



GOVERNMENT OF PAKISTAN
NATIONAL ACCOUNTABILITY BUREAU
ATTA TURK AVENUE, G-5/2
ISLAMABAD

(AWARENESS & PREVENTION DIVISION)

NAB/PC//DDP/A/BJA/PQA
September 25, 2012

The Chairman
Port Qasim Authority (PQA)
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Subject: PROCEDURE DEVIATIONS / MIS-PROCUREMENT IN PORT QASIM AUTHORITY

1. In view of seriousness of many reports relating to violation of Procurement rules / procedures and deviation from laws relating to a number of issues, a NAB team visited on 10 September 2012. The purpose of visit was to assist PQA in discharging its responsibilities in procurement processes for fair play, meritocracy and transparency under the ambit of Prevention Regime enshrined vide Section 33C of NAO.
2. NAB's observations during the course of interaction are given below for response in writing please:-
 - a. It was pointed out to PQA that purchase of dredger as a replacement or outsourcing dredging has implications that need deep evaluation. Factors such as cost benefit ratio, inherent inefficiency of public sector organizations, risk mitigation, idling periods etc have all to be ascertained with all available options ranging from purchase of new dredger through open bid system to outsourcing and purchase of old vintage. An expert report to this effect be submitted to NAB.
 - b. The procedure followed for ordering the dredger and the whole process of the procurement be quantified and qualified to NAB in a written report with supporting documents to include advertisement, pre-qualification criteria, technical and financial bids and bid evaluation report by the purchase committee.
 - c. It is in NAB's notice that "Marine Consultants" report on the three bidders for purchase of dredger was negative. The report was not shared by PQA

management with NAB team and may be sent to NAB alongwith PQA comments.

- d. It was highlighted that ensuring a positive competitive response for purchase of dredger from international market is PQA's exclusive responsibility. Under no circumstances a single bid offer can be considered, processed or finalized.
- e. PQA inspection team notwithstanding negative report of the Marine Consultants embarked on inspection abroad of an old dredger of 7000 m³ capacity at contractor's expense. This single procurement endeavour and procedure is a blatant violation of PPRA Rules and govt. instructions wherein tours / inspection at Contractors Costs are barred.
- f. It was pointed out that in case induction of dredger was considered necessary, shipyards should have been asked to construct / build a new dredger to meet specific PQA channel and basin needs, instead of purchasing old dredgers.
- g. Finally PQA was specifically asked not to plan induction of a dredger from a single source or undertake procurement that are in violation of PPRA and other relevant govt. rules. A comprehensive report on this specific misdemeanor is needed.
- h. PQA procurement of Tugs and Pilot Boats is violation of letter and spirit of land lord port strategy which envisaged out sourcing of the activities. Under no circumstances single source procurement is allowed. Inspection / visits being undertaken by PQA staff at expense of the contractor is illegal. The breakup of cartelization of vested interest is also exclusive PQA's responsibility.
- i. Duty refunds stipulations should be mentioned in the bid documents and applied across the board in case of hiring / lease of tugs. Post procurement concession establishes malafide intent of PQA authority. The appropriate action be ensured and communicated to NAB.
- j. Reports on wrong PQA land allotment policies have increased manifold. Complete details of the land allotment policy and five years allotments be sent to NAB (Sindh) Karachi for scrutiny.
- k. Be it normal procurement or joint ventures, all evaluation criteria and reports (not bid or contract conditions alone) have to be placed on website

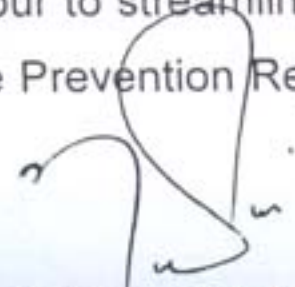
which PQA has not done so far. Necessary action be ensured for all related activities of PQA.

- I. Absence of bonafide consultant with PQA to either advise it on its procurement or commercial projects is a handicap which PQA must redress.

3. It is emphasized that neither PQA Act nor PQA Board are allowed contraventions of rules of govt, procedures and PPRA stipulations / instructions. Any violation of same is tantamount to mis-procurement and liable for action by NAB.

4. Reports and information requested vide para 2 ante be sent as soon as possible but not later than 10 October.

5. Issued with approval of competent authority with an endeavour to streamline the procedures and codal formalities within the purview of law under the Prevention Regime please.



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