQadri	House No. 897-7 Abid Majid Road Mughalabad	Satisfied with quantity but not drinkable.
23.	3120175637251	Naziamuddin Imran	House No. 876 old Imam Bargah Mughalabad	Not Satisfied not drinkable.
24.	3710163754061	Mukhtar Awan	House No. 462 Azizabad	Not Satisfied with quantity rely on self- boring.
25.	ID Missing	Javad Akhtar	House No. 960 St No. 4 Aziz abad	Not Satisfied not drinkable.
26.	3140503826257	RanaNaeem	House No. 76-B Street No. 06 Tench Bhatta	Not Satisfied not drinkable.
27.	3740511769153	M Jameel	Mohallah Hajjian Tench Bhatta	Not Satisfied arrange bozer in summer.
28.	3740578137405	Abid Lateef	House No. 183 Street 08 Tench Bhatta	Satisfied but not used for drinking purpose.
29.	3740565256471	Haji M. Sadiq	House No. CB 144 Street No. 4 Mohallah Hajian	Satisfied but not used for drinking purpose.
30.	3740571650235	SaifUl Islam	House No. 1552 Street No. 11 Muhallah Hajjian	Not Satisfied rely on self-boring.
31.	3740503055959	M. Naveed	House No. 142-A Misrial Road Dhoke Syedan	Satisfied but not drinkable.
32.	3740529362871	Khalil Abbas	House No. 158 Street No. 4 Dhoke Syedan	Not fully satisfied not drinkable.
33.	1410154208391	Muddasar Ali shah	Near Imam Bargah Misrial Road Rwp.	Not fully satisfied not drinkable.
34.	3740525064585	Muhammad Ali	House No. CB 747/11 Dhoke Sydan	Not fully satisfied not drinkable.

Source: Public interviews of residents of Cantt area