AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
GOVERNMENT OF SINDH
AUDIT YEAR 2018-19

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AGP	Auditor General of Pakistan
DAC	Departmental Accounts Committee
DAP	Di Ammonium Phosphate
DG CA&E	Director General Commercial Audit & Evaluation
GFR	General Financial Rules
GoP	Government of Pakistan
MFDAC	Memorandum For Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PSE	Public Sector Enterprises
SECP	Securities & Exchange Commission of Pakistan
SGP	Sindh Government Press
SLMDC	Sindh Land Management & Development Company
SPPR	Sindh Public Procurement Rules
SPPRA	Sindh Public Procurement Regulatory Authority
SSC	Sindh Seed Corporation
SSIC	Sindh Small Industries Corporation
SESSI	Sindh Employees' Social Security Institution

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 15 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Government Commercial Undertakings and of any Authority or body established by the Federation or the Province.

This report is based on audit of the accounts of Public Sector Enterprises of Government of Sindh for the year 2017-18. The Audit Report also contains audit observations of the previous financial years. The Director General Commercial Audit and Evaluation, Karachi conducted audit during the period July 01, 2018 to November 15, 2018 on a test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings valuing Rs.1.00 million or more. Relatively less significant issues have been listed in the Annex-1 (MFDAC). These shall be pursued with the relevant Principal Accounting Officers (PAOs) of the Department at Departmental Accounts Committee (DAC) level. In case where the PAOs do not initiate appropriate action, the audit observations shall be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

The Audit Report is submitted to the Governor of Sindh in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Commercial Audit & Evaluation DG (CA&E) South Karachi, carries out audit and evaluation of Public Sector Enterprises (PSEs), established by Government of Sindh and maintain their accounts on commercial basis. Section-15 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empowers the Auditor General of Pakistan to conduct audit of companies and corporations established in public sector. DG (CA&E) Karachi is mandated to conduct regularity audit (financial audit & compliance with authority audit), performance audit and special audit of these PSEs. Out of total human recourses available with DG (CA&E) Karachi 12 officers and staff (3,000 man-days) were deputed for the audit and an expenditure of Rs.15.392 million was incurred

a. Scope of Audit

There are 07 commercial entities of the Government of Sindh under the jurisdiction of DG (CA&E) South Karachi. These entities operate under the administrative control of 05 Principal Accounting Officers (PAOs). Out of 07 PSEs, 05 were audited as per Audit Plan 2018-19 (Accounts of Financial Year 2017-18) during the audit year 2018-19. DG (CA&E) South Karachi conducted the audit of amount of Rs.1,770.017 million of 05 entities falling under 05 PAOs on test check basis.

This report contains results of audit and evaluation of financial performance of Public Sector Enterprises (PSEs) for the year 2017-18. Audit was conducted with a view to assess whether the organizations were managed in accordance with sound commercial practices, observing canons of financial propriety and government policy directives.

The analysis/comments on the annual audited accounts of Public Sector Enterprises was required to be included in this report; however, these entities failed to submit their annual audited accounts by the prescribed date i.e. November 30, 2018 (**Annex-2**).

b. Recoveries at the instance of Audit

Audit pointed out recoveries amounting to Rs.389.126 million however, management failed to recover the amount at the instance of audit during the period.

c. Audit Methodology

Planning and Permanent Files of auditee organizations maintained in the office of DG (CA&E) South Karachi were updated before undertaking audit exercise for the year 2018-19. The desk audit helped in identifying high risk areas in operations, investment, procurements, asset & human resource management. During field audit activities, transactions were checked on the basis of the organization's rules and regulations and government polices and directives. Audit carried out examination of record, analysis of data, site visits and discussion with management.

d. Audit Impact

Audit through its findings and recommendations assists the organization to improve its operation and avoid recurrence of loss. Directives were issued for recoveries as pointed out by Audit. During DACs meetings, on the basis of audit findings, PAOs issue directives for holding inquires in the cases of fraud and gross violation of the rules. Audit through its findings and recommendations assists the organization to ensure transparency, accountability and good governance to meet their objectives.

e. Comments on Internal Control and Internal Audit department

Internal controls are reflected from policies, procedures, rules, regulations and monitoring mechanism in any organizations. These controls not only guard against fraud, waste and inefficiency, but ensure reliable and accurate operational and financial information for rational decision-making. A number of internal control weaknesses were observed during the audit of Public Sector Enterprises, some of them are illustrated below:

i. Management of Receivables in almost all the organizations require immediate attention. The revenue due was not being collected timely resulting in accumulation thereof with a risk of non-recovery.

ii. Financial Management needs to be strengthened by establishing a system of maintenance of accounts comprising immediate posting of financial transactions, periodical reporting within a financial year, observance of year-end procedures, timely preparation of financial statements upon close of financial year and timely audit of accounts. The Principal Accounting Officers will be in a position to control the affairs of their organizations by strengthening the financial management. The non-submission of audited accounts illustrates weakness of internal controls.

f. The key audit findings of the report;

i Loss due to shortage / missing / doubtful payment was reported in 02 cases - Rs.52.209 million[1]

ii Irregular procurements was reported in 05 cases - Rs.269.154 million[2]

iii Non-recovery of dues was reported in 05 cases - Rs.389.126 million.[3]

iv Irregular payment /expenditure was reported in 02 cases - Rs.617.141 million[4]

v Loss of revenue was reported in 06 cases - Rs.1,055.081 million[5]

vi Irregular appointments was reported in 05 cases - Rs.44.169 million[6]

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[1]Paras- 3.2.4.1 & 4.1.4.1

[2]Paras- 2.1.3.3, 2.1.3.4, 2.1.3.5, 2.1.3.6 & 4.1.4.3

[3]Paras-1.1.4.4, 1.1.4.8, 3.2.4.2, 3.2.4.3 & 3.2.4.4

[4]Paras- 2.1.3.1 & 2.1.3.2

[5]Paras-1.1.4.1, 1.1.4.2, 1.1.4.3, 1.1.4.5, 3.1.4.1 & 4.1.4.2

[6]Paras-2.1.3.7, 2.1.3.8, 2.1.3.9, 2.1.3.10 & 4.1.4.4

g. Recommendations

The Principal Accounting Officers need to take necessary steps to evaluate, institute and strengthen the management, budgeting and accounting controls through adopting following measures:

i. Ensure that inventory of stock is monitored properly.

ii. Public resources must be utilized efficiently.

iii. Ensure all procurement /expenditure be made in compliance with government rules.

iv. Ensure all appointments be made in transparent manner and on sheer merit basis.

v. Ensure that all Government dues are recovered timely.

vii. The Principal Accounting Officers need to established internal controls system so that preventive measures are taken well in time.

viii. Arrange timely submission of annual audited accounts to audit authorities (**Annex-2).**

ix. Expedite liquidation of closed enterprises to avoid recurring expenses and deterioration of their assets **(Annex-3).**

SUMMARY TABLES & CHARTS

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs. in million)

Sr. No.	Description	No.	Budget
1	Total Entities (Departments/PAO's) in Audit Jurisdiction	5	12,944.017
2	Total formations in Audit jurisdiction	7	12,944.017
3	Total Entities (Departments/PAO's) Audited	5	1,770.017
4	Total formations Audited	5	1,770.017
5	Audit & Inspection Reports	5	1,770.017

Table 2: Audit observations regarding Financial Management

(Rs. in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	470.000
2	Weak financial management	334.270
3	Weak internal controls relating to financial management	1,093.677
4	Others	1,050.075
Total		**2,948.022**

Table 3: Outcome Statistics

(Rs. in million)

Sr. No.	Description	Expenditure on acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1	Outlays Audited	3.461	87.200	693.582	985.781	1,770.017	295.621
2	Amount Placed under Audit Observation/ Irregularities	50.00	76.00	899.065	1,922.957	2,948.022	1,751.085
3	Recoveries Pointed Out at the instance of Audit	Nil	Nil	298.619	90.507	389.126	1,003.393
4	Recoveries Accepted /Established at the instance of Audit	Nil	Nil	298.619	90.507	389.126	1,003.393
5	Recoveries Realized at the instance of Audit	Nil	Nil	-	-	-	5.682

Table 4: Irregularities pointed out

(Rs. in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	334.270
2	Reported cases of fraud, embezzlement, theft, and misuse of public resources.	52.209
3	Accounting Errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Weaknesses of internal control systems.	639.330
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public moneys	389.126
6	Non–production of record.	-
7	Others, including cases of accidents, negligence etc.	1,533.087
	Total	**2,948.022**

Table 5: Cost - Benefit

(Rs. in million)

Sr. No.	Description	2018-19	2017-18	2016-17
1	Outlays Audited	1,770.017	295.621	869.188
2	Expenditure on Audit	15.392	19.070	10.850
3	Recoveries realized at the instance of Audit	Nil	5.682	Nil
	Cost - Benefit Ratio	**-**	**1:0.29**	**-**

Chapter-1
Agriculture, Supply & Prices Department

1.1 Sindh Seed Corporation, Hyderabad

1.1.1 Introduction

Sindh Seed Corporation (SSC) was established in the year 1976 for the systematic production, procurement, processing and marketing of all kinds of seeds of major crops on the scientific lines. The prime objective of the SSC is to supply high quality, certified seed to the growers of Sindh on affordable price in order to enhance overall per acre yield in the Province of Sindh. The role and objectives of the organization are to provide technical advices / services to the registered growers and procurement, processing and marketing of certified seeds.

1.1.2 Comments on Audited Accounts

1.1.2.1 The Organization did not submit the Audited Accounts (Annex-2).

1.1.3 Compliance of PAC Directives

1.1.3.1 The PAC has yet to discuss Audit Paras pertaining to SSC from the year 2004-05 onwards.

1.1.4 Audit Paras

1.1.4.1 Loss due to non-utilization of seed processing plant capacity - Rs.150.172 million

Chapter - III of Sindh Seed Corporation Act, 1976 of the Corporation provides that the Corporation may take necessary measures as may be necessary for marketing and distribution of seed, arrange for multiplication, procurement, processing, bagging and storage of certified seed, undertake marketing of certified seed through public and private sector, make suitable arrangement for the multiplication of seeds on private farms under its supervisions.

During audit of Sindh Seed Corporation (SSC) for the year 2016-17 and 2017-18, it was observed that the Seed Processing Plant, Sakrand has a processing capacity of 300,000 maunds of wheat seed per annum but management failed to utilize the capacity at optimal level. This resulted in corporation sustaining loss of Rs.150.172 million. The detail is as under:

Year	Plant capacity (maunds)	Seed processed (maunds)	Unutilized capacity (maunds)	Saving per kg (maunds) (Rs.)	Loss (3 X 4) (Rs.)
	1	2	3	4	5
2016-17	300,000	14,854	285,146	500	142,573,000
2017-18	300,000	7,719	292,281	26	7,599,298
Total:					**150,172,298**

Audit is of the view that due to ill planning of the management, full capacity of the plant could not be utilized which caused loss to the corporation.

The matter was reported to the management in December, 2017 and November, 2018. DAC meeting was held on January 02, 2019. The management informed that due to shortage of funds, plant could not be operated at its full capacity. Audit gave its opinion that SSC processing plant was operated much lower than its capacity as it only operated at 5% of total capacity. DAC directed the management to explain factual position before PAC.

Audit recommends implementation the DAC directives.

1.1.4.2 Loss due to Low Production of Crops - Rs.55.810 million

Chapter III of Sindh Seed Corporation Act, 1976, functions and powers of the Corporation provides that the Corporation may take inspections of seed farms.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2016-17, it was observed that management incurred expenditure of Rs.159.509 million against which earned income of Rs.103.99 million. This resulted into loss of Rs.55.81 million.

Audit is of that due to negligence of the management corporation sustained huge loss due to low production of crops which indicates weak internal controls.

The matter was reported to the management in December, 2017 and November, 2018. DAC meeting was held on January 02, 2019. The management informed that SSC is facing much problem in absence of financial support by the government and it had put all possible efforts for achieving maximum yield from its farms and earned income of Rs.53.273 million from farms during the period under review. Audit gave its opinion that expenditure was much higher than the income earned. DAC directed the management to explain factual position before PAC.

Audit recommends implementation of the DAC directives.

1.1.4.3 Loss of revenue earning opportunities due to non-utilization of cultivable land - Rs.53.602 million

Chapter -III of Sindh Seed Corporation Act, 1976 provides that the Corporation may take inspections of seed farms. Further, Rule 23 of G.F.R. provides that, every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Sindh Seed Corporation (SSC) for the year 2017-18, it was observed that SSC has total 3,824 acre of cultivatable land at 8 farms. Out of this land only 2,039 acres were cultivated by the management. This resulted into loss of Rs.53.602 million (**Annex-4**).

Audit is of the view that due to negligence of the management corporation was deprived from potential revenue.

The matter was reported to the management in November, 2018. DAC meeting was held on January 02, 2019. The management informed that it is impossible to cultivate entire land for whole year during Rabi & Kharif crops due to shortage of irrigation water and also SSC passing through financial crisis since last five to eight years. Further, SSC management put all efforts to cultivate farms under scarce resources. DAC directed the management to provide total area of SSC land and cultivated land. Para may be placed before PAC for further decision.

Audit recommends implementation of the DAC directives.

1.1.4.4 Non-recovery of outstanding dues - Rs.48.398 million

According to Section-20 of Sindh Seed Corporation (SSC) Act, 1976 all sums due to the corporation from any person shall be recoverable as arrears of land revenue.

During audit of Sindh Seed Corporation (SSC) for the year 2017-18, it was observed that an amount of Rs.48.398 million was lying outstanding against Government Departments, Farm Manager and growers (**Annex-5**).

Audit is of the view that due to negligence of the management the amount is still un-recovered.

The matter was reported to the management in November, 2018. DAC meeting was held on January 02, 2019. The management informed that the matter is under process for recovery and notices have been issued to the concerned. DAC directed the management to expedite efforts for recovery the outstanding amount. However, no progress was made till finalization of this report.

Audit recommends implementation of the DAC directives.

1.1.4.5 Loss due to non-achievement of target of wheat seed-Rs.22.543 million

Rule -23 of GFR provides that every Government Officer should realize fully and clearly that he will be held responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2016-17, it was observed that management fixed the target of production of wheat 54,230 kg maunds. However, management only achieved the production 36,889 kg maunds. This resulted into loss of Rs.28.543 million **(Annex-6)**.

Audit is of the view that due to negligence of the management, corporation sustained huge loss due to low production of crops which indicates weak internal controls.

The matter was reported to the management in December, 2017 and November 2018. DAC meeting was held on January 02, 2019. The management informed that SSC is facing much problem in absence of financial support by the government and it had put all possible efforts for achieving maximum yield from its farms and earned income of Rs.53.273 million from farms during the period under review. Audit gave its opinion that expenditure was much higher than the income earned. DAC directed the management to explain factual position before PAC.

Audit recommends implementation of the DAC directives.

1.1.4.6 Irregular expenditure without budget allocation - Rs.124.796 million

According to Section 18 of Sindh Seed Corporation Act, 1976 that the annual budget of the corporation shall be prepared and approved in such manner as may be prescribed.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2017-18, it was observed that the management incurred an amount of Rs.124.796 million on account of administrative and operational expenditure without budget allocation. Due to non-preparation and sanctioning of budget allocation in the proper head of accounts by the competent authorities, excess and shortage of expenditure could not be ascertained by audit and the expenditure was incurred without any planning and monitoring. The detail is as under:

Sr. No.	Particulars	Rs. in million
1	SSC Farm Expenses	27.119
2	Marketing Expenses	1.718
3	Administrative and Operational Expenses	95.959
Total		**124.796**

Audit is of the view that non-approval of budget by the BoD shows non-compliance of Seed Corporation Act, 1976. This indicates weak internal controls.

The matter was reported to the management in November, 2018. DAC meeting was held on January 02, 2019. The management informed that budget has been approved by the BoD. DAC directed the management to produce the record to audit for verification. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directives.

1.1.4.7 Irregular adjustment of inputs procured by farmers - Rs.16.626 million

As per SOP, SSC is required to provide agricultural inputs to the farmers.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2017-18, it was observed that management failed to provide agricultural inputs to the farmers and the same were procured by the farmers. Later on, the cost of inputs was adjusted by the management irregularly and without any due diligence as neither rate nor the quantity of inputs were recorded in the books of SSC. The details are as under:

Sr. No.	Particulars	Rs. in million
1	Fertilizers	9.795
2	Pesticides	3.718
3	picking, harvesting & threshing	3.113
Total		**16.626**

Audit is of the view that the adjustment was made by the management without knowing the actual expenditure of inputs. This shows poor financial management.

The matter was reported to the management in November, 2018. DAC meeting was held on January 02, 2019. The management informed that due to paucity of funds, SSC could not provide inputs to the farmers, hence they arranged required inputs at their own and the same have been adjusted in payable/recoverable account and earned profit of Rs.29.087 million. DAC directed the management to provide detail of adjusted amount and earned profit with documentary evidence to audit for verification. However, no progress was made till finalization of this report.

Audit recommends implementation of the DAC directives.

1.1.4.8 Non-recovery of rent - Rs.13.368 million

Rule-38 of G.F.R. provides that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Seed Corporation (SSC) for the year 2016-17, it was observed that an amount of Rs.13.368 million was outstanding against tenants of different farms as on 30-6-2017 as detailed below:-

Sr. No.	Name of Farm	Amount (Rs. in million)
1	BSF, SSC Pai Farm	0.672
2	BSF, SSC Setharja Farm	1.395
3	BSF, SSC Sangi Farm	0.192
4	BSF, SSC Rusk Farm	0.267
5	BSF,SSC Ghotki Farm	1.231
6	BSF,SSC Lakhi Farm	0.016
7	BSF,SSC Lodhra Farm	9.595
	Total	**13.368**

Audit is of the view that non-recovery of outstanding amount shows slackness and poor financial management on the part of management.

The matter was reported to the management in December, 2017 and November, 2018. DAC meeting was held on January 02, 2019. The management informed that letters have been issued to concerned farm manager for recovery of amount. DAC directed the management to expedite efforts for recover outstanding amount

Audit recommends implementation of the DAC directives.

1.1.4.9 Un-authorized possession of residential accommodation by outsiders

The Board in its 19^{th} meeting dated May 8, 2017 decided to fix the house rent at different rates for SSC employees only on the analogy that SSC employees may reside in the SSC colonies so that their services may be utilized at any time as and when required by the corporation. Further, the Board in 19^{th} meeting dated May 8, 2017 decided that the Commissioner, Hyderabad may be approached for vacation of Bungalow/ Quarters from illegal occupants.

During audit of Sindh Seed Corporation (SSC) for the year 2016-17, it was observed that SSC Residential Colony has 35 Bungalows/ rest house/ Quarters for SSC employees. Out of 35 Bungalows/Quarters, 11 Bungalows/Quarters are occupied by un-authorized persons.

Audit is of the view that despite clear directives issued by the Board, the management could not get the accommodations vacated from the unauthorized occupants. This shows slackness on the part of the management.

The matter was reported to the management in December, 2017 and November, 2018. DAC meeting was held on January 02, 2019. The management informed that the most of the bungalows /quarter were allotted to the SSC employees or employees of agriculture department, who are paying house rent regularly. DAC directed the management to provide detail of employees to whom bungalows are allotted to audit for verification. However, no progress was made till finalization of this report.

Audit recommends implementation of the DAC directives.

Chapter-2
Health Department

2.1 Peoples Primary Healthcare Initiative

2.1.1 Introduction

PPHI Sindh (the Company) was incorporated on October 08, 2013 as a public limited by guarantee and not having a share capital under Section 42 of the repealed Companies Ordinance, 1984. The Company is assigned the responsibility to take over primary health care system in the Province of Sindh.

The Company runs its operation in twenty two districts, hereinafter referred as District Offices (DOs). The responsibility of the DOs is to provide health facility to the needy people in their respective districts, by utilizing the funds received from Provincial Government in pursuance of the directives by the Board of Directors (BoD). The Company has bifurcated its operation in four Regions i.e. Hyderabad, Mirpurkhas, Larkana, and Sukkur by constituting Regional Offices (RO) to which their respective DOs can respond.

On January 27, 2014, an agreement was entered into between Sindh Rural Support Organization (SRSO) and the Company, whereby, it was agreed that all assets and liabilities valued as on Dec 31, 2013 relating to a project named People's Primary Healthcare Initiatives-Sindh (PPHI Sindh/the Project) will be transferred from SRSO to the Company. The value of such assets and liabilities is determined mutually by SRSO and the Company in terms of the said agreement. The decision was made consequent to the agreement dated December 06, 2013 entered into between the Government of Sindh and the Company and the resolution made by the Board of Directors of SRSO in their 38th meeting. Accordingly, the Project ceased to operate on December 31, 2013, as all the related assets and liabilities were transferred to the Company.

2.1.2 Comments on the Audited Accounts

2.1.2.1 The Organization did not submit the Audited Accounts (Annex-2).

2.1.3 Audit Paras

2.1.3.1 Wasteful expenditure on non-nutritional items - Rs.436.181 million

In March, 2016, the management of Nutrition Support Program, Health Department, Government of Sindh entered into an agreement with PPHI-Sindh for provision of Nutritional Support at 09 districts of Sindh including Tharparkar, Badin, Umerkot, Sanghar, Tando Muhammad Khan, Kambar

Shahdadkot, Larkana, Jacobabad and Kashmore in 259 UCs with 270 Outpatient Therapeutic Program (OTP) sites and placed funds amounting to Rs.436.181 million for different non-nutritional items, such as salaries, purchases/ hiring of vehicles e.t.c.

During audit of Peoples Primary Healthcare Initiative (PPHI) Sindh for the years 2014-15 to 2016-17, it was observed that management of PPHI while providing the nutritional support at above mentioned eight districts incurred an expenditure amounting to Rs.436.181 million on non-nutritional items during March 2016 to June 2018. The detail is given as under:

Sr. No.	Description	Amount (Rs.)
1	Salaries	269,685,000
2	Rent for vehicles	36,000,000
3	Transportation	24,300,000
4	Other expenditures	40,768,800
5	Organizational cost	65,427,930
	Total	**436,181,730**

Audit observed that the management of PPHI incurred heavy expenditures on account of above mentioned head of accounts irregularly as the nutritional support provided at BHUs are managed by the PPHI and all expenditure is incurred from the PPHI budget. Hence in the presence of PPHI staff and other logistic support already available with PPHI, above expenditure of Rs.436.181 million incurred on non-nutritional items are unjustified.

Audit is of the view that management should have expended this heavy amount of on nutrition, which could have helped to save the lives of thousands children who die every year due to malnutrition/ food shortage especially in Thar Region.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends to investigate the matter with a view to fix responsibility on the person(s) at fault.

2.1.3.2 Poor performance at various Basic Health Units - Rs.180.96 million

Rule 10 (i) of GFR provides that every public officer is expected to exercise the same vigilance in respect expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Peoples Primary Healthcare Initiative (PPHI) Sindh for the years 2014-15 to 2016-17, it was observed that management upgraded the status of thirty three Basic Health Unit as BHU Plus and appointed additional doctors and staff with an objective to provide facility of NVD (Normal Vaginal Delivery) along with other medical facilities and incurred Rs.180.96 million on account of pay and allowances. However the performance of upgraded BHUs remained very poor as number of NVDs performed remained very low and in the case of Hyderabad not a single NVD was performed. Thus the payment of Rs.180.96 million on account of pay and allowances are held irregular and unjustified.

Audit is of the view that management failed to achieve the objectives for which the BHUs were upgraded. This shows poor planning and poor management of resources.

The matter was reported to the management in May 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends to investigate the matter with a view to fixing of responsibility on the persons at fault.

2.1.3.3 Irregular procurement of solar panels - Rs.85.435 million

Rule-10 of the SPPRA-2004 states that the procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement public through hoisting on the Authority's website as well as on procuring agency's website, if the procuring agency has such a website; Provided where the procuring agency is convinced that disclosure of any information related to the award of a contract shall be against the public interest or may jeopardize national security, it can withhold only such information from public disclosure, subject to the prior approval of the Government.

During audit of Peoples Primary Healthcare Initiative (PPHI) Sindh for the years 2014-15 to 2016-17, it was observed that in November 2016, the management published a tender notice for solar panels in newspaper on August 18, 2016 with miscellaneous items as under:

Sr. No.	Description
1	Computers/ Laptops
2	Petty articles
3	Medical equipment & Training models
4	Solar power system with installation

The following irregularities were observed in the tender Notice due to which scope of participation was limited and only two bidders participated:

i. Management purchased 5,690 solar panels at the cost of USD 813,670 from M/s Ercon Energy.The exact quantity of solar panels to be purchased was not mentioned due to this only two bidders participated.
ii. Origin of manufacturer was specified i.e "Made in Europe" which further narrowed down the scope of participation and the bidders from other regions were excluded.
iii. Following specification mentioned in the tender further limited the participation, such as
    a. Certification TUC,CE,ISO 9001-2008, ISO 14001
    b. 20 years experience
    c. 25 years warranty
iv. Tender was not placed on the authority' website, in contravention to the PPRA rules.
v. Supplier was granted mobilization advance of Rs.8.00 million without any rule provision as mobilization advance is granted for construction work.

Audit is of the view that management deliberately narrowed down the scope of participation of the bidders by putting specific conditions which excluded other bidders from competition. If the exact quantity of solar panels i.e. 6,000 had been mentioned in the advertisement; there might have been more competition. Thus, the procurement of solar panels amounting to US$ 813,670 equivalent to Rs.85.435 million from M/s Ercon Energy is irregular and in violation of SPPRA. Due to this management deprived the organization from the benefit of competitive biddings.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault.

2.1.3.4 Irregular award of Construction work in violation of rules - Rs.59. 618 million

Rule-12 (2) of SPPRA-2004 states that all procurement opportunities over two million rupees should be advertised on the Authorities 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.

During audit of PPHI, Sindh for the years 2014-15 to 2016-17, it was observed that management in August 2017 awarded construction of PPHI-Complex (medicine warehouse, regional office/district office) to M/s Innovation Construction

International for Rs.59.618 million without uploading the advertisement on SPPRA & PPHI websites because the management mentioned in the advertisement, published in newspaper June 21, 2017, that PPRA or SPPRA rules do not apply on PPHI as the PPHI is a Company incorporated under section 42 of the Companies ordinance.

Audit is of the view that management published advertisement in contravention of the SPPRA rules which requires that purchase opportunities should be place on the SPPRA website and PPHI website. Thus, the award of construction contract to M/s Innovative Construction amounting to Rs.59.618 million is held irregular and unjustified.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fix responsibility on the person(s) at fault.

2.1.3.5 Irregular procurement of property – Rs.50.00 million

Clause-4 of Section-A of the agreement dated October 01, 2013 between Government of Sindh and Peoples Primary Healthcare Initiative (PPHI) Sindh states that if at any stage the Government of Sindh, feels that object of this agreement is not being adequately achieved or that the PPHI-Sindh is acting in contravention of this agreement, it may terminate this agreement permanently; provided that this course shall not be taken without allowing PPHI-Sindh to show cause within a reasonable period, of not less than three months; provided further that a reasonable period, for preparatory purpose, shall be allowed before taking over of the staff and possession of buildings, equipment, furniture etc upon premature termination of this agreement.

During audit of PPHI-Sindh for the years 2014-15 to 2016-17, it was observed that the management purchased bungalow No. C-27/1, measuring 520 square yard at Clifton Block-2, Karachi for housing its head office for Rs.50.00 million in March, 2014. The following irregularities were observed:

a. Initially, the management published advertisement on February 02, 2014 for purchase of commercial plot in DHA/Clifton Karachi. Later on the management re-advertised on February 05, 2014 for purchase of bungalow measuring 500 sq. yards or a plot of 200 sq. yards. Finally, the management purchased a bungalow at the cost of Rs.50 million in the residential area for the establishing its head office. The setting up of office in residential area is not allowed under the prevailing by-laws. Therefore, purchase of property in residential area for commercial use by the management is irregular.

b. The management got registered the bungalow in the name of PPHI although PPHI is a development project and the property was purchased from funds of the Government of Sindh. Therefore, it should have been registered in the name of Sindh Government so that under the clause referred above, there would be no legal complication for the transferring of assets of PPHI in the name of Government of Sindh on termination of the contract.

Audit is of the view that the purchase of Bungalow in the residential area for commercial activity and its registration in name of PPHI was in contravention of the rules which shows poor planning as resident/ neighbors may raise objection for commercial activity.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends investigating the matter with a view to fixing responsibility on the persons at fault besides, taking immediate corrective action.

2.1.3.6 Irregular procurement of solar panels - Rs.39.623 million

Rule-12 (2) of the PPRA-2004 states that all procurement opportunities over two million rupees should be advertised on the Authorities 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.

During audit of PPHI Sindh for the years 2014-15 to 2016-17, it was observed that in November 2016, management purchased 2,642 solar panels for US$ 377,370 from M/s Ercon Energy without calling open tender. This resulted into irregular procurement of solar panels amounting to US$ 377,370 equivalent to Rs.39,623,850.

Audit is of the view that organization was deprived from the benefits of competitive bidding.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault.

2.1.3.7 Irregular appointment of Senior Technical Advisor without sanctioned post - Rs.12.600 million

As per advertisement published in Daily Kawish in June 2016 management advertised the post for recruitment of Director Training.

During audit of PPHI Sindh for the years 2014-15 to 2016-17, it was observed that in response to the above advertisement, 99 candidates applied. Out of which 04 candidates were short listed, and finally Dr. Zaib-u-Nisa was appointed as Senior Technical Advisor at the monthly salary of Rs.600,000. The following irregularities were observed:

i. Advertisement was published for the post of Director Training where as Dr. Zaib-u-Nisa was appointed as Senior Technical Advisor against the non-existing post.
ii. Salary was fixed at higher rates without any justification.

Audit is of the view that undue favour was extended to the incumbent as the appointment was made against the non-existing post and fixing of salary at high rates without any justification. Thus, the payment of Rs.12.6 million (Rs.600,000 x 21 months from July, 2016 to March, 2018) was held irregular.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the person(s) at fault.

2.1.3.8 Irregular appointment of Medical Officer - Rs.6.900 million

As per HR policy of the PPHI, all recruitments are to be made through advertisement of the post in daily news papers having wide circulation.

During audit of Peoples Primary Healthcare Initiative (PPHI) Sindh for the years 2014-15 to 2016-17, it was observed that in June 2012, management appointed Dr. Abdul Sattar Chandio as Public Health Specialist. The following irregularities were noticed.

i. His appointment was made without advertisement and he was allowed Rs.70,000 allowance per month in addition to the salary he was drawing form Government of Sindh.
ii. His appointment was made without qualification of Masters in Public Health as he was working as Medical Officer at Basic Health Unit, Makhan Samo, District Mirpur Khas.
iii. In year 2014 he was given charge of Regional Director Hyderabad and allowed to draw an allowance of Rs.238,000 per month in addition to the salary he was drawing from the Government of Sindh despite the fact that he was not on deputation in PPHI.

Hence, the appointment of above officer in PPHI is held irregular and unjustified and the payment of allowance of Rs.6.90 million (from July, 2012 to March, 2018) is held irregular.

Audit is of the view that undue favor was extended to the incumbent, which indicates weak internal controls.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the person(s) at fault besides recovery of the amount.

2.1.3.9 Irregular appointment of Stenographer as District Manager - Rs.4.800 million

The Supreme Court of Pakistan ordered to withdraw the illegal absorption of all the employees in Sindh Government, vide order dated 12-06-2013 and 05-01-2015.

During audit of PPHI, Sindh for the years 2014-15 to 2016-17, it was observed that in March 2014 management appointed Mr. Lutuf Ali Memon, on deputation basis as District Manager in violation of Supreme Court of Pakistan order. The following irregularities were observed.

i. Prior to appointment in PPHI he was working as Stenographer in BPS-12 in S&GAD government of Sindh and he was also illegally absorbed in the Directorate of Excise and Taxation government of Sindh.
ii. On the above mentioned orders of the Supreme Court of Pakistan, he was transferred on deputation to PPHI as District Manager instead of repartition to his parent department.
iii. In May, 2016 in compliance of the SCP judgment he was repatriated to his parent office from PPHI and in June, 2016 CEO PPHI again requested for his services and he was re-appointed as Assistant District Manager on September 05, 2016 and he was given the charge of District Manager within few days from September 22, 2016.

This resulted in irregular appointment of Stenographer of BPS-12 as District Manager in violation of the order passed by the Honorable Supreme Court of Pakistan as well as the PPHI rules and payment of Rs.4.800 million on account of salary is held irregular.

Audit is of the view that undue favour was extended to the incumbent as the appointment was made against the rules and in violation of the order passed by the Honorable Supreme Court of Pakistan

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault and his services should be repatriated to his parent office immediately under intimation to audit.

2.1.3.10 Irregular appointment of CIA in violation of rules - Rs.4.32 million

As per HR policy of the PPHI, all recruitments are to be made through advertisement of the post in daily news papers having wide circulation. Further, Rule-22 (2) of the code of Corporate Governance, 2013 states that no person shall be appointed to the position of the Chief Internal Auditor unless he is considered and approved as "fit and proper" for the position by the Audit Committee. No person shall be appointed as the Chief Internal Auditor of a Public Sector Company unless he has five years of relevant audit experience and is a,

a. Member of a recognized body of professional accountants; or
b. Certified internal auditor; or
c. Certified fraud examiner; or
d. Person holding a master degree in finance from a university recognized by the higher education commission.

During audit of PPHI Sindh for the years 2014-15 to 2016-17, it was observed that the management on July 01, 2014 appointed Mr. Hans Hussain Soomro, Chief Financial Officer and Company Secretary at fixed salary of Rs.100,000 per month. The following irregularities were noticed.

i. He was appointed without advertising the post and without having required qualification as mentioned above
ii. On May 21, 2015, he was served show cause notice for poor performance and in June 2015 he resigned.

iii. In July 2016, he requested to PPHI for reappointment, which was considered and he was appointed as Chief Internal Auditor the salary of Rs.120,000 per month without advertisement of the post.
iv. He was not a qualified Chartered Accountant and not a member of a recognized body of professional accountants nor was Master degree holder as required by the Code of Corporate Governance.

Thus, the payment of pay and allowances of Rs.4.32 million held irregular. The detail is as under:

Period	Monthly salary	No. of months	Total amount (Rs.)
January 2014 to June 2015	100,000	18	1,800,000
July 2016 to March 2018	120,000	21	2,520,000
Total			**4,320,000**

Audit is of the view that undue favour was extended to the incumbent as the appointment was made against the rules.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault.

2.1.3.11 Irregular appointment of CFO in violation of rules - Rs.3.150 million

Rule-14 (2) of the code of Corporate Governance-2013 states that no person shall be appointed as CFO unless he fulfills the following requirements:

(a) a member of a recognized body of professional accountants with at least five years relevant experience, in case of Public Sector Companies having total assets of five billion rupees or more; or
(b) a person holding a master degree in finance from a university recognized by the Higher Education Commission with at least ten years relevant experience, in case of other Public Sector Companies.

During audit of PPHI Sindh for the years 2014-15 to 2016-17, it was observed that management in July 2016 appointed Mr. Muhammad Aqib Qureshi, as Chief Financial Officer at monthly salary of Rs.150,000 without having minimum experience of five years as professional accountant. This resulted into irregular appointment of CFO and payment of salary of Rs.3.150 million is also held irregular and unjustified.

Audit is of the view that undue favour was extended to the incumbent as the appointment was made against the rules.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the person(s) at fault.

2.1.3.12 Irregular insurance of vehicles from M/s Jublee insurance - Rs.289. 040 million

Section-10 of the National Insurance Corporation Act-1976 states that public property to be insured with the Corporation only (1) all insurance business relating to any public property or to any risk or liability pertaining to any public property, shall be placed with the Corporation and with no other insurer.

During audit of PPHI Sindh for the years 2014-15 to 2016-17, it was observed that management insured vehicles valuing Rs.289.040 million from M/s Jublee General Insurance Company Ltd, instead of the National Insurance Company in violation of above mentioned Act.

Audit is of the view that undue favor was extended to the private insurance company which indicates weak internal controls and blatant violation of the government policy.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault.

2.1.3.13 Irregular allocation of 66 luxurious vehicles to the officers without entitlement

Rule 10 (i) of GFR provides that every public officer is expected to exercise the same vigilance in respect expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Peoples Primary Healthcare Initiative (PPHI) Sindh for the years 2014-15 to 2016-17, it was observed that management allocated more than 66 vehicles to the officers without entitlement and in violation of vehicle policy. Further, the officers of grade 17/18 of Sindh Government, who are posted on deputation, were also allowed luxury vehicles of 1,300cc.

Audit is of the view that undue favour was extended to the officers due to allocation of vehicles without entitlement. This indicates weak internal controls.

The matter was reported to the management in May, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on the persons at fault.

Chapter-3
Industries and Commerce Department

3.1 Sindh Government Press, Karachi and Khairpur

3.1.1 Introduction

As a result of disintegration of One Unit, the West Pakistan, Government Press, Karachi was renamed as Sindh Government Press, (SGP) Karachi w.e.f. July 01, 1970 under Controller, Printing and Stationery Department, Government of Sindh. Main functions of the Press are as under:

- Printing of all kinds of jobs for all departments/offices of the Government of Sindh.
- Supply of all types of stationery articles to all departments/offices of the Government of Sindh.

3.1.2 Comments on the Audited Accounts

3.1.2.1 The Organization did not submit the Audited Accounts (Annex-2).

3.1.3 Compliance of PAC Directives

3.1.3.1 The PAC has yet to discuss Audit Paras pertaining to SGP from the year 2004-05.

3.1.4 Audit Paras

3.1.4.1 Loss of revenue due to issuance of NOCs - Rs.5.844 million

Clause-7.1,7.2 and 7.3 of Printing & stationary Manual (chapter vii) provide that no officer or department should get any amount of or binding work , etc., done from private press except to the extent permitted by a general or special sanction by government.

During audit of Sindh Government Printing Press (SGPP), Karachi for the year 2017-18, it was observed that management issued NOC to DG. HQ Pakistan Rangers and Provincial Ombudsman (Mohtasib) Sindh during 2017-18 for carrying out printing work valuing Rs.5.844 million from outside on the plea that shortage of printing material and stationery items were not available in the press despite the fact that corporation had these items.

Audit is of the view that management failed to utilize its facilities to the maximum level and NOCs were issued without justification.

The matter was reported to the management in July, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends that investigate the matter with a view to fixing of responsibility on person(s) at fault.

3.1.4.2 Irregular payment of ceased allowances - Rs.3.279 million

As per Government Notifications No.FD9SR-I)I(32)2011-2015 dated 24th July 2015, FD(SR-I)I(32)2011-2015 dated 22nd July 2016 and F.No.1(3)Imp/2017-500 dated 3rd July 2017, adhoc allowances 15% of Basic Pay 2011, 20% of Basic Pay 2012, 10% of Basic pay 2013, 10% of Basic Pay 2014 and 50% of Basic Pay 2010 were ceased respectively.

During audit of Sindh Government Printing Press (SGPP) Karachi for the year 2017-18, it was observed that management paid an amount of Rs.3.279 million to its employees on account of ceased adhoc allowances for the period 2010 to 2014. It is pertinent to mention that these allowances were discontinued in revised Pay Scale of 2015, 2016 and 2017. Despite that merger of these allowances the payment is held irregular. The detail is as under:

Sr. No.	Ad hoc Allowance	Total amount (Rs.)
1	50% of Basic Pay 2010	76,991
2	15% of Basic Pay 2011	5,617
3	20% of Basic Pay 2012	17,024
4	10% of Basic Pay 2013	3,171,144
5	10% of Basic Pay 2014	8,862
Total		**3,279,638**

Audit is of the view that undue favour was extended to the employees at the cost of Government Funds which indicates weak internal controls.

The matter was reported to the management in July, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility along-with recovery upon person(s) at fault.

3.1.4.3 Un-authorized retention of bid Security - Rs.2.925 million

According to Rule 37 of SPPRA 2010, the procuring agency shall require the bidders to furnish a bid security not below one percent and not exceeding five percent of the bid price, which shall remain valid for a period of 28 days beyond the validity period for bids, in order to provide the procuring agency reasonable time to act, if the security is to be called. Bid security shall be released to the unsuccessful bidders once the contract has been signed with the successful bidder or the validity period has expired.

During audit of Sindh Government Press (SGP) Karachi for the year 2016-17, it was observed that the Press invited bids amounting to Rs.117 million on account of Procurement of Stationery and Store items including printing services and the bidders submitted Bid Security amounting to Rs.2.925 million @ 2.5%. However, the management did not release the same to the suppliers till the closing of the financial year.

Audit is of the view that the management withheld the security deposits of the suppliers in violation of Sindh Public Procurement Rules.

The matter was reported to the management in July, 2017 and November, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to proved acknowledgement of Bid Security of the supplier concerned for verification. However, no progress was made till finalization of this report.

Audit recommends fixing responsibility on the person (s) at fault.

3.1.4.4 Excess amount not surrendered well in time - Rs.3.194 million

The excess amount must be surrendered to Govt. Treasury before the date of 15 June of every closing year. As per article 44 (3) of audit code, it is the duty of the Auditor General to see that the incurring of expenditure from the revenues of the central government and of the provinces is governed by the essential condition that there should exist sanction special or general accorded by the competent authority, authorizing expenditure.

During audit of Sindh Government Printing Press (SGPP), Khairpur for the year 2017-18, it was observed that budget amounting to Rs.51.266 million was released to the Sindh Government Press, Khairpur for the year 2017-18 where Rs.48.072 million were utilized remaining amount of Rs.3.193 million was not surrendered on June 30, 2018. Resultantly the unutilized amount lapsed.

Audit is of the view that non-surrendering the amount of Rs.3.194 million to the government till June 15, 2016 was negligence of the management.

The matter was reported to the management in July, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

3.2 Sindh Small Industries Corporation

3.2.1 Introduction

Sindh Small Industries Corporation (SSIC), Karachi was established under Small Industries and Handicrafts Development Corporation Act, 1972. Its main functions are as under:

1. The Corporation shall take such measures as it thinks fit to provide assistance in the establishment and development of cottage, small and other industries.
2. The Corporation shall also be responsible for:

    i. preparing and submitting schemes to Government for the development of handicrafts, cottage, small and other industries, such schemes may include schemes for research and mechanization in respect of cottage and small industries; and

    ii. Sponsoring the industries to be set up in the private sector in Sindh.

3.2.2 Comments on the Audited Accounts

3.2.2.1 The Organization did not submit the Audited Accounts (Annex-2).

3.2.3 Compliance of PAC Directives

The PAC has yet to discuss Audit Paras pertaining to SSIC from the year 2004-05.

3.2.4 Audit Paras

3.2.4.1 Loss due to missing of handicrafts articles - Rs.2.201 million

Pakistan Handicrafts Shop was established in 1963, in rented premises of Pakistan Industrial Development Corporation (PIDC) House Karachi on monthly rent of Rs.4.38 per sq.ft (i.e.12, 247 per month). The Honorable Sindh High Court passed an order on 17.02.2010 and directed the SSIC to vacate the Pakistan Handicrafts Shop premises within 60 days and handover peaceful possession to land lord (PIDC).

During audit of Sindh Small Industries Corporation (SSIC) for the year 2016-17, it was observed that Honorable Sindh High Court directed the management to vacate the Pakistan Handicrafts Shop premises within 60 days and handover peaceful possession to land lord (PIDC). Consequently, the management of PIDC sealed the shop and shifted shop’s handicraft articles worth Rs.2.201 million to its store on July 29, 2015. However, no effort was made to get back handicrafts articles till close of audit.

Audit is of the view that due to inefficiency, management failed to protect its assets and same were exposed to risk of damage/loss.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to recover the inventory of Pakistan Handicraft Shop at PIDC Building Karachi and furnish certificate to the audit. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.2 Non-recovery of dues from the allottees - Rs.250.221 million

Section 23 (4) (d) of Sindh Small Industries and Handicraft Development Corporation Act, 1972 states that all sums due to the Corporation from a borrower or any other person shall be recoverable as arrears of land revenue.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2016-17, it was observed that an amount of Rs.250.221 million was outstanding against the 1,590 allottees of small industrial estates and industrial parks in four regions on account of mark up, license fees, non utilization fee and penalty as on June 30, 2017.

Audit is of the view that outstanding amount accumulated due to weak internal controls for recovery and this shows poor financial management.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to make serious efforts for recovery of outstanding dues through SSIC Laws and Land Revenue Act. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.3 Non-recovery of loan from the defaulters of Self Employment Scheme - Rs.56.268 million

Section 23 (4) of Sindh Small Industries and Handicraft Development Corporation Act, 1972 provides that the Corporation shall have the option to recover the amount due from a borrower either from him or from his surety and a certificate issue under sub-section (1) shall also be executable against the surety as if he himself were the borrower;

During audit of Sindh Small Industries Corporation (SSIC) for the year 2016-17, it was observed that in 1992 management launched “Self Employment Scheme” for purchase of Local Manufactured Machinery (LMM). Under this scheme loans of

Rs.95.856 million were disbursed to 162 units from October, 1992 and scheme was discontinued in the year 1997. However, 54 parties defaulted in payment and an amount Rs.56.268 million was still outstanding as on June 30, 2017.

Audit is of the view that had the timely action been taken towards recovery of the loans, the amount so blocked could have been realized in time. If the guarantee/surety obtained at the time of disbursing the loan been invoked, the default situation as well as litigation could have been avoided.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to expedite recovery of loans from the defaulters under SSIC Laws and Land Revenue Act. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.4 Non-recovery of dues from allottees - Rs.20.871 million

Rule-38 of G.F.R. provides that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2017-18, it was observed that an amount of Rs.20.871 million was lying outstanding against the 342 allottees of small industrial estates and industrial parks in two regions on account of mark up, license fees, non utilization fee and penalty of the plots during the year 2017-18. The details are as under;

Sr. No.	Name of Region	No. of Allottees	Outstanding Amount (Rs.)
1	Sukkur Region	115	15,233,285
2	Larkana Region	227	5,638,021
	Total	**342**	**20,871,306**

Audit is of the view that the management failed to recover the outstanding amount from allottees which indicates weak financial controls.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to make serious efforts for the speedy recovery of outstanding loans from the allottees of Sindh Industrial Estates and Industrial Parks at the earliest through SSIC Laws and Land Revenue Act. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.5 Non-recovery of loan from the defaulters - Rs.6.993 million

Section 23 (4) of Sindh Small Industries and Handicraft Development Corporation Act, 1972 provides that the Corporation shall have the option to recover the amount due from a borrower either from him or from his surety and a certificate issue under sub-section (1) shall also be executable against the surety as if he himself were the borrower;

During audit of Sindh Small Industries Corporation (SSIC) for the year 2016-17, it was found that in 1988-89 management launched Supervisory Credit Scheme .The scheme remained operational for a period of 5 years and was discontinued in the year 1993. However, 11 parties became defaulters and an amount of Rs.6.993 million remained unrecovered as on June 30, 2017.

Audit is of the view that had the timely action been taken towards recovery of the loan, amount so blocked could have been realized in time. If the guarantee/surety obtained at the time of disbursing the loan been invoked, the default situation as well as litigation could have been avoided.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to conduct inquiry for the grant of loans without adequate collateral guarantees with a view to fixing of responsibility on the officers concerned and furnish the report to the Department and Audit at the earliest. DAC further directed to take measures for recovery under Laws and Land Revenue Act. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.6 Non-recovery of loan from the defaulters of Self Employment Scheme - Rs.6.019 million

Section 23 (4) of Sindh Small Industries and Handicraft Development Corporation Act, 1972 states that notwithstanding anything in any agreement or in any law to the contrary. Further, The Corporation shall have the option to recover the amount due from a borrower either from him or from his surety and a certificate issue under sub-section (1) shall also be executable against the surety as if he himself were the borrower.

During audit of Sindh Small Industries Corporation (SSIC), it was observed that the Corporation launched “Self Employment Scheme” in the month of October, 1992 for purchase of Local Manufactured Machinery (LMM) and Loans of Rs.95.856 million were disbursed to 162 units from October, 1992 to 1997. However, in 1997 an amount of Rs.6.019 million was lying outstanding against 42 parties of Hyderabad Region

Audit is of the view that the management failed to recover the outstanding amount from allottees which indicates weak financial controls.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to expedite recovery of loans from the defaulters under SSIC Laws and Land Revenue Act. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

3.2.4.7 Non-deposit of Corporation Provident Fund into trust account - Rs.35.435 million

According to Section-227 of Companies Ordinance 1984, all moneys or securities deposited with a company by its employees in pursuance of their contracts of service with the company shall be kept or deposited by the company within fifteen days from the date of deposit in a special account to be opened by the company for the purpose in a scheduled bank or in the National Saving Schemes, and no portion thereof shall be utilized by the company except for the breach of the contract of service on the part of the employee as provided in the contract and after notice to the employee concerned.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2017-18, it was observed that the management deducted Corporation Provident Fund (CPF) every month from the salaries of employees @10% of pay. However, the same was not deposited into trust account since last five years. This resulted into no-deposit of CPF amount Rs.35.435 million into trust account.

Audit is of the view that the non-deposition of CFP into trust account shows the sheer negligence of management regarding the financial affairs of the corporation.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. The DAC directed the management to stop the practice of non-deposit forthwith and decided to place the para before PAC.

Audit recommends implementation of DAC directive.

3.2.4.8 Non-payment of Group Insurance of employees - Rs.2.512 million

The Group Insurance deducted from employees should be paid to State Life Insurance Corporation along with the amount of premium as prescribed by the SLIC.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2017-18, it was observed that an amount of Rs.2.512 million was deducted from salaries of employees during last eight years on account of group insurance. However, the same was not deposited into the account of State Life Insurance Corporation (SLIC).

Resultantly, many death claims of the employees involving millions of rupees were lying outstanding.

Audit is of the view that non deposit of group insurance along with premium amount with SLIC is not only the financial mismanagement and violation of rules and regulations but also the injustice with employees especially whose death claims are lying for disposal since long.

The matter was reported to the management in July, 2018. DAC meeting was held on December 17, 2018. DAC directed the management to contact with State Life Insurance Corporation for re-activation of account and deposit the already deducted group insurance premium with SLIC and furnish report to the Department and audit. However, no progress was made till finalization of this report.

Audit recommends implementation of DAC directive.

Chapter-4
Labour and Manpower Department

4.1 Sindh Employees' Social Security Institution

4.1.1 Introduction

Social Security Scheme was launched on March 01, 1967 under West Pakistan Employees' Social Security Ordinance No. X of 1965, with the assistance of the International Labour Organization. The Sindh Employees' Social Security Institution (SESSI), however, came into being on July 01, 1970.

SESSI is an autonomous body and is guided by such instructions on questions of policy as may be given to it from time to time by the Government. The main functions of SESSI is to provide medical care and cash benefits to secured workers and their dependents in the event of sickness, maternity, employment injury, death grant, iddat, disablement gratuity, disablement pension, survivors' pension and ex-gratia grant.

4.1.2 Comments on the Audited Accounts

4.1.2.1 The Organization did not submit the Audited Accounts (Annex-2).

4.1.3 Compliance of PAC Directives

No PAC directive was outstanding since this was the first audit of the entity.

4.1.4 Audit Paras

4.1.4.1 Bogus payment on account of repair/construction work - Rs.50.008 million

According to Rule-23 of General Financial Rules, "Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that management passed bills pertaining to construction and repair work of the institution amounting to Rs.50 million. The bills were prepared on simple papers without having proper measurement of work done, reference number and date. This resulted into bogus payment of Rs.50 million.

Audit is of the view that payment on bill without reference number, date and actual measurement on simple papers is doubtful and irregular.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.2 Short collection of contribution - Rs.767.110 million

According to Sindh Employees Social Security ordinance replaced with Act, 2016 Chapter-III Contributions Section No.20 amount and payment of contributions. (1) Subject to the other provisions of this Chapter, the employer shall, in respect of every employee, whether employed by him directly or through any other person pay to the Institution a contribution at such times, at the rate of six per cent and subject to such conditions as may be prescribed: Provided that no contribution shall be payable on so much of an employee's wages as determined by Government under section 75 per month.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that contribution target Rs.5,097.790 million was fixed by the Governing Body. However, institution collected Rs.4,330.680 million. This resulted into short collection of contribution Rs.767.110 million.

Audit is of the view that short collection shows poor performance of the management and institute was deprived of huge amount of contribution.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.3 Irregular award of tender to the contractor having invalid PEC License - Rs.34.478 million

According to the advertisement published in Daily Dawn April 07-2017 Bids were called from reputable/established Engineering contracting firms having experience for construction, repair & maintenance/rehabilitation of hospitals dispensaries and registered with sales tax and income authorities, Pakistan Engineering Council (PEC) valid registration in C-6 or above category as per SPPRA rules.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that in June 2017, management awarded contract to the M/s Ghouri Enterprises and others worth Rs.34.478 million. However, the contractors did not have Pakistan Engineering Council (PEC) License. Thus, the award of work on fake / invalid license was held irregular (**Annex-7**).

Audit is of the view that undue favour was extended to the contractor which indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.4 Irregular appointments on non-existing posts - Rs.15.549 million

According to Para (1) of Section-18 of SESSI Act, 2016 there shall be a Commissioner and a Vice-Commissioner of the Institution both to be appointed out by Government. The Commissioner shall be the Chief Executive of the Institution and shall act as Secretary to the Governing Body; be responsible to the Governing Body in respect of all matters relating to the structure, administration and personnel of the Institution.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that management appointed a Media Consultant in BPS-18 and three Coordination Officers' equivalent to BPS-17 against the non-existing / non-sanctioned posts and without the approval of the Government. The detail is as under:

Sr. No.	Name & Designation	Period	Honorarium/pay P/Month	Total (Rs.)
1	Mrs. Sadia Imran (Media Consultant) BPS-18	117 months	35,897	4.200
2	Mr. Mubashir A Khan (Coordinator officer)	36 months	84,571	3.044
3	Ms. Farah Deeba (Coordinator officer)	132 months	54739	7.225
4	Mr. Muhammad Khan Abro(Coordinator officer)	06 months	90,000	1.080
Total				**15.549**

Audit is of the view that undue favour was extended to the officers as they were appointment in violation of procedure and against the non-existence posts. This indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.5 Irregular appointment of Sub Engineer without required qualification - Rs.2.647 million

As per Section (5)(iii) of Sindh Employees Social Security Institution Services Regulation Initial recruitment to the posts specified in appendix A shall be made on merit according to quota.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that Mr. Amjad Ansari, who holds Certificate in Commerce, was appointed as Sub Engineer. As the required qualification of the post is minimum 03year diploma in Engineering. Thus, the appointment of a non-qualified person was held irregular and payment of Rs.2.647 million on account of pay and allowances was also irregular.

Audit is of the view that undue favour was extended to the officer as he did not possess the required qualification. This indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.6 Less deduction of Income Tax from Salaries Account - Rs.1.024 million

As per Finance Act passed by Government of Pakistan, slabs and income tax rates shall be applicable for salaried persons and salaried class to deduct from their salary account.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that management deducted less income tax amounting to Rs.1.024 million from the salaries of the employees (**Annex-8)**.

Audit is of the view that undue favour was extended to the employees as due income tax was not deducted this indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends recover the less deducted amount.

4.1.4.7 Irregular appointment of Deputy Director and reinstatement after termination

According to ESSI Service Regulation, the post of Directors in BPS-17 is filled by 25% of initial appointment and 75% by promotion qualification required for the post is MA/M.Sc. 2nd class, minimum experience is required 10 years in administration.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that Mr. Mansoor Mothar Siddiqui was appointed without appropriate procedure and through proper channel as Deputy Director (Public Relation) on adhoc basis in BPS-17, who was already serving in K.D.A as Lower Division Clerk (LDC). In July 1999 his adhoc service was terminated due to his employment with KDA. However, in October 2002, he was reinstated on the same position without any justification which was held irregular.

Audit is of the view that undue favour was extended to the incumbent as initially he was appointed without procedure and later on reinstated after termination.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.8 Irregular appointment of Social Security Officer

According to Sindh Employees Social Security Institution (SESSI) Service Regulation, 2006 method of Recruitment by initial appointment of Social Security Officer (SSO) qualification/experience required for the post is M.A. 2nd class in Social Sciences having three (03) year experience. Further, in accordance with the SESSI Service Regulations, 1976 the minimum required qualification for initial recruitment for the post of SSO is M.A. (preferably in social work or sociology), The Regulations further require “preferably three years’ experience”.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed Syed Anwar Ali Shah was appointed as a Personal Assistant (PA) to the Minster for Labor Sindh by S&GAD. Subsequently on his application dated 01-09-2004, he was appointed as social security officer on the adhoc basis in addition to his own duties without any provision and termination of his previous service. Thus his appointment in SESSI is held irregular.

Audit is of the view that undue favour was extended to the incumbent as he was appointment without any procedure this indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.9 Irregular appointment of Social Security Officer at the age of 47 years

According to Sindh Employees Social Security Institution (SESSI) Service Regulation, 2006 method of Recruitment by initial appointment of Social Security

Officer (SSO) qualification/experience required for the post is M.A. 2nd class in Social Sciences having three (03) year experience. Further, in accordance with the SESSI Service Regulations, 1976 the minimum required qualification for initial recruitment for the post of SSO is M.A. (preferably in social work or sociology), The Regulations further require “preferably three years’ experience”. Moreover, an advertisement published in daily Dawn 9th Septomber2003, required age for the post was between 20-30 years.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that in March 2004, management appointed Mr. Muhammad Islamuddin as a Social Security Officer on temporary basis in BPS-16 at the age of 47 years (Date of Birth 27-12-1957). This resulted into irregular appointment in contravention of age limit as mentioned in advertisement which was between 20-30 years.

Audit is of the view that undue favour was extended to the incumbent as he was appointment in violation of required age, this indicates weak internal controls.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault.

4.1.4.10 Un-authorized allotment of vehicles to the other departments - Rs.15.00 million

As per Rule- 11 of General Financial Rules, volume-I, each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During audit of Sindh Employees Social Security Institution (SESSI) Karachi for the year 2016-17, it was observed that management allotted fourteen vehicles to un-authorized persons along with 200 liters’ fuel. Thus the institute suffered loss of Rs.15.00 million per annum (**Annex-9)**.

Audit is of the view that undue favour was extended to un-authorized persons at the institute cost. This indicates sheer mismanagement of resources.

The matter was reported to the management in December, 2017 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing of responsibility on the person(s) at fault, along with recovery of vehicles and cost of fuel.

Chapter-5
Special Initiative Department

5.1 Sindh Land Management & Development Company

5.1.1 Introduction

Sindh Land Management & Development Company (SLMDC) has been incorporated on June 24, 2010 as a public limited Company by shares under the Companies Ordinance, 1984. The Company is mainly engaged in the business of land management and development in line with the government policy in the province and for making available land for the purpose of designing cities, towns, townships, new residential, commercial, industrial, recreational, and other such projects.

5.1.2 Comments on the Audited Accounts

5.1.2.1 The Organization did not submit the Audited Accounts (Annex-2).

5.1.3 Compliance of PAC Directives

5.1.3.1 The PAC has yet to discuss Audit Paras pertaining to SLMDC from the year 2011-12.

5.1.4 Audit Paras

5.1.4.1 Wasteful expenditure on hiring of office bungalow - Rs.5.400 million

Rule-5 of the Public-Sector Companies (Corporate Governance) Rules, 2013 states that the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgment and independence in the best interests of the company. Further rule-10 (i) of GFR provides that every Public Officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Sindh Land Management & Development Company Limited (SLM&DCL) for the year 2016-17, it was observed that management hired a bungalow in January 2012, without having viable business. The Company is not performing any tangible activities since its inception. The management renewed the lease agreement with the owner for a further period of three years in May 2015, @ Rs.450,000 per month.

Audit is of the view that since the management is unable to commence its business since its inception i.e. 2011, and then it should not have reviewed the agreement for hiring of bungalow. This shows poor financial management and sheer waste of resources.

The matter was reported to the management in August, 2017 and in November, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing responsibility on the person (s) at fault.

5.1.4.2 Irregular expenditure on POL/repair and maintenance - Rs.3.102 million

Rule-13 of GFR, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization or systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officer and to guard against waste and loss of public money.

During audit of SLM&DCL for the year 2014-15 & 2015-16, it was observed that an amount of Rs.3.102 million was incurred on account of POL / repair & maintenance on their vehicles. These vehicles were allocated to officer and admin use. The management has no core operations since its inception, so it has less admin work to perform; therefore rationale of allocating three (03) vehicles for admin use and other for officers is not justifiable.

It is worth mentioning here that no any specific policy / rules exists in SLM& DCL Regarding allocation of vehicles to officer. As per 1st Meeting of the HR committee of the Board of Directors which was held on 6th January 2011,it was decided that transport / fuel limits will be allowed only to chief executive officer (CEO) and Head of Business development / general manager and field staff of SLMDCL. Therefore, luxuries vehicles allotted along with POL are held irregular and unjustified.

Audit is of the view that since inception of SLM&DCL the management having no operational income, incurrence of such expenditure on POL/ repair and maintenance on vehicles tantamount to wastage of public money. This also shows imprudent decision making of the management to allocate, such an expensive / luxuries vehicles to officers and admin use Such expenditure could have been avoided by the management by observing higher standards of finance propriety. Therefore, allocation of vehicles to officer and admin use an amount of Rs.3.102 million incurred is held irregular and un-justified.

The matter was reported to the management in October, 2016 and in November, 2018 but no reply was received. DAC meeting was not convened despite requests by audit.

Audit recommends fixing responsibility on the person (s) at fault.

ANNEXES

Annex-1

MFDAC Paras

The Directorate General of Commercial Audit and Evaluation, Karachi on behalf of the Auditor-General of Pakistan, conducted the audit of organizations of Government of Sindh which maintain their accounts on commercial pattern.

As a result of audit conducted during 2018-19, various types of financial irregularities and losses of public money, etc., were detected and reported to the Departments and organizations concerned. The important irregularities/ losses and malpractices pertaining to various organizations have been printed in this report, while irregularities/losses not considered worth reporting to the PAC as listed below were left for Departmental Accounts Committees. The same will be discussed with the respective Secretaries to the Departments by the Director General, Commercial Audit and Evaluation, Karachi.

Sr. No.	Subject	Rs. in million	Remarks
AGRICULTURE DEPARTMENT			
Sindh Seed Corporation			
1	Operating loss in production of crops in Rabi and Kharif seasons	185.868	Violation of rules
2	Irregular purchase of fertilizer	1.783	Violation of rules
3	Less deduction of income tax	1.585	Violation of rules
4	Irregular purchase of cotton seed for karif crop	1.550	Violation of rules
5	Non-preparation of annual accounts	-	Violation of rules
INDUSTRIES AND COMMERCE DEPARTMENT			
Sindh Government Press, Karachi and Khairpur			
6	Non-disposal of Machinery lying in the Press	1.250	Weak Internal Control
7	Non-auction of condemned vehicle of the printing press	1.066	Weak Internal Control
8	Non-Preparation of Audited Accounts of the Department	-	Violation of rules
9	Non-supply of printing material to various departments in time	-	Weak Internal Control
10	Non-maintenance of statutory record	-	Violation of rules

11	Non-revision of the Printing and Stationery Manual, 1960	-	Weak Internal Control
12	Non-disposal of obsolete/condemn Machinery	-	Weak Internal Control
Sindh Small Industries Corporation			
13	Illegal appointment and payment of retainer ship fee	0.830	Violation of rules
Labour and Manpower Department			
Sindh Employees' Social Security Institution			
14	Non-Submission of Audited Accounts of the Institution	-	Violation of rules

Annex-2

Non-submission of Audited Accounts

Annual audited accounts of Public Sector Enterprises for the year 2017-18 were required to be submitted to the Directorate General of Commercial Audit and Evaluation, Karachi by November 30, 2018. Despite requests, the organizations (listed below) failed to submit their annual audited accounts for the year(s) indicated against each by the prescribed date. While non-submission of audited accounts needs to be explained, efforts should be made for immediate finalization and submission thereof:

	Agriculture Department	
1	Sindh Agricultural Supplies Organization, Karachi	2002-03 to 2017-18 (under process of winding up since 2001-02)
2	Sindh Seed Corporation, Hyderabad	2011-12 to 2017-18 (under liquidation since 1998-99)
	Health Department	
3	Peoples Primary Healthcare Initiative	2016-17 & 2017-18
	Industries Department	
4	Sindh Government Press, Khairpur	Commercialized w.e.f. July 01, 1984 but accounts for the years 1984-85 to 2017-18 were either not compiled on commercial pattern or not submitted to Audit for certification.
5	Sindh Government Press, Karachi	Commercialized w.e.f. July 01, 1984 but accounts for the years 1984-85 to 2017-18 were either not compiled on commercial pattern or not submitted to Audit for certification.
6	Sindh Small Industries Corporation, Karachi	1987-88 to 2017-18
	Sindh Sugar Corporation, Hyderabad	1998-99 to 2017-18 (under liquidation since 1998-99)
	Labour and Manpower	
7	Sindh Employees' Social Security Institution	2015-16 & 2017-18
	Special Initiative Department	
8	Sindh Land Management & Development Company	2016-17 & 2017-18

Annex-3

Organizations under liquidation

The following organizations/units closed their operational activities since the year mentioned against each. The decision about their privatization/liquidation had already been taken but the implementation of the same was awaited.

Agriculture Department

1.	Sindh Agricultural Supplies Organization, Karachi	Under process of winding up since 2001-02

Industries Department

2.	Sindh Sugar Corporation, Hyderabad	Under liquidation since 1998-99

Annex-4
(See para No1.1.4.3)

Statement showing the detail of uncultivated land

Name of Farm	Total cultivable Area in Acre	Net Area cultivated	Cultivable area in Acres not utilized	Actual Yield per Acre	Yield not achieved (D*E)	Rate per Kg-maund	Loss (F*G=H) (Rs.).
A	B	C	D	E	F	G	H
Pai Farm	316.00	234.50	81.50	10.43	850.045	1300	(1,105,058.50)
Ruk Farm	60.77	18.50	42.27	8.00	338.16	1300	(439,608.00)
Ghotki Farm	105,700.00	493.50	563.50	16.17	9,111.795	1300	(11,845,333.50)
Sangi Farm	80.00	60.00	20.00	17.05	341.00	1300	(443,300.00)
Lakhi Farm	197.00	10	187.00	8.55	1,598.850	1300	(2,078,505.00)
Lodra Farm	1,100.00	448.50	651.50	8.86	5,772.29	1300	(7,503,977.00)
Kotdiji Farm	108.50	80.00	28.50	27.24	776.34	1300	(1,009,242.00)
Setharja Farm	905.00	694.50	210.50	27.38	5,763.49	1300	(7,492,537.00)
Total	**3,824.27**	**2,039.50**	**1,784.77**	**-**	**24,551.97**	**-**	**(31,917,561.00)**

<u>Annex-5</u>

(See Para No. 1.1.4.4)

Statement showing outstanding against Government Departments and growers

Table (a) (Amount in Rs.)

S. No.	Name of Department	Nature of Outstanding	Ageing	Amount
1	On farm water Management (OFWM)	Advance for Pacca water courses.	2007-08	27,000,000
2	On Farm Water Management (OFWM)	Rent of 72 month @ 126,047 P.M	01-07-07 to 30-06-13	9,075,360
3	Director General Agriculture Extension Sindh.	Purchase of Seed	1989-90	109,340
4	Director General Animal Husbandry Live Stock Sindh.	Purchase of Seed	1995-96	109,340
5	National Project For Implementation Of Water Course (NPIW)	Rent of 84 month @ 89,760 P.M	01-07-07 to 30-06-17	10,771,200
	Total			**47,065,240**

Table (b)

S. No.	Name of Growers	Purchase of Seed	Ageing	Amount
1	Syed Abdullah Shah	Seed	1995	55,900
2	Syed Qamar Zaman Shah	Seed	1994-95	45,240
3	Mr. Khalid MehmoodSoomro	Seed	2000	14,685
4	Mr. Zafar Mustafa Soomro	Seed	2002	154,000
5	Mr. Sabhago Khan Jatoi	Seed	2005	31,200
6	Dr. ShafiqueLeghari	Seed	2004	15,750
7	Mr. Farooque Ahmed	Seed	2004	14,625
8	Mr. Aftab Ahmed Qureshi	Seed	2000	25,570
	Total			**356,970**
Grand total				**47,422,210**

Statement showing advances against Farm Managers

These advances were allowed to Farm Managers for purchases of plastic bags for filling of wheat produce Rabi through voucher No. 477 dated 16.04.2018:

Sr. No.	Name of Farm	Amount in Rs.
1	Farm Manager Basic Seed Farm, SSC, Pai, Sakrand	50,000
2	Farm Manager Basic Seed Farm, SSC, Kotdiji	20,000
3	Farm Manager Basic Seed Farm, SSC, Setharja	90,000
4	Farm Manager Basic Seed Farm, SSC, Lodra	50,000
5	Farm Manager Basic Seed Farm, SSC, Lakhi	5,000
6	Farm Manager Basic Seed Farm, SSC, Ghotki&Ruk	100,000
Total		**315,000**

These advances were allowed to Farm Managers for shifting of wheat produce from field to Farm store, which is fully recoverable from tenants as under:

Sr.No.	Name of Farm	Amount in Rs.
1	Farm Manager Basic Seed Farm, SSC, Pai, Sakrand	70,000
2	Farm Manager Basic Seed Farm, SSC, Kotdiji	30,000
3	Farm Manager Basic Seed Farm, SSC, Setharja	150,000
4	Farm Manager Basic Seed Farm, SSC, Lodra	80,000
5	Farm Manager Basic Seed Farm, SSC, Ghotki	50,000
Total		**380,000**

Voucher No.	Voucher date	Particulars	Amount (Rs.)
503	14.05.2018	Farm Manager, SSC, Setharja for shifting of wheat Rabi crops.	180,000
504	14.05.2018	Farm Manager, SSC, Ghotki for shifting of wheat Rabi crops.	55,000
505	14.05.2018	Farm Manager, SSC, Lodra for shifting of wheat Rabi crops.	46000
Total			**281,000**
Grand Total			**976,000**

(47,422,210 +976,000 = 48,398,910)

Annex-6

(See para No.1.1.4.5)

Statement showing the detail of less production of wheat

(Rs. in million)

Name of Farm	Estimated production of wheat			Actual production of wheat			Less produced KG mand	Loss due to less Quantity produced (G * Rate per KG mand Rs.1300)
	Area in Acre	Yield per Acre KG mand	Total Estimated Quantity KG mand	Area in Acre	Yield per Acre KG mand	Total Produced Quantity KG mand		
	A	B	C	D	E	F	(C-F)=G	H
Pai Farm	250.00	25.00	6250.00	234.50	10.34	2,444.84	3805.16	(4,946,708)
Setharja Farm	800.00	30.00	24,000.00	694.50	27.38	19,015.00	4985.00	(6,480,500)
Kotdiji Farm	95.00	30.00	2,850.00	80.00	27.24	2,179.20	671.00	(872,300)
Ruk Farm	30.00	15.00	450.00	18.50	15.00	277.50	172.50	(224,250)
Ghotki ranch	700.00	20.00	14,000	493.50	16.17	7,979.00	6,021.00	(7,827,300)
Sangi Farm	65.00	22.00	1,430.00	60.00	17.05	1023.00	407.00	(529,100)
Lodra Farm	350.00	15.00	5250.00	448.25	8.86	3,971.00	1,279.00	(1,662,700)
Total income	**2290.00**	**-**	**54230.00**	**2029.25**	**-**	**36,889.54**	**17,340.66**	**(22,542,858)**

Annex-7

(See Para No. 4.1.4.3)

Statement shown the detail of contractors having invalid PEC license

S. No.	Particulars of work	Proprietor	Category for work	Amount	Remarks
1	R&M work @ Korangi circle	Mr. Asim Iftkhar License No.09457 C5/E.	Civil	2.279	1. Proprietor is not owner of PEC license. 2. Firms NTN/STR not available
2	R&M work @ Kotri Hospital	Mr. Muhammad Waseem	Civil	1.985	1. Proprietor has not owner of valid PEC license. 2. Firms NTN/STR not available
3.	R&M work @ Kotri Hospital	Mr. Muhammad Waseem	Electrical	0.941	1. Proprietor has not owner of valid PEC license. 2. Firms NTN/STR not available
4	R&M work @ Kotri Circle	Mr. Muhammad Waseem	Electrical	1.586	1. Proprietor has not owner of valid PEC license. 2. Firms NTN/STR not available
5	R&M work @ KVSS Hospital	Mr. Asim Iftkhar License No.09457 C5/E.	Gas Pipeline.	2.179	1. Proprietor is not owner of PEC license. 2. Firms NTN/STR not available
6	R&M work @ Head Office	Mr. Asim Iftkhar License No.09457 C5/E.	Civil	3.908	1. Proprietor is not owner of PEC license. 2. Firms NTN/STR not available
7.	R&M work @ SS Hyderabad Hospital	Mr. Javed. M/s Javed brothers Construction Company	Civil License No.C6/430 16	2.354	1. Bogus contractor and operator firm verification certificate. 2. License is for "Noraiz Ranjha Construction Company 3. Proprietor is not owner of PEC license. 4. Fake NTN submitted Firms NTN/STR not available.
8	R&M work @ SS Hyderabad Hospital	Mr Mukhtar Ali M/s. Qureshi Traders	Electrical	2.894	1. Fake PEC registration. 2. Fake PEC license. 3. No any NTN/STR in the name of company.
9	R&M work @ SS Mirpur Khas Dispensary	Mr. Javed. M/s Javed brothers Construction Company	Civil License No.C6/430 16	7.640	1. Bogus contractor and operator firm verification certificate. 2. License is for "Noraiz Ranjha Construction Company 3. Proprietor is not owner of PEC license. 4. Fake NTN submitted Firms NTN/STR not available.
10	R&M work @ SS City Circle.	Mr. Kamal Kumar, M/s K.G Enterprises	Civil	1.899	1. Fake PEC registration. 2. Fake PEC license. 3. NTN/STR is for individual.
11	R&M work @ SS SITE Circle	M. Moin Khan Ms. Techno Services	Electrical	0.857	1. No any PEC registration. 2. No PEC license. 3. No any NTN/STR.
12	R&M work @ SS SITE Circle	M. Moin Khan Ms. Techno Services	Electrical	0.837	1. No any PEC registration. 2. No PEC license. 3. No any NTN/STR.
13	R&M work @ SS Head Office & Directorate offices.	Mr Mukhtar Ali M/s. Qureshi Traders	Electrical	2.982	1. Fake PEC registration. 2. Fake PEC license. 3. No any NTN/STR in the name of company.
14	R&M work @ SS Gajo Takkar Dispensary	Mr. Javed. M/s Javed brothers Construction Company	Civil License No.C6/430 16	2.137	1. Bogus contractor and operator firm verification certificate. 2. License is for "Noraiz Ranjha Construction Company 3. Proprietor is not owner of PEC license. 4. Fake NTN submitted Firms NTN/STR not available.
			TOTAL.	**34.478**	

Annex-8
(See Para No. 4.1.4.8)

Statement shown the detail of Less Deduction of Income tax

(Amount in Rs.)

Sr. No.	Designation	Gross pay P/M	Total Drawl 2016-17	Tax 2016-17	Paid in 2016-17	Less from actual
1	Commissioner	257,304	3087648	279,220	176,584	102,636
2	Vice Commissioner	171,148	2053776	181,410	38,033	143,376
3	Ms. Samina Saeed (Director. CNB)	194015	2328180	229431	105672	123,759
4	Dr. Azam Khan CMO	201959	2423508	246,114	152.908	93,206
5	M. Ashique Hoorani (D.D finance)	159,922	1919064	157,836	42,000	115,836
6	M Aslam Sharif (DD-II)	150,380	1804560	137798	--	137,798
7	Mr. Saleem Parveez (DD/ASO)	130984	1571808	102,771	36000	66,771
8	Mr. Muhammad Faheem (AO)	126393	1516716	94507	36000	58,507
9	Mr. Arif Iqbal Lodhi (AO)	106,997	1283964	67,896	48,000	19,896
10	Mr. Nadeem Khalidi (AO)	116,607	1399284	79,428	24000	55,428
11	Mr. Syed Sajjad Ali (AO)	101,637	1219644	61,464	6000	55,464
12	M. Yousif Jumani (AO)	100248	1202976	59797	8000	51,797
					Total	**1,024,474**

Annex-9

(See Para No. 4.1.4.10)

Statement shown the detail of allocation of vehicles

S. No.	Vehicle No.	At the disposal, off	Make & Model
1	GSC-528	Advisor to Chief Minister	Toyota Fortuner 2015
2	GS-9822	Advisor to Chief Minister	Toyota Corolla 2010
3	GSC-669	Advisor to Chief Minister	Honda City 2016
4	GSC-342	Advisor to Chief Minister	Toyota Hi Lux Single Cabin 2014
5	GSD-888	Secretary	Toyota Grande 2016
6	GSC-230	Minister Lab. Office	Toyota Corolla Xli 2011
7	GSC-650	Minister Lab. Office	Suzuki Cultus 2016
8	GL.-4632	PS Chairman GB(Zameer)	Suzuki Cultus 2009
9	GES-088	Minister Lab. Office	Suzuki Cultus 2017
10	GSE-087	Minister Lab. Office	Suzuki Cultus 2016
11	GSE-647	The Custody of Maj-Naeem	Suzuki Cultus 2016
12	GSC-311	Ex-Minister office	Suzuki Hi Roof.2015
13	GSC-177	Ex- Minister Office	Suzuki Hi Roof.2014
14	GSE-102	M. Nadeem Khan	FAW-XPV (Ambulance) 2017,