

Immediate

Government of Pakistan
Ministry of Communications

No. 4(4)/96-Roads

Islamabad, the August 20, 2003

Office Memorandum

Subject: National Highway Authority Roads Maintenance Account Rules, 2003

The undersigned is directed to forward herewith Notification on the above subject for publication in the next issue of Gazette of Pakistan.

M. Shoab

(M. SHOAB DOGAR)
Deputy Director (Roads)

The Manager,
Printing Corporation of Pakistan Press,
Government of Pakistan,
Karachi.

CC:- Chairman, NHA -- For kind information please alongwith a copy of rules.

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**Government of Pakistan
Ministry of Communications**

Islamabad, the 21st Aug. 03

NOTIFICATION

S.R.O. (I)/2003. In exercise of the powers conferred by Section 31 of the National Highway Authority Act, 1991 (XI of 1991), the Federal Government is pleased to make the following rules, namely:-

1. Short title and commencement:- (1) These rules may be called the National Highway Authority Roads Maintenance Account Rules, 2003.

(2) These shall come into force at once.

2. Definitions:- In these rules, unless there is anything repugnant in the subject or context;-

- (a) "Act" means the National Highway Authority Act, 1991 (XI of 1991);
- (b) **•Chairman•** means the Chairman of National Highway Authority;
- (c) **•corridor management•** means carrying out regulatory functions of the National Highway Authority as custodian of the public assets including management of right of way and building line (removal of encroachments, ribbon development, utilities, access or approach roads, afforestation, commercialization), roadside facilities (service and rest areas, filling stations, amenities), traffic and highway safety operations (enforcement of traffic laws and rules, roadside emergency telephone service, mobile vehicle repairs and rescue service, para medical service), weigh station operations, and toll operations;
- (d) **•Executive Board•** means the Executive Board of the National Highway Authority established under section 7 of the Act;
- (e) **•geometric improvements•** means improvements related to width, curvature, or gradient of roadway, shoulders or structures specified in the Standard Operating Procedures to enhance traffic capacity, speed, and safety;

- (f) • **highway safety improvements**• means improvements specified in the Standard Operating Procedures related to accident-prone locations (black spots), and traffic and road engineering measures;
- (g) • **maintenance plan**• means prioritized annual network-level maintenance program of the National Highway Authority prepared using the Road Asset Management System described in the Standard Operating Procedures;
- (h) • **National Highway Authority**• means the National Highway Authority established under section 3 of the Act;
- (i) • **Roads Maintenance Account**• means the Roads Maintenance Account established under rule 3;
- (j) • **periodic maintenance**• means the act of reinstating the pavement structures, shoulders, embankments, hydraulic structures, drainage systems, and road furniture to some minimum acceptable structural, functional and safety condition levels and includes corrective maintenance activities specified in the Standard Operating Procedure required in any given year after structural, functional and safety related deficiencies have arisen requiring urgent localized maintenance intervention;
- (k) “Revenue and Accounts Section” means the Revenue and Accounts Section referred to in sub-rule (1) of rule 11;
- (l) • **Road Asset Management System**• means the Road Asset Management System described in the Standard Operating Procedure;
- (m) • **routine maintenance**• means the act of preserving the pavement structures, shoulders, embankments, hydraulic structures, drainage systems, and road furniture against the combined effects of traffic, climate and topography, with a view to prevent premature failures by ensuring the road projects last the design life and includes preventive maintenance activities required every year before structural, functional and safety deficiencies arise as specified in the Standard Operating Procedure;
- (n) • **Road Asset Management Directorate**• means the Road Asset Management Directorate established under the National Highway Authority as recommended by the Executive Board and approved by the Federal Government;

- (o) •**rehabilitation**• means the activities required to reinstate the pavement and hydraulic structures to the same conditions they were at the time of construction or subsequent reconstruction and essentially includes strengthening activities specified in the Standard Operating Procedure to restore structural strength and functional performance for continued serviceability;
- (p) •**revenues**• means revenues accruing to the National Highway Authority from road users and other sources specifically for maintenance and road safety; and
- (q) “Standard Operating Procedure” means the Standard Operating Procedure approved by the Executive Board for executing Roads Maintenance Account related activities.

3. Roads Maintenance Account.- (1) The National Highway Authority shall maintain a commercial non-lapsable account in Pakistani scheduled banks designated as Roads Maintenance Account.

(2) All revenues from road users accruing to the National Highway Authority, from the following sources, net of collection costs, shall be expeditiously transferred into the Roads Maintenance Account, namely:-

- (a) Tolls on roads and bridges;
- (b) road use related fines (e.g., overloading, traffic offence);
- (c) axle load charges;
- (d) supplementary heavy vehicle fee;
- (e) international transit fees; and
- (f) border fees.

(3) The National Highway Authority shall also transfer all revenues accruing to it, from time to time, from the following other sources into the Roads Maintenance Account, namely:-

- (a) Charges for commercial use of right of way;
- (b) profits on bank deposits and income on investment of moneys in the Roads Maintenance Account;
- (c) annual maintenance grant from the Federal Government;
- (d) maintenance funds provided by international donor agencies;
- (e) loans secured to finance any maintenance work shortfall; and
- (f) endowments and donations for maintenance and road safety from any organization, group or person.

4. Administrative management of Roads Maintenance Account.- (1) The Road Asset Management Directorate shall manage and administer the Roads Maintenance Account using approved disbursement procedures detailed in the Standard Operating Procedure.

(2) The Road Asset Management Directorate shall prepare an annual

report on the policies and main activities of the Roads Maintenance Account during the preceding financial year, in coordination with the Revenue and Accounts Section.

(3) The Road Asset Management Directorate shall assist the Regional Offices of the National Highway Authority in organizing regular, at least annual, structured consultations as detailed in the Standard Operating Procedure with key stakeholders, including road users representatives, on proposed maintenance plan and past year's performance, and in reporting on the feedback received during these consultations in its annual report.

(4) Each year, following endorsement by the Executive Board, the Road Asset Management Directorate shall post the annual report and audited accounts along with the auditor's report relating to the Roads Maintenance Account on website of the National Highway Authority, and make copies available to the public at Head Office of the National Highway Authority and its Regional Offices.

5. Review and revision of Roads Maintenance Account.- (1) the Road Asset Management Directorate shall regularly review the level of tolls, and other levies being channeled into the Roads Maintenance Account and recommend adjustments to the Chairman, to match revenues with expenditures needed to fully address the network-level maintenance needs of the National Highway Authority.

(2) Toll levels shall be adjusted over time to reflect the following as far as possible, namely:-

- (a) Extent of road use;
- (b) damage caused to network; and
- (c) level of service provided.

(3) Any upward or downward adjustment or revision in the level of tolls and other levies shall be duly disseminated to the public through the press.

6. Revenue Collection arrangements for Roads Maintenance Account.- (1) The National Highway Authority shall ensure cost-effective, transparent, and accountable arrangements for the collection of the Roads Maintenance Account revenues.

(2) Contract-based revenue collection arrangements shall be pursued to the extent possible and such arrangements shall include,-

- (i) payments through bank transactions directly into the Roads Maintenance Account in designated bank by various public and private sector agencies responsible for the collection of the Roads Maintenance Account revenues after deduction of their commission, charges and expenditure in accordance with the terms and conditions of the contract; and
- (ii) an effective internal control system and regular internal audit for verifying amounts collected and for resolving any dispute

between the National Highway Authority and its collecting agents and any other concerned party.

(3) The Road Asset Management Directorate shall oversee implementation of all arrangements for collecting revenues in the Roads Maintenance Account and advise the top management of the National Highway Authority where changes are needed in such arrangements.

7. Disbursement of Roads Maintenance Account.- (1) Funds shall only be withdrawn from the Roads Maintenance Account for the purposes of financing eligible expenditures, described in rule 9.

(2) The Road Asset Management Directorate shall disburse a payment after receiving certification from the "Engineer" that the works, goods and services have been carried out and delivered according to the specifications.

Explanation.- For the purposes of this sub-rule, the word "Engineer" means any person employed by the Chairman for supervision and execution of a contract between the National highway Authority and a contractor.

(3) Payments to a contractor shall only be made either through a mailed "Payee's A/c Only" cheque or by transfer into bank account of beneficiary through bank, signed by two authorized signatories nominated by the Member (Finance) of the National Highway Authority.

8. Maintenance plan.- (1) The Road Asset Management Directorate shall prepare a maintenance plan, and the budget in consultation with the Regional Offices and various stakeholders by the 31st March every year, using the Road Asset Management System described in the Standard Operating Procedure.

(2) The Steering Committee comprising of the Member (Planning); the Member (Operations); the Member (Finance); the Regional General Managers; the General Manager (Contracts); the General Manager (Operations); and the Director, Road Asset Management Directorate shall review the maintenance plan and the budget

(3) The Steering Committee shall, after due deliberations, forward the maintenance plan, and the budget along with its final recommendations to the Chairman for approval.

9. Eligible expenditures.- (1) Eligible expenditures from the Roads Maintenance Account shall only comprise expenditures for the following, namely:-

- (a) Maintenance Plan;
- (b) rehabilitation of existing network assets of the National Highway Authority which have acceptable net present value and economic rates of return;

- (c) geometric Improvements of the existing network assets of the National Highway Authority up to a maximum of six per cent of annual revenues;
- (d) highway safety improvements up to a maximum of five per cent of annual revenues;
- (e) establishment of new toll plazas with automated electronic toll and traffic management system, access control, and weigh stations up to a maximum of two and half per cent of annual revenues; and
- (f) expenditure related to corridor management up to a maximum of one and half per cent of annual revenues including related surveys and studies.

(2) The works, goods and services referred to in sub-rule (1) shall be procured through competitive contracting procedures pursuant to the requirements of the Financial Manual, the National Highway Authority Code and the Conditions of the contract between a contractor or, as the case may be, consultant or supplier and the National Highway Authority.

(3) The Roads Maintenance Account resources shall not be withdrawn to bridge finance non-eligible expenditures or be allocated or reappropriated for the development projects and capital works.

10. Charges on Roads Maintenance Account.- (1) Eligible expenditures form the Roads Maintenance Account shall have the following priority, namely:-

- (a) First charge: Routine and periodic maintenance.
- (b) Second charge: Rehabilitation.
- (c) Third charge: Geometric Improvements and highway safety improvements.
- (d) Fourth charge: New toll plazas and weigh stations.
- (e) Fifth charge: Corridor management

11. Financial management of Roads Maintenance Account.- (1) A specifically designated " Revenue and Accounts Section" under the Finance Wing of the National Highway Authority shall maintain the Roads Maintenance Account using International Accounting Standards as accepted in Pakistan for financial reporting and would be responsible for internal controls and auditing arrangements.

(2) The Revenue and Accounts Section shall be responsible to,-

- (i) keep proper books of the Roads Maintenance Account (cash and bank books, ledgers, asset register), and maintain records of all receipts and all disbursements into and from the Roads Maintenance Account;

- (ii) prepare and submit for audit in respect of each financial year a balance sheet, a statement of income and expenditure, and a statement of cash flow, along with annual report of the Roads Maintenance Account prepared by the Road Asset Management Directorate pursuant to rule 4;
- (iii) prepare the annual financial statements within three months of the close of financial year; and
- (iv) submit the annual financial statements to the Executive Board for its approval.

(3) Subject to section 24 of the Act, a firm of chartered accountants appointed as independent auditors by the Executive Board shall audit the Roads Maintenance Account and financial statements annually. In addition, the Executive Board shall periodically engage an independent, reputable professional firm or individual for undertaking a technical audit of the activities financed by the Roads Maintenance Account.

(4) Subject to statutory provision in the Act, the auditors shall complete the audit within three months of submission of financial statement to them but not later than the 31st December each year.

(5) The auditors shall include in their report, assessments relating to achievement of the objectives of the Roads Maintenance Account, compliance with approved policies, rules and the Standard Operating Procedure.

(6) The report of the auditors shall contain detailed appraisements on the following, namely:-

- (a) The accuracy of the record and financial accounts of the Roads Maintenance Account;
- (b) the completeness of income of the Roads Maintenance Account;
- (c) whether the level of tolls and other revenues are in accordance with rule 5;
- (d) whether disbursements are in accordance with rule 7;
- (e) the conformity of payments with the eligible expenditures as laid down in rules 7 and 9;
- (f) the conformity of payments with the priorities laid down in rule 10;
- (g) accuracy of accounting and internal control procedures;

- (h) the effectiveness of the administration of the Roads Maintenance Account; and
- (i) analysis of variances between the budgeted and actualities.

(7) The Executive Board shall review and endorse the annual report referred to in sub-rule (2) of rule 4, and audited accounts of the Road Maintenance Account along with the auditors report and forward the same, within one month, to the Auditor General of Pakistan through the administrative Ministry.

(8) The financial year of the National Highway Authority and the Roads Maintenance Account shall be the period of twelve months commencing on the 1st July each year and ending on the 30 June of the following year.

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(M. Shoaib Dogar)
Deputy Director (Roads)
Phone No. 9216279

The Manager,
Printing Corporation of Pakistan Press,
Karachi