

## **Summarized Findings of Monitoring visit of Tourism Department's Projects**

In compliance to the special directions of the Secretary P&DD, a monitoring exercise of Tourism projects at Dao khan, Chikar, Sudan Gali and Dheer-kot was conducted on 28<sup>th</sup> to 31<sup>st</sup> July, 2016. The main findings are summarized as under:

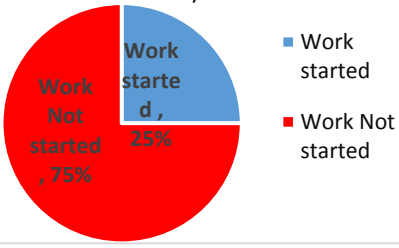
1. Generally against almost all projects of Tourism Department significant lavish scope of works was got approved. However, a small part of it suiting to the department has been completed leaving out major part of the approved scope. A significant number of facilities against approved scope were found untouched as well as completed activities without any use in most of the projects – Dao Khan, Chikar, Sudan Gali and Dheer-kot with different degree of deviation due to unknown reasons. This include skipping, overlook, informal handing/taking over, semi and substandard completion with locked facilities. The detail is briefly reflected in the following tables and graphs.
2. In addition, no proper performance management witnessed irresponsibility for delivering value for money, unable to manage within approved budget, ineffective financial control, noncompliance of laws, financial rules, instructions, lack of oversight, absence of internal monitoring and procedures was widely observed during execution of the projects in the sector.

### **Dao Khan Tourist Resort**

#### **i. Scope of Project and Work Started/Not Started**

From the total 16 activities planned and approved under this projects, the work was started only against 4 activities while rest of 12 facilities are untouched, which shows that only 25 % of the scope of the project is under execution whereas 75% scope/activities have yet not been started.

**Table 1: Total Scope and Work Started/Not Started at Dao Khan.**

<p><b>Project Scope and work started:</b></p> <ul style="list-style-type: none"> <li>• Total Scope of the project 16 Facilities</li> <li>• Work started on activities/Facilities 4 (25%)</li> <li>• Work not started facilities/ activities 12 (75%)</li> </ul>	<p style="text-align: center;"><b>Work Started/ Not Started</b></p>  <p>A pie chart titled 'Work Started/ Not Started' for the Dao Khan project. The chart is divided into two segments: a blue segment representing 'Work started' at 25% and a red segment representing 'Work Not started' at 75%. A legend to the right of the chart identifies the blue color with 'Work started' and the red color with 'Work Not started'.</p>
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**ii. PC-1 Cost and Expenditure Against Allocated Amount:**

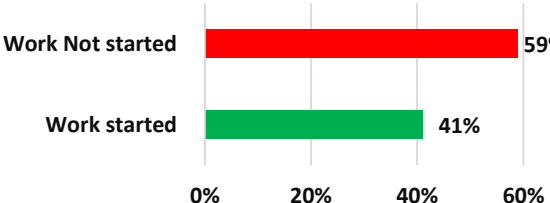
The PC-I allocations for these activities on which work started was Rs.17.3 million against which an amount of Rs.32.894 million has been incurred which is 90% higher than the approved cost and the same is unauthorized spending.

**Chikar Sudan Gali Tourist Resort**

**a) Scope of Project and Work Started/Not Started**

A similar trend has been maintained by the executing and sponsoring agencies in project execution and incurring expenditure on the project activities at Chikar Sudan Gali Resort. Out of the total 15 facilities, the work has been started on 7 facilities which worked as 41 % while on the other hand 59% facilities are so far untouched.

**Table 2: Total Scope and Work Started/Not Started at Chikar and Sudan Ghali Resorts**

<p><b>Project Scope and work started:</b></p> <ul style="list-style-type: none"> <li>• Total Scope of the project 15 Facilities</li> <li>• Work started on activities/facilities 7 (41%)</li> <li>• Work not started activities/facilities 9 (59%)</li> </ul>	<p style="text-align: center;"><b>Work Started/ Not Started</b></p>  <p>A horizontal bar chart titled 'Work Started/ Not Started' for Chikar and Sudan Ghali Resorts. The x-axis represents percentages from 0% to 60%. There are two bars: a red bar for 'Work Not started' at 59% and a green bar for 'Work started' at 41%.</p>
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**ii) PC-1 Cost and Expenditure against Allocated Amount**

The allocations for these activities in the approved PC-1 was Rs.32.565 Million against which Rs.54.370 Million has been spent, which worked out to be almost 67% higher than the approved PC-1 cost and are illegitimate expenditure. Moreover, an amount of

Rs.3.855 was spend on activities which are not given in PC-1 and were without any allocation.

## Dheerkot Rest House

### 1. Scope of Project and Work Started/Not Started

The construction work and its completion at Dheerkot project is observed differently from the previous sites visited by the team. Out of the total 16 facilities, the work has been started on 9 facilities which is about 56% of the total scope whereas on 44% facilities work has yet not been started.

**Table 2: Total Scope and Work Started/Not Started at Chikar and Sudan Ghali**

<p><b>Project Scope and work started:</b></p> <ul style="list-style-type: none"> <li>• Total Scope of the project 16 Facilities</li> <li>• Work started on activities/facilities 9 (56%)</li> <li>• Work not started activities/facilities 7 (44%)</li> </ul>	<p><b>Work Started/ Not Started</b></p> <p>A pie chart titled 'Work Started/ Not Started' showing two segments: a blue segment representing 'Work started' at 56% and a red segment representing 'Work not started' at 44%. A legend to the right of the chart identifies the blue color with 'Work started' and the red color with 'Work not started'.</p>
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All the completed facilities- Cafeteria, Tourist Hut- work completed after consuming significantly high cost than the PC-1 provision but still found unused which may cause rusting and damage to lock with. A huge quantity of utensil and furnishing items were procured and dumped in the building, which may result in their deterioration without any use. This may cause heavy loss to the national exchequer.

### 2. Detail of PC-1 Provision and Expenditure Against it :

The PC-I provision for the activities on which work started was Rs.34.350 million while executing agency has spent Rs.46.755, almost 36% higher than the approved cost which are unauthorized expenditure. Bedside, Rs.2.437 have been paid/charged against activities not specified in PC-1 and as such no allocation is provided in PC-I for the same which is illegitimate.

3. The Construction work on all the projects was undertaken without considering proper physical location of activities and suitable place for residential rooms, cafeteria, lawns etc. Construction of access road shows a severe negligence, lack of interest, non-professionalism and not following PC-I scope/provisions on part of both the executing and sponsoring agencies.
4. Mostly, the department seems heavily relying on non-technical and irrelevant / non-professional staff having lack of interest in undertaking systematic, quarterly, 6-monthly or annual monitoring which led to carry out unauthorized work ignoring actual scope of the project, using sub-standard material, altering specifications, undertaking extra work over and above the approved scope. This all refers to non-professional attitude may be some vested interests of some actors involved in construction and execution of the projects.
5. There is clear evidence of time and cost overrun in every project which may be due to huge and over ambitious scope, impacting badly upon short-term and long-term objectives of the projects.
6. While discussing scope with the concerned staff, pit falls delays in the projects, putting extra financial burden on the exchequer, the response/argument was that the department gets very little span of time due to seasonal variations, which was totally illogical and unprofessional response because a lot of construction work has been completed at similar places by the Government Departments in the same period.
7. The department has no tourism policy and also proceed without proper strategy which led to identification/implementation of projects without realistic planning containing over ambitious scope with no sound internal and external monitoring, etc.
8. The follow up from the sponsor side was also found very weak which gives the opportunity to the executing agency to work as per its own ambitions and interests.
9. Usually in the discussions and documents, it was noted that sponsoring agency has made the payments without verifying the claims of work done and therefore, in many instances it led to overpayment which indicates very casual attitude and a big mark on transparency in general.

10. It is strange to highlight that a considerable number of completed activities/facilities were handed over to the department but no formal record for handing / taking was found which also indicates non-professional attitude of the stakeholders.
11. Many completed facilities were found non-functional which shows that the sponsoring agency has no operational plan for running of these facilities.
12. It was also observed at many places that the department kept a huge amount for acquisition of land without ascertaining actual requirement of land. Then facilities were constructed on forest land and instead the funds were spent on other unauthorized activities for Dao Khan and Dheerkot Tourist Resort.

### **Recommendations:**

1. The Tourism Department should prepare comprehensive Tourism Policy and projects may be identified and included in ADP accordingly and if it exists it should be implemented in true letter and spirit. The department should avoid wastage of meager resources without effective planning, having improper implementation methodology and lacking of oversight during execution.
2. The capacity and skill of the staff should be enhanced through regular skill based trainings, capacity enhancement initiatives along with study visits, workshops, exposure visits and attachment of staff with tourism departments in Provinces of Pakistan etc.
3. The staff dealing with development projects should also be trained and qualified with regard to development and financial procedures, laws, project management should also be provided trainings prior to handing over of work.
4. Internal monitoring should be a regular feature and project related staff should conduct regular, quarterly, half yearly monitoring to ensure that activities of the projects are in line with the given specifications, approved scope cost, timelines etc.
5. A well-structured monitoring mechanism may be devised and made part of the project documents in future to enable the project related staff quickly identify the gaps and promptly suggest midcourse corrections to avoid lapses.

6. Site selection of all future projects should be done at the time of preparation of projects and design of projects must be formulated keeping in view available land, its topography and other salient features.
7. Provision of over ambitious scope of work should be avoided and facilities may be prioritized and essential/key facilities be executed first and then work on allied facilities may be started.
8. The sponsoring agency should keep close liaison with executing agency and frequently monitor physical progress to restrict any lapses or sub-standard works construction.
9. The Department should avoid informal handing/taking over of completed facilities and instead formal handing/taking over of facilities be ensured. Besides, inventory list should be prepared and verified by both parties before taking the charge of the completed buildings.
10. The Tourism Department should ensure that the completed facilities are made functional within couple of days as per intended objectives in order to ensure their utilization to avoid any wastage of investment made.
11. The department should remove highlighted defects and deficiencies at Chikar & Sudan Gali buildings etc., with the help of executing agency to make them functional at the earliest possible time.
12. Work on almost all remaining activities need to be accelerated. The senior management of the department is required to keep check on additional work/ extra scope, avoid over/unauthorized payments, restrict deviations in scope/construction etc.
13. The sponsoring / executing agencies should proactively work to get the contracted facilities completed immediately to ensure their best use in the public interest.
14. The sponsoring agency should not allow the executing agency to make changes at its own and alter the specifications approved scope and cost of projects.

15. Responsibility for deviations from approved scope and cost at the time of contracts and during execution may be fixed and an inquiry may be held against the responsible officers for violating prevailing rules, procedures etc.
16. In general, the sponsoring / executing agencies must ensure performance management, responsibility for delivering value for money, manage to complete projects within approved scope and cost, effective financial control, compliance of laws, procedures and effective internal monitoring and evaluation during execution of projects.

**Reporting Team (P&DD)**

<b>Name</b>	<b>Designation</b>	<b>Signature</b>	<b>Date</b>
<b>Raja Manzoor Hussain</b>	Chief (M&E)		
<b>Engr. Ahtesham Altaf</b>	Assistant Director		