



**PHA FOUNDATION
MINISTRY OF HOUSING & WORKS**

No. PHA-F/12th –Board Meeting/2013/
December 26 , 2013

**SUBJECT: MINUTES OF 12TH MEETING OF THE BOARD OF DIRECTORS
(BOD) OF PHA FOUNDATION.**

I am directed to enclose copy of approved minutes of 12th meeting of the BoD of PHA Foundation which was held on December 16, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works please.

Encl: As above

Zaheer
26-12-13
**(Zaheer Hasan)
Director (Admin)/
Company Secretary**

Distribution:

1. Barrister Usman Ibrahim,
Minister of State for Housing &
Works/ Chairman, PHA
Foundation, Islamabad.
2. Mr. Omer Rasul,
Joint Secretary,
M/o Housing & Works,
Islamabad.
3. Mr. Ruhail Muhammad
Baloch,
FA (Works) / Joint Secretary,
Finance Division, Islamabad.
4. Mr. Sanaullah Aman,
Member Engineering,
CDA, Islamabad.
5. Mr. Malik Zafar Abbas,
Director General (FGEHF),
FGEHF, Islamabad.
6. Mr. Shah Din Sheikh,
Joint Engineering Advisor,
M/o Housing & Works,
Islamabad.
7. Mr. Atta-ul-Haq Akhtar,
Director General,
Pak PWD, Islamabad.
8. Mr. Aurangzeb Maral,
Deputy Secretary (Admin)
M/o Housing and Works,
Islamabad.

C.C.

1. PS to MD/ Chief Executive Officer, PHA Foundation, Islamabad.
2. All Directors, PHA Foundation.

MINUTES OF THE MEETING

SUBJECT: 12TH MEETING OF THE BOARD OF DIRECTORS (BOD) OF PHA FOUNDATION HELD ON DECEMBER 16, 2013.

12th meeting of the Board of Directors of PHA Foundation was held under the Chairmanship of Honorable Minister of State for Housing & Works/ Chairman, PHA Foundation on December 16, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works. List of participants is annexed.

The meeting started with recitation of the Holy Quran. The MD, PHA Foundation gave a detailed briefing to the members of the Board regarding decisions of the 11th Board meeting held on December 05, 2013 and a quick recap on the implementation of the decisions of previous Board meeting was shared with the members of the Board. Afterwards business as per following agenda items was conducted:



AGENDA ITEM NO.1

CONFIRMATION OF MINUTES OF 11TH BoD MEETING

The Managing Director/ Chief Executive Officer, PHA Foundation briefed the Board and stated that minutes of 11th BoD meeting held on December 05, 2013 were circulated among the members. However, no objection has been raised/received; therefore, the Board may confirm the minutes of the 11thBoD meeting.

DECISION:

The minutes were confirmed unanimously.

DELAY IN THE START OF WORK ON
SEVEN STALLED PROJECTS

The issue of restarting the seven stalled projects was discussed in detail keeping in view the recommendations of the Committee headed by Mr. Hassan S. Haqqani, MD NCL and also the re-checking of the bills and escalation done by the Director (Engineering), PHAF.

2. The Chair noticed that the billing figures of seven stalled projects provided by the Director (Engineering), PHAF were not matching the billing figures provided by the Director (Finance), PHAF. The Chair informed that PHAF was one organization; therefore, figures provided by its two wings should match. This discrepancy was due to poor internal communication within the organization. The Director (Engineering) informed that since the projects were stalled, therefore, the bills coming to Engineering Wing were not being forwarded to the Finance Wing that is why there was some discrepancy.

3. The Chair further pointed out following examples of irregularities in various PHAF projects:

- Tauqir*
- i. Cost of D Type apartments of G-10/2, Islamabad increased due to payment of Rs.16.90 million made to Contractor as an escalation for extra items.
 - ii. Cost increased due to subsequent construction of heavy retaining wall for Rs.117.855 million.
 - iii. Apartments of G-10/2 were fitted steel windows whereas in G-11/3 were fitted aluminum windows. BOQ rates of both types are almost the same.
 - iv. Changes in foundation design increased the cost of steel and concrete as much as 200% over and above quantities provided in the original BOQ.
 - v. Thus increase in the scope of work due to massive changes in design and specification caused cost overrun.
 - vi. BOD sanction was required before making payments to Contractors.
 - vii. BOD did not approve variation of order 01 amounting to Rs. 145,563,738.70/- of M/S Techno International whereby revised cost was calculated to Rs.881,158,707/- and completion date was extended up to 30-06-2014.
 - viii. A payment of Rs. 6,790,254/- was released on 11-10-2013 to M/S Techno International for project G-10/2, Islamabad on the recommendation of Dy. Director (Engg-II) stating in his report that contractor has been approached vide Director (Engineering) letter dt.19-08-2013 to resume the work for its early completion but the contractor is reluctant to start the work with the plea that he is already facing financial constrain and will resume the work once his due payments are released. This recommendation was duly endorsed by Director Engineering, Director Finance, Dy. Director Finance an MD. However approval for payment was not endorsed by Director Finance and issuance of Cheque was not endorsed by Dy.

Director Finance. Another interesting thing is that payment was made through 2 cheques. Cheque No. 18532911 was signed on 11-10-2013 and Cheque No.18532912 was signed on 9-10-13, showing their panic in haste to make payment before Eid Holidays. Despite this payment contractor did not resume the work.

- ix. A payment of Rs.23, 822,325/- was approved for M/S Pak Elektron Ltd. on 19-09-13 for C & E type G-11/3, Islamabad without sanction of MD and Director Finance. Cheque was prepared violating official hierarchy. Another example of confusion and haste.
- x. An amount of Rs.2,942,895/- was released to M/S Iftikhar & Company on 2-10-13 for D Type apartments Wafaqi Colony, Lahore duly endorsed by Director Engineering, Director Finance, Dy. Director Finance and MD on the same ground that the Contractor would resume work after receipt of payment. The Contractor did not resume work.
- xi. An amount of Rs.3,692,206/- was released to M/S Iftikhar and Company on 9-10-13 for D Type apartments at Wafaqi Colony, Lahore duly endorsed by Director Engineering, Director Finance, Dy. Director Finance and MD on the same ground to enable the Contractor to resume the work which was never resumed.
- xii. An amount of Rs.1,048,166/- was released to M/S Iftikhar and Company for D Type apartments, Wafaqi Colony, Lahore duly endorsed by Director Engineering, Dy. Director Finance, Director Finance and MD. Interestingly case was initiated and Cheque was released on the same date.
- xiii. An amount of Rs.3,673,506/- was released to M/S Iftikhar and Company on 9-10-13 for D Type apartments, Wafaqi Colony, Lahore duly endorsed by Director Engineering, Dy. Director Finance, Director Finance, MD on the same ground to enable the Contractor to resume the work which was not resumed.
- xiv. An amount of Rs.13,395,593/- was released to M/S Abdul Majeed and Company on 11-10-13 for G-11/3, Islamabad dully endorsed by Director Engineering, Director Finance and MD on the same ground to enable the contractor to resume work. Cheque was however prepared by unauthorized official. Cheque however was not endorsed by Dy. Director Finance.
- xv. An amount of Rs.61,098,612/- was released to M/S Abdul Majeed and Company on 2-10-13 for G-11/3, Islamabad duly endorsed by Director Engineering, Director Finance, Dy. Director Finance, MD on the same ground to enable Contractor to resume the work.
- xvi. An attempt was made to forge a document. After realizing that the forgery has become too visible, the document was discarded and a new document was prepared duly signed by Dy. Director Finance, Director Finance, Director Engineering, DD-II and AD (LHR). They however forgot to destroy the discarded forged document. A total amount of Rs.116, 463,557/- therefore, -was released during October 2013 before the Eid,Holidays.

xvii. There was difference of bank balance amounts in the statement presented to the Board and revised statement presented to Minister of State, which is highly unprofessional in an organization.

4. After detailed deliberation on the issue of seven stalled projects, following decisions were made by the Board:

DECISIONS:

1. Letter for recovery of additional cost from the allottees of 'C' type flats of G-11/3, Islamabad should be dispatched immediately as updated and amended by the Board. The recovery of the amount of Rs. 595,943/- from the allottees should be in one installment and the allottees should be intimated by December 24, 2013 to deposit the same. Once the amount is recovered, the allottees will be handed over the possession of the flat.
2. Key handing over ceremony will be held in the conference room of the Ministry of Housing & Works for the first 50 allottees that make full payment of 'C' type flats in G-11/3, Islamabad project.
3. In future only reconciled figures from PHAF may be circulated in the Board meetings and discrepancy if any should be resolved before presenting those figures to the Board.
4. New bills related to seven stalled projects will be shown again to Mr. Hassan S. Haqqani, MD NCL and Mr. Atta-ul-Haq Akhtar, DG Pak PWD so that they are able to verify the totals and the escalation or de-escalation as the case may be as done after the 11th Board meeting.
5. M/s ACE (Pvt) Ltd. will give a detailed presentation about the project design of G-10/2 project to the Board in its next meeting.

Tamir
J

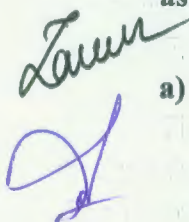
BRIEFING ON PHAF'S FINANCIAL POSITION AS ON 30.11.2013 OF ALL ACCOUNTS (BANKS/BALANCE/ACCOUNTS OPENING DATES)

The Director (Finance), PHAF gave a briefing to the Board about financial position and financial health of PHA Foundation.

2. The Chair pointed out that the presentation given by Director (Finance), PHAF did not show complete picture and the Board has not been properly apprised of the financial position of PHAF.
3. The issue of investing surplus funds of PHAF was also discussed in depth and it was noticed that large amounts of funds are lying in various accounts of PHAF especially in Kurri Road project account that can be invested to improve the cash flow of PHAF.

DECISIONS:

1. A Committee comprising of Mr. Ruhail Muhammad Baloch, Financial Advisor (Works), Mr. Atta-ul-Haq Akhtar, Director General Pak PWD and Mr. Tafakhur Ali Asadi, Director (Finance), PHAF will be formed to look into the matter of investing PHAF's funds. The T.O.R's of the Committee would be as under:

- 
- a) To check the feasibility of investing the working capital or surplus funds as the case may be of the PHA Foundation as per instructions of the Finance Division and State Bank of Pakistan.
 - b) To check various financial institutions for investing PHAF's money and to come up with recommendations of investing this money with solid justifications. The financial institution chosen should have a minimum "A" rating (the "A" rating refers to the rating scale used by Pakistan Credit Rating Agency (PCRA) and JCR-VIS credit rating Company for banks incorporated in Pakistan and Moody's and Fitch and Standard & Poor's rating for foreign banks operating in Pakistan). The process of selection of Financial Institution should be transparent. The risk associated with keeping the deposit should be diversified.
 - c) The Committee will submit its findings in the next Board meeting.

2. The Director (Finance), PHAF will give a more in-depth presentation in next Board meeting covering all aspects of PHAF's financial position. The presentation would also cover following aspects:

Kallen
J


- a. Current balance in various banks along with the names of banks
- b. Pending liabilities and pending expected expenditure in all accounts
- c. Future receipts after completion of projects

BRIEF REGARDING KURRI ROAD PROJECT, ISLAMABAD
(LAND WING)

The case relating to delayed payment charges was discussed in detail and following decision was given by the Board:

DECISION:

Payment schedule may be extended from 8 to 12 total installments, in such case allottees will have to clear the due installments and then deposit the remaining installments as per revised schedule. However, rate of delayed payment charges may remain the same i.e. 2% per month. *

Lawyer


* Waiver of delayed payment charges or revision in the rate of delayed payment charges may not make any effect on those allottees / ex-allottees who have already deposited the delayed payment charges.

BRIEF REGARDING KURRI ROAD PROJECT, ISLAMABAD
(ENGINEERING WING)

The Engineer, Mr. Mian Moenuddin Kakakhel gave a detailed presentation about the technical and engineering aspects of Kurri Road project and the reasons that why it was being delayed.

2. Mr. Kakakhel also pointed out following issues and reasons for delay of the project:

- Tamer*
- Tamer*
- i. Soil test has been conducted from two independent and well reputed laboratories (UET Taxila & CWO) which shows that the swell value and CBR value of soil is on much higher side as compared to the one used by the design consultant M/s Progressive (Pvt) Ltd. for design of roads and other structures which has been intimated to the design consultants for review of the design and other remedial measures which is still awaited from the design consultant and he is reluctant in carrying out his review for no reasons except is not taking interest in further work as he has received most of his payment fee.
 - ii. The PHAF staff and Mr. Kakakhel has raised the issue of construction of houses on fill area as there are chances of development of cracks in the building structure due to settlement of earth with passage when subjected to loads whereas M/s Progressive the design consultant of the project is not ready to consider this technical matter again for no reason and has maintained the stance that houses can be constructed on the fill area with proper compaction.
 - iii. The major problem arose due to non-hiring of the Detail Supervisory Consultant as M/s Progressive was appointed as Design consultant and the project worth Rs. 2.8 billion is being carried out without detail supervisory consultant.
 - iv. In order to appoint supervisory consultant on the project proposals were invited from interested firms for providing **Construction Management and Detail Supervision of Kurri Road Project**. Interested firms with extensive experience in the relevant field with requisite internal resources & excellent in-house capability were required to apply for prequalification as per PEC laid down procedure. Last date for submission of applications was fixed as October 14, 2013. Forty one (41) applications have been received by the due date.
 - v. The pre-qualification documents of the above mentioned forty one (41) firms were forwarded to PCATP for short listing of the suitable firms. Out of these 6 have been shortlisted.

DECISIONS:

1. Mr. Ruhail Muhammad Baloch, Financial Advisor (Works) and Mr. Atta-ul-Haq Akhtar, DG Pak PWD will scrutinize the contract agreement between PHAF and Design Consultant, M/s Progressive (Pvt) Ltd. to see if there is any penalty clause in the Contract and under what conditions it can be terminated. They will also suggest further course of action if the Design Consultant is found in violation of the contract and will present their findings in the next Board meeting.
2. The Engineer, Mr. Mian Moenuddin Kakakhel will work out the actual cost of clearing the filled plots. He will also work out the exact number of plots falling in the filled areas. He will present his findings in the next Board meeting.
3. The work of finalizing the candidates for the Supervisory Consultancy may be immediately withdrawn from PCATP and instead a Committee be formed comprising of following members for short listing and selecting a suitable candidate for the job of Supervisory Consultant:

- i. Mr. Musadaq Khawaja, Director(Engineering), PHAF (Convener)
- ii. Mr. Nazir Ahmad, Superintending Engineer (QS), Pak PWD
- iii. Mr. Athar Nawaz Malik, Director (Engineering), NCL

4. TORs of the Committee are as under:

The Committee will scrutinize all 41 applications received for the job of Supervisory Consultant and select the best candidate for the job based purely on merit and competency/ experience of the firm selected. The Committee will submit its final selection to the MD, PHAF within 15 days of the notification.

LIST OF PARTICIPANTS

SN	NAME	POSITION IN BOARD	PRESENCE
1	Barrister Usman Ibrahim, Minister of State for Housing & Works/ Chairman PHAF, Islamabad.	Chairman	Attended
2	The Secretary, M/o Housing & Works, Islamabad.	Deputy Chairman	Not Posted
3	Mr. Omer Rasul , Joint Secretary, M/o H&W & Acting MD, PHA Foundation.	Member	Attended
4	Mr. Sana Ullah Aman, Member Engineering, CDA, Islamabad	Member	Not Attended
5	Mr. Ruhail Muhammad Baloch, Financial Advisor (Works), M/o Housing & Works, Islamabad.	Member	Attended
6	Mr. Malik Zafar Abbas, Director General, FGEHF, Islamabad.	Member	Attended
7	Mr. Atta-ul-Haq Akhtar, Director General, Pak PWD, Islamabad	Member	Attended
8	Mr. Shah Din Shaikh, Joint Engineering Advisor, M/o Housing & Works, Islamabad	Member	Not Attended
9	Mr. Aurangzeb Maral, Deputy Secretary (Admin) M/o Housing & Works, Islamabad	Member	Attended
10	Director (Admin), PHA Foundation	Company Secretary	Attended
