



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF SINDH
AUDIT YEAR 2017-18**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme
AG	Accountant General
AIR	Audit Inspection Report
APPM	Accounting Policies and Procedures Manual
BISE	Board of Intermediate & Secondary Education
CGA	Controller General of Accounts
CIDA	Canadian International Development Agency
CMC	College Management Committees
CNIC	Computerize National Identity Card
CPWD	Combines Public Works Department
DOS	District Officer Sports
DAC	Departmental Accounts Committee
DAC	Departmental Accounts
DAO	District Accounts Office
DAO	District Account Office/Divisional Accounts Officer
DDO	Drawing and Disbursing Officer
FABS	Financial Accounting & Budgeting System
FAP	Foreign Aided Project
FD	Finance Department
FRDL	Fiscal Responsibility and Debt Limitation
EMD	Earnest Money Deposit
EM&RC	Electricity Monitoring & Reconciliation Cell
FAM	Financial Audit Manual
FBR	Federal Board of Revenue
FRO	Final Re-appropriation Order
GFR	General Financial Rules
HEC	Higher Education Commission
HESCO	Hyderabad Electric Supply Company
IPSAS	International Public Sector Accounting Standard
LARMIS	Land Administration & Revenue Management
LUMHS	Liaquat University of Medical & Health Sciences
MEC	Monitoring & Evaluation Cell
NAM	New Accounting Model
NED	Nadirshaw Eduljee Dinshaw
NIT	Notice for Inviting Open Tender

OM	Observation Memo
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I Form	Planning Commission-I Form
PEC	Pakistan Engineering Council
POL	Petrol Oil and Lubricant
PPP	Public Private Partnership
PPRA Rules	Public Procurement Regularity Authority Rules
PSDP	Public Sector Development Program
RBOD	Right Bank Outfall Drain
SAP	Systems, Applications & Products
SEPCO	Sukkur Electric and Power Company
SETT	Sindh Elementary Teachers Training Project
SGA&CD	Services, General Administration and Coordination Department
SMBBMU	Shaheed Mohtarma Benazir Bhutto Medical University
SMC	School Management Committees
SPPRA	Sindh Public Procurement Regularity Authority
SPSC	Sindh Public Service Commission
SRB	Sindh Revenue Board
SSDP	Sindh Skills Development Project
STEVTA	Sindh Technical Education and Vocational Training Authority
WO	Work Order
XEN	Executive Engineer

PREFACE

Articles 169 & 170 of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of expenditure from the Provincial Consolidated Fund and Public Account.

This report is based on the audit of accounts for financial year 2016-17 of various departments and autonomous bodies of the Government of Sindh for the 1st five months of the audit year 2017-18. This includes some part based on the preceding year's latter period of audit (last seven months of 2016-17) for financial year 2015-16 conducted after finalization of audit report 2016-17.

The Directorate General of Audit Sindh conducted audit during 2017-18, on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only issues and audit findings carrying value of Rs1 million or more. Relatively less significant issues are listed in the Annex-1(Memorandum for Departmental Accounts Committee - MfDAC) of this report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers (PAOs) at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

The observations included in the report could not be discussed with majority of the Principal Accounting Officers in Departmental Accounts Committee (DAC) meetings despite best efforts. The report was finalized in the light of written responses of the departments concerned, where available.

This report is submitted to the Governor of Sindh in pursuance of Article-171 of the Constitution of the Islamic Republic of Pakistan for causing it to be laid before the Provincial Assembly of Sindh.

Dated: 00.02.2018

JAVAID JEHANGIR
Auditor General of Pakistan

EXECUTIVE SUMMARY

Director General Audit Sindh conducts various types of audit on behalf of the Auditor General of Pakistan to fulfill his statutory responsibility under Articles 169 and 171 of the Constitution of the Islamic Republic of Pakistan and in accordance with the provisions of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. These audits include Regularity (financial audit and compliance with authority audit), Performance and Special Audits of Principal Accounting Officers of departments of Government of Sindh, their attached departments, subordinate offices and of certain autonomous bodies.

Sindh Government carries out its operations under the Sindh Rules of Business 1986. The financial provisions of the Constitution of Islamic Republic of Pakistan constitute having a Provincial Consolidated Fund, for which annual budget statement is authorized by the Provincial Assembly in the form of budgetary grants, and Public Account which includes assets and liabilities of the government including funds and deposit accounts. The budget of Sindh Province is allocated as 159 funds centers of Provincial Government (excluding budget of Universities, Educational Institutions and Boards of Intermediate and Secondary Education, etc.).

The final budget of the Government of Sindh for the financial year 2016-17 was Rs1,049.405 billion with the segregation of non-development budget of Rs765.639 billion and development budget of Rs283.766 billion. The actual expenditure was Rs863.363 billion including Rs660.203 billion out of non-development budget and Rs203.160 billion out of development budget. The combined percentage of utilization of budget comes to 82.27%.

Audit was carried out on test check basis and the Financial Audit Manual (FAM) was applied in compliance with authority audit.

a. Expenditure audited

During the financial year 2016-17, total expenditure under the jurisdiction of Director General Audit Sindh was Rs863.363 billion covering 40 PAOs and 9,861 cost centers which constituted 2,735 formations. Since the audit of 34 PAOs (the coverage of audit is 86%.) on the basis of sampling of respective formations has been conducted and amount pointed out in observations **Rs292.847 billion**. In addition, accounts of 14 Foreign Aided Projects and one university were also audited. Results of these audits were included in this report.

b. Recoveries at the instance of audit

Recoveries of **Rs19,105.630** million have been pointed out in the audit observations pertaining to various PAOs and included in this report (refer summary at Sl. No.3 of Table-3 as follows). During the financial year under audit (2016-17) recoveries amounting to Rs69.622 million have been made upon pursuance / pointation of Audit. These recoveries included Rs1.698 million which were pointed out by audit.

c. Comments on Internal Controls and Internal Audit Department

A general review of the activities and transactions of various formations of Government of Sindh with regard to Internal Control System called for the following comments:

- a. The instances of losses to government, recoverables and violation of rules, are outcome of the laxity in exercise of internal controls and violation of authorized procedures for processing transactions.
- b. The instances of splitting the expenditure to avoid sanction of the higher authority were observed to be a common practice. This is in violation of the process of delegation of financial powers as laid down in “System of Financial Control and Budgeting 2006”.
- c. Codal requirements with regard to purchase of stores were not properly observed resulting into incurrence of expenditure in irregular and uneconomical manner in contravention of prescribed rules.
- d. Another common issue observed by Audit was non-accountal of different purchases in the stock register, which was the result of weak Internal Control System.

- e. Prescribed record was neither maintained nor produced to Audit, which was also a serious drawback in Internal Control System.

A basic component of internal control system is internal audit. Internal audit investigates and appraises the internal controls and efficiency with which various units of the organization perform their assigned functions. Independent, effective and efficient internal auditing results in improving internal controls that in turn, gives well planned evaluation and professional proficiency. A major reason for weak internal controls is the non-existence of internal audit.

d. Desk Audit

The availability of 34 updated permanent files and planning files helped the auditors in understanding the systems, procedures, environment of the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field. This office, has arranged training of audit officers on ACL also, which has helped in audit process.

e. The key audit findings of the report

- i. Irregular or fraudulent payments or misappropriations identified – Rs15,433.531 million
- ii. Non-maintenance and non-production of records – Rs120,419.539 million
- iii. Instances of wasteful expenditures identified – Rs555.929 million
- iv. Significant instances in which propriety principle and rules were violated – Rs102,559.152 million
- v. Weak internal control instances – Rs53,879.219 million

The nature, frequency and the extent of above mentioned violations/irregularities suggest that most of the Principal Accounting Officers lack adequate institutional capacity required to address the financial management and control issues.

f. Recommendations

1. Principal Accounting Officers need to take necessary steps to institute, evaluate and strengthen internal controls and financial management practices in order to ensure:
 - i. compliance with canons of financial propriety, rules and regulations, especially in autonomous institutions through training, monitoring and accountability of departmental functionaries;
 - ii. proper maintenance of accounting records;
 - iii. effective placement of internal controls to avoid recurrence of irregularities of similar nature; and
 - iv. establishing an independent internal audit mechanism.
2. The Principal Accounting Officers further need to take steps to:
 - i. investigate cases of losses, embezzlements, unauthorized payments and non-accountal of cash and stores and take appropriate corrective action;
 - ii. effect recovery of government dues and deposit into government treasury;
 - iii. ensure deposit of funds irregularly kept outside government accounts by the departments;
 - iv. ensure procurements in accordance with SPPRA Rules;
 - v. ensure timely production of relevant record for audit in respect of cases pointed out in the report besides taking disciplinary action in terms of Section 14 (3) Auditor General's Ordinance 2001;
 - vi. hold Departmental Accounts Committee meetings regularly and implement its recommendations;
 - vii. ensure the compliance of the directives of Public Accounts Committee (PAC) by giving special attention and developing mechanism of monitoring of the compliance of PAC directives in their departments; and
 - viii. address systematic issues, which include absence of management controls to prevent unauthorized practices, improper utilization of public money, absence of adequate safeguards to protect public property from theft, misuse of public funds, non-observance of codal formalities and procedures, etc.
3. Finance Department, Government of Sindh needs to build up institutional capacity in financial matters.

Summary, Tables & Charts

SUMMARY TABLES & CHARTS

Table 1:

Audit Work Statistics

(Rupees in million)

Sr. No.	Description	Nos.	Expenditure 2016-17
1	Total Entities (PAOs) in Audit Jurisdiction	40	863,363
2	Total formations in audit jurisdiction	2,735*	863,363
3	Total Entities(PAOs) Audited	34	748,786
4	Total formations Audited	534	748,786
5	Audit & Inspection Reports	534	-
6	Special Audit Reports	0	-
7	Performance Audit Report	0	-
8	Other Reports (Foreign Aided Projects)	14	-

* 9,861 cost centers which constitute 2,735 formations.

Table 2:
Audit observations regarding financial management

(Rupees in million)

Sr. #	Description	Amount Placed under Audit Observation
1	Unsound asset management	6,347.854
2	Weak financial management	16,573.771
3	Weak Internal controls relating to financial management	83,400.434
4	Others	186,525.311
Total		292,847.370

**Table 3:
Outcome Statistics**

(Rupees in million)

Sr #	Description	Expd. on Acquiring Physical Assets-Procurement	Civil Works	Receipts	Others	Total current year (2016-17)	Total last year
1	Outlays Audited	63,613.000	189,592.000	697,563.000	610,158.000	1,560,926.000	1,559,998.000
2	Amount Placed under Audit Observation /Irregularities	5,260.498	14,012.022	10,809.926	262,764.924	292,847.370	273,085.815
3	Recoveries Pointed Out at the instance of Audit	175.141	4,537.755	6,641.229	7,751.505	19,105.630	24,519.960
4	Recoveries Accepted /Established at the instance of Audit	175.141	4,537.755	6,641.229	7,751.505	19,105.630	24,519.960
5	Recoveries Realized at the instance of Audit	-	-	61.113	8.509	69.622	26.736

Table 4:
Irregularities pointed out

(Rupees 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.	71,456.401
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	921.989
3	Accounting errors (accounting policy departure from NAM*, 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.	822.237
4	Weaknesses of internal control systems.	7,750.191
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies	19,105.630
6	Non -production of record.	114,706.455
7	Others, including cases of accidents, negligence etc.	78,084.467
Total		292,847.370

* The accounting policies and procedures prescribed by the Auditor General of Pakistan which are IPSAS (cash) compliant.

Table 5
Cost-Benefit

(Rupees in million)

Sr.No	Description	Amount
1	Outlays Audited (Items 1 of Table 3)	1,560,926.000
2	Expenditure on Audit	265.821
3	Recoveries realized at the instance of Audit	69.622
	Cost-Benefit Ratio	0.26

CHAPTER - 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

(A) BUDGETING ISSUES

1.1.1 Assessment of Budget and budgeting process

Overview

The ability to implement the budgeted expenditure is crucial to the government's ability to deliver public services annually as expressed in policy statements, output commitments, and work plans. And assessment was undertaken to analyze the extent of the provincial government budget realism and overall budget variances were determined. Comparative analysis of budget and actual expenditure is as follows:

Original Budget to Actual Expenditure out-turn ratio

	(Rupees in million)	
Particulars	FY2016-17	FY2015-16
Budget (Original)	923,322	798,646
Actual Expenditure	863,363	802,245
Difference between original budget and actual expenditure	-59,959	128,328
Difference between budget and actual expenditure (%)	-6.49%	+0.45%

This measure provides an assurance of whether the PFM system is delivering effective fiscal discipline and is responsive to changes in macroeconomic situations in accordance with budget intentions.

Revised Budget to Actual Expenditure out-turn ratio

	(Rupees in million)	
Particulars	FY2016-17	FY2015-16
Budget (Revised)	934,255	767,302
Actual Expenditure	863,363	802,245
Difference between revised budget and actual expenditure	-70,892	34,943
Difference between budget and actual expenditure (%)	-7.59%	+4.55%

The deviation of actual expenditure from revised budget represents the government's final effort to adjust budget variations that could not be assessed in original budget. A difference of -7.59% represents that all efforts of government to adjust budget variations from original budget were futile as it implicates that Mid Term Budgetary Framework of the government has remained inoperative to provide any insight to the government to manage public finances. The detail is as under:

Original Budget compared with Revised Budget

Particulars	(Rupees in million)	
	FY2016-17	FY2015-16
Budget (Original)	923,322	798,646
Budget (Revised)	934,255	767,302
Difference between original budget and revised budget	10,933	31,344
Difference between original budget and revised budget (%)	1.18%	3.92%

There was a positive difference of original budget with actual expenditure, but despite keeping budget difference minimum, that was enhanced up to 1.17%, and more resources were engaged to keep budget at higher out-turn ratio with actual expenditure. This implies oversight of budget trends during policy decisions.

Measure of deviations in above ratios

Nature of Expenditure	Final Budget	Actual Expenditure	Difference %
Charged	80,727,412,020	67,474,894,053	16.42
Voted	968,677,922,013	795,887,742,671	17.84
	1,049,405,334,033	863,362,636,724	17.73
Nature of Expenditure	Final Budget	Actual Expenditure	Difference %
Revenue	671,079,597,523	567,618,462,850	15.42
Capital	378,325,736,510	295,744,173,874	21.83
	1,049,405,334,033	863,362,636,724	17.73
Nature of Expenditure	Final Budget	Actual Expenditure	Difference %
Non Development	765,638,885,443	660,202,432,427	13.77
Development	283,766,448,590	203,160,204,297	28.41
	1,049,405,334,033	863,362,636,724	17.73

All above percentages portray a clear picture that development side of the expenditure could not be completed in fiscal year and government's estimates to meet its long term goals were less efficient in current fiscal year. The reasons of this inefficiency could be attributed to;

- Unrealistic commitments on the part of the government.
- Lack of government planning for execution of development targets
- Poor monitoring by Planning Department of the Provincial Government,
- Executing agencies were not ready to execute such work during current fiscal year

Moreover, according to financial statements revised budget is Rs 934,255.00 million while final budget according to appropriation account is Rs 1,049,405.334 million. Thus, the variation of Rs 115,150.334 million may be clarified.

Grant wise budget variations

The threshold set by department of finance for grant wise budget variations is;

Excess expenditures: of 1% and more are explainable
Savings : more than 5% are explainable

Excess expenditure of Rs 9,007.301 million was incurred in following five grants out of total expenditure of Rs 863,362.636 million, i.e., approximately only 1.04%.

Demand No.	Name of Grant / Appropriation	Final Grant / Appropriation	Expenditure 2016-17	Excess	%
7	SC21107-Superannuation & Pension	69,000,000,000	70,025,979,713	1,025,979,713	1.49
51	SC21151-Primary Education	54,010,236,150	54,851,544,409	841,308,259	1.56
114	SC15168-Foreign Projects Assistance (Loans)	-	5,415,337,509	5,415,337,509	-
115	SC15169-Foreign Projects Assistance (Grants)	-	1,477,027,941	1,477,027,941	-
134	SC22142-Rural Development	3,050,000,000	3,297,647,442	247,647,442	8.12
Total		126,060,236,150	135,067,537,014	9,007,300,864	

However, remaining grants have been showing savings, not surrendered in time, and most of the savings were more than 5%, which shows un-necessary blockage of government resources, till the end of the year. All these saving grants need explanation from the management.

Debt Management

Increase/decrease in debt servicing principal and interest payment budget (Current Capital and Current Revenue Expenditure) is almost 3% of last year while that in actual expenditure is -8% of last year.

	2016-17		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	52,792,539,000	36,539,755,001	16,252,783,999
Debt Servicing (Interest Payment)	22,498,860,000	19,929,685,564	2,569,174,436
	75,291,399,000	56,469,440,565	18,821,958,435
	2015-16		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	58,669,027,080	46,926,809,726	11,742,217,354
Debt Servicing (Interest Payment)	14,443,825,970	14,306,660,547	137,165,423
	73,112,853,050	61,233,470,273	11,879,382,777
	Change		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	-5,876,488,080	-10,387,054,725	4,510,566,645
Debt Servicing (Interest Payment)	8,055,034,030	5,623,025,017	2,432,009,013
	2,178,545,950	-4,764,029,708	6,942,575,658
Payment %age current year	25%		
Payment %age last year	16%		
Increase/decrease in Debt Servicing Principal and Interest Budget	3%		
Increase/decrease in Debt Servicing Actual Expenditure	-8%		

Function-wise budget and expenditure allocations with variances

The percentage variation with base amount original allocation and revised allocation with respect to Function-wise budget allocations and expenditure are tabulated as below.

(Rupees in million)

Sr. #	Function	Original Budget	Revised Budget	Actual Exp	Variance Original Budget/ Exp	Variance Revised Budget/ Exp	% with base amount original budget	% with base amount revised budget
1	General Public Service	197,522	192,973	162,038	35,484	30,935	17.96%	16.03%
2	Defence Affairs & Services	114	89	66	48	21	42.11%	25.84%
3	Economic Affairs	237,415	280,933	278,774	-41,359	2,159	-17.42%	0.77%
4	Public Order and Safety Affairs	95,616	88,076	80,402	15,214	7,674	15.91%	8.71%
5	Education Affairs and Services	175,947	160,126	145,901	30,046	14,225	17.08%	8.88%
6	Health Affairs and Services	76,702	72,210	64,053	12,649	8,157	16.49%	11.30%
7	Housing & Community Amenities	57,633	17,679	16,775	40,858	904	70.89%	5.11%
8	Recreation, Culture and Religion	12,814	14,196	13,634	-820	562	-6.40%	3.96%
9	Social Protection	68,186	107,439	101,272	-33,086	6,167	-48.52%	5.74%
10	Environment Protection	1,373	534	448	925	86	67.37%	16.10%
Total		923,322	934,255	863,363	59,959	70,892	6.49%	7.59%

Object wise revenue budget variance

(Rupees in million)

Function	Budget		Actual Receipts	Variance Original Budget	Variance Revised Budget
	Original	Revised			
<u>Revenue</u>					
Taxation	657,767	637,976	589,276	-10.41%	-7.63%
Non-Taxation	81,553	94,272	108,287	32.78%	14.87%
Total Revenue Receipts	739,320	732,248	697,563	-5.65%	-4.74%
<u>Capital</u>					
Domestic Debt	42,250	42,250	28,160	-33.35%	-33.35%
Foreign Debt	47,771	28,669	6,164	-87.10%	-78.50%
Recovery of Loans & Advances	1,605	1,695	13	-99.19%	-99.23%
State Trading Activities	49,890	34,040	33,445	-32.96%	-1.75%
Miscellaneous Recoveries	0	0	0		
Total Capital Receipts	136,516	106,654	67,782	-50.35%	-36.45%
Total Receipts	875,836	838,902	765,345	-12.62%	-8.77%

It is recommended that:

- i) Proper categorization of expenditures across functional classification levels in the budget document as well as on actual expenditure reporting be done.
- ii) Prudent resources allocation which should be aligned with the changing sector requirements be made.
- iii) Decentralization of authority to the spending units should be done once projects cost are approved and included in the PSDP.
- iv) The number and stages of approval while ensuring transparency and efficiency in service delivery be reduced.
- v) In-year re-appropriations may be limited.

1.1.2 Expenditure without provisions in budget and schedule of authorized expenditure - Rs6,892.000 million

As per Article 123(3) of Constitution of Islamic Republic of Pakistan “(1) The chief Minister shall authenticate by his signature a schedule specifying-

- The grants made or deemed to have been made by the Provincial Assembly under Article 122, and
- The several sums required to meet the expenditure charged upon the Provincial Consolidated Fund but not exceeding, in the case of sum, the sum shown in the statement previously laid before the Assembly.

(2) The schedule so authenticated shall be laid before the Provincial Assembly, but shall not be open to discussion or vote thereon.

(3) Subject to the Constitution, no expenditure from the Provincial Consolidated Fund shall be deemed to be duly authorized unless it is specified in the schedule so authenticated and such schedule is laid before the Provincial Assembly as required by clause (2).

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs 6,892.000 million was incurred without provisions in budget, schedule of authorized expenditure and schedule of authorized supplementary expenditure under Grant No-168 (SC15168) Foreign Project Assistance (Loans) and Grant No-169 (SC15169) as per page Nos. 507 to 510 of Appropriation Accounts.

(Rupees in million)

Demand No.	Name of Grant / Appropriation	Expenditure 2016-17
114	SC15168-Foreign Projects Assistance (Loans)	5,415.000
115	SC15169-Foreign Projects Assistance (Grants)	1,477.000
	Total	6,892.000

The matter was reported to the department during the month of October 2017. The management replied that expenditure has been part of budget. However it could not be included in the schedule of authorized expenditure. The DAC in its meeting held on 27 and 28 November 2017 directed Finance Department to obtain post facto sanction from Chief Minister.

Audit recommends compliance with DAC directives.

(B) ACCOUNTING ISSUES

1.1.3 Opening and closing balances of long term assets not reported object-wise

According to APPM Paras 13.4.1.1 to 13.4.1.6 provides maintenance of Fixed Assets Register as elaborated below:

Para 13.4.1.1

All departments/entities will maintain a "Fixed Assets Register" (Form 13A) for the categories of assets, for which they are responsible. The categories of assets shall include the following:

- i. Land & buildings
- ii. Vehicles
- iii. Plant and machinery
- iv. Furniture & fittings
- v. Livestock
- vi. Civil works
- vii. Office / Computer equipment

Para 13.4.1.2

Following information shall be kept on the Fixed Assets Register for each asset.

- i. description
- ii. classification of asset
- iii. date of purchase or date of completion
- iv. original purchase cost in Rupees
- v. cost in foreign currency (where applicable)
- vi. asset identification number
- vii. current location
- viii. ownership of/responsibility for asset

Para 13.4.1.4

Every fixed asset purchased or improvement/extension made above Rs 100,000 shall be recorded in the Fixed Assets Register. This threshold should be subsequently adjusted in the light of experience and better defined management information requirements.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that Long Term Assets for Rs 1,391,649.457 million (2015-16:

Rs 1,162,969.328 million) are continuously being classified on functional basis rather than object wise. This represents accumulation of yearly expenditure as appeared in Capital Grants of Appropriation Account which are incurred on various schemes of the current and previous years. Object-wise detail or break-up of assets in each scheme is not available on page# 12 and 76 to 110 of the Finance Account of Government of Sindh. In addition their corresponding entry in the Asset Register was not recorded, as the same was not maintained. The function wise detail of assets is detailed below:

Asset	2016-17	2015-16
District Administration	22,451,115,618	18,909,031,647
Finance Department	244,071,269	41,748,086
Transfers	1,259,227,886	757,138,886
Investment	193,033,827,800	180,083,827,800
Statistics	623,776,006	623,776,006
Board of Revenue	90,665,792	90,665,792
Planning & Development	2,531,269,516	192,519,071
Printing & Publishing	137,151,663	137,151,663
Other General Services	654,722,085	654,722,085
General Public Services	2,203,415,262	1,291,674,073
Civil Defense	3,164,518,782	326,465,882
Manpower	418,107,630	390,796,472
Agriculture & Food	10,275,619,490	9,447,527,378
Irrigation	187,706,183,169	139,853,391,785
Fuel & Energy	12,863,709,440	8,661,395,064
Mining & Manufacturing	50,101,437,168	48,540,018,475
Administration (Works)	104,868,520	104,868,520
Highways, Roads & Bridges	197,685,592,141	197,514,579,901
Buildings & Structures	90,515,113,230	90,355,254,432
Environment Protection	20,181,807,918	20,053,482,778
Urban Development	4,978,818,070	721,557,862
Rural Development	1,446,586,130	18,735,322
Water Supply	42,942,677,486	38,579,128,383
Health	32,610,529,840	28,357,449,280
Cultural Services	9,092,148,163	5,881,235,426
Religious Affairs	806,909,419	79,999,768
Education	71,540,025,348	62,166,835,644
Social Protection	351,994,918,853	257,911,914,601

Asset	2016-17	2015-16
Commutation of Pension	21,721,158	21,721,158
State Trading	70,155,412,959	51,200,714,774
Foreign Project Assistance	9,813,509,675	-
Total	1,391,649,457,486	1,162,969,328,014

The same audit observation was raised in all Management Reports issued to date since 2006-07 & 2015-16 but no action had been taken to comply with the requirements made in the APPM.

The matter was reported to the department during the month of October 2017. The management replied that function-wise assets are being reflected in the accounts. The relevant Object Heads (GL Heads), as prescribed in APPM are still inactive for proper recording of transactions in the SAP system. The DAC in its meeting held on 27 and 28 November 2017 directed to take up the matter again with CGA/FABS for policy guidelines.

Audit recommends compliance with DAC directives.

1.1.4 Non-recording of actual value of investments

According to Para 8.4.5 of Hand Book of Accounting under heading “valuation of assets”, “Under the modified cash method of accounting, assets will be recorded in the books at historical values. However, this does not preclude the establishment of more meaningful values where it is of use to managers. For example, it would be prudent to record the market value or land and building assets in the asset register.”

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that following value of investments as appearing in the breakup on page # 105 of Finance Account are un-realistic. Apparently these investments in the financial statements represent the initial value at cost of investment and any increase/decrease in the market value of investments has not been accounted for. Material differences may arise in the value of investments reported and the actual position. In addition, it was observed that none of the investments made below carried any return for any period of our review. This results in understatement/overstatement in the value of investment in the Financial Statement of Government of Sindh. Making investments in non-profitable ventures is wastage of public money and incurs loss in the long run.

(Rupees in million)

Description	Investment at year end
Investment to Share Capital of Federal Bank for Cooperative	10.000
Investment to Equity Participation in the Share Capital of Flour Mining Corporation	5.000
Equity Participation of Provincial Government as Capital Investment in Consolidated Sugar Mills Ltd. Karachi	3.000
Capital Certificates in the Shape of Equity Participation in the Sindh Provincial Cooperative Bank Ltd.	21.420
Payment of 100% Equity Share of the Pakistan Textile City Ltd.	200.000
Karachi Urban Transport	15.000
Total	254.420

The matter was reported to the department during the month of October 2017. The management replied that an amount of Rs 39.420 million has been written off as approved by the Chief Minister. The necessary accounting treatment will be reflected in due course of time. The DAC in its meeting held on 27 and 28 November 2017 directed that the matter was not pressed further. Further progress of the matter will be intimated to audit.

Audit recommends compliance with DAC directives.

1.1.5 Non-recording of profit earned from investment – Rs 25,362.79 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs 25,362.79 million was earned from the investments managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2017-18, but the same was not recorded in Financial Statement and Finance Account of Government of Sindh prepared by Accountant General Sindh. As a result, reported government receipts were understated by the above mentioned amount.

(Rupees in million)

Description of Investment	Accumulated Value of Investments as on 30th June 2016	Releases in 2016-17	Expenditure Incurred in the Year 2016-17	Profit Earned During the Year RE 2016-17	Accumulated Value of Investments as on 30th June 2017
Sindh Pension Fund	84,914.38	5,000.00	9.91	10,034.42	99,938.89
Sindh General Provident Fund	43,957.51	4,000.00	0.65	6,009.14	53,965.99
Sindh Employees Group Insurance Fund	1,793.02	200.00	0	319.02	2,312.04
Viability Gap Fund	5,787.09	4,000.00	4,349.83	6,391.87	11,829.12
People's Housing Cell Fund	1,002.08	0	608.67	25.31	418.73
SASO Pensioner's Funds	182.92	0	17.53	6.41	171.80
Provincial Disaster Management Fund	0.06	0	0	0	0.07
Sindh Project Development Facility	600.67	0	210.42	142.42	532.67
Sindh Flood Relief Fund	0.60	0	0	0.03	0.63
Sindh Coal Development Fund	2,064.83	2,750.00	0	203.87	5,018.70
Education City Fund	0.13	0	0	0.01	0.14
Endowment Fund for PPHI	581.48	0	0	(12.52)	568.96
Sindh Social Relief Fund	17,631.08	200.00	7.30	1,636.01	19,459.79
Investment Fund For Sindh Civil Servants Housing Foundation	3,844.38	1,000.00	0	585.96	5,430.34
SPPRA Investment Fund	55.13	0	0	7.78	62.91
Sindh Alternative Energy Fund	131.68	0	3.64	13.07	141.11
Total	162,547.04	17,150.00	5,207.95	25,362.79	199,851.89

Source: Finance Department, Government of Sindh as per Budget Book Volume-I 2017-18

The matter was reported to the department during the month of October 2017. The management replied that the position as reflected in the Vol-I of the Budget 2017-18 of Rs 25,362.790 million of the profit is the notional/accrual figure. Whereas, FD has

undertaken exercise since June 2016 to incorporate actual figures of profits. The same will be reflected as and when reported to this office. The DAC in its meeting held on 27 and 28 November 2017 directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further in the matter.

Audit recommends compliance with DAC directives.

1.1.6 Non-recording of expenditure incurred from investment funds – Rs 5,207.95 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs 5,207.95 million was incurred from the investment fund managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2017-18, but the same was not recorded in Financial Statement and Finance Account of Government of Sindh prepared by Accountant General Sindh.

(Rupees in million)

Description of Investment	Accumulated Value of Investments as on 30th June 2016	Releases in 2016-17	Expenditure Incurred in the Year 2016-17	Profit Earned During the Year RE 2016-17	Accumulated Value of Investments as on 30 th June 2017
Sindh Pension Fund	84,914.38	5,000.00	9.91	10,034.42	99,938.89
Sindh General Provident Fund	43,957.51	4,000.00	0.65	6,009.14	53,965.99
Sindh Employees Group Insurance Fund	1,793.02	200.00	-	319.02	2,312.04
Viability Gap Fund	5,787.09	4,000.00	4,349.83	6,391.87	11,829.12
People's Housing Cell Fund	1,002.08	-	608.67	25.31	418.73
SASO Pensioner's Funds	182.92	-	17.53	6.41	171.80
Provincial Disaster Management Fund	0.06	-	-	-	0.07
Sindh Project Development Facility	600.67	-	210.42	142.42	532.67
Sindh Flood Relief Fund	0.60	-	0	0.03	0.63
Sindh Coal Development Fund	2,064.83	2,750.00	0	203.87	5,018.70
Education City Fund	0.13	0	0	0.01	0.14
Endowment Fund for PPHI	581.48	0	0	(12.52)	568.96
Sindh Social Relief Fund	17,631.08	200.00	7.30	1,636.01	19,459.79
Investment Fund For Sindh Civil Servants Housing Foundation	3,844.38	1,000.00	-	585.96	5,430.34
SPPRA Investment Fund	55.13	-	-	7.78	62.91
Sindh Alternative Energy Fund	131.68	-	3.64	13.07	141.11
Total	162,547.04	17,150.00	5,207.95	25,362.79	199,851.89

Source: Finance Department, Government of Sindh as per Budget Book Volume-I 2017-18

The matter was reported to the department during the month of October 2017. The management replied that committee comprising members from CGA & FD office, is working to devise accounting treatment in this regard. The DAC in its meeting held on 27 and 28 November 2017 directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further in the matter.

Audit recommends compliance with DAC directives.

1.1.7 Difference of amount released to various investment funds – Rs 5,700.00 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs 17,150.00 million was released to various investment funds managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2017-18. On other hand, as per Finance Account of Government of Sindh prepared by Accountant General Sindh an amount of Rs 6,050.000 million was released/transferred during FY 2016-17 to the various investment funds. There was difference of Rs 5,700.000 million between AG Sindh and FD Sindh which reflect understatement of investment on one side and overstatement on other side.

(Rupees in million)

Description of Investment	Releases in 2016-17 As per Finance Department, Government of Sindh Budget Book Volume-I 2017-18	Releases in 2016-17 As per Finance Account, Government of Sindh prepared by Accountant General Sindh	Difference
Sindh Pension Fund	5,000.000	3,000.000	2,000.000
Viability Gap Fund	4,000.000	1,050.000	2,950.000
Sindh Coal Development Fund	2,750.000	2,000.000	750.000
Total	11,750.000	6,050.000	5,700.000

The matter was reported to the department during the month of October 2017. The management replied that the Budget Book Volume-I as referred by the Audit is actually the schedule of releases. Whereas the Finance Account is showing the actual amount released by the Govt. of Sindh against the respective Funds / Investments. The DAC in its meeting held on 27 and 28 November 2017 found the reply of the management satisfactory. Further it was decided to verify it from Final Re-appropriation Order (FRO).

Audit recommends compliance with DAC directives.

1.1.8 Difference of year end balances in various investment funds – Rs 22,638.530 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that there was year-end closing balance of Rs 197,954.870 million in various investment funds managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2017-18, whereas, Finance Account of Government of Sindh prepared by Accountant General Sindh was showing year-end closing balance of Rs 175,316.340 million in the various investment funds. Resultantly, there was difference of Rs 22,638.530 million between finance account of AG Sindh and budget book of FD Sindh.

(Rupees in million)

Description of Investment	Accumulated Value of Investments as on 30 th June 2017 As per Finance Department, Government of Sindh Budget Book Volume-I 2017-18	Accumulated Value of Investments as on 30 th June 2017 As per Finance Account, Government of Sindh prepared by Accountant General Sindh	Difference
Sindh Pension Fund	99,938.89	86,428.73	13,510.16
Sindh General Provident Fund	53,965.99	47,397.65	6,568.34
Sindh Employees Group Insurance Fund	2,312.04	1,951.06	360.98
Viability Gap Fund	11,829.12	7,273.86	4,555.26
Sindh Coal Development Fund	5,018.70	9,674.9	-4,656.20
Sindh Social Relief Fund	19,459.79	17,785	1,674.79
Investment Fund For Sindh Civil Servants Housing Foundation	5,430.34	4,805.14	625.20
Total	197,954.87	175,316.34	22,638.53

The matter was reported to the department during the month of October 2017. The management replied that the position as reflected in the Volume-I of the Budget 2017-18, Rs 197,954.870 million also includes the notional/accural profits earned by the Funds whereas the Finance Account is showing the actual value as on 30th June, 2017. The DAC in its meeting held on 27 and 28 November 2017 directed that policy guidelines given by the committee constituted for the purpose will be followed.

Audit recommends compliance with DAC directives.

1.1.9 Non-recording of various investment funds in Finance Account – Rs 1,897.02 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that the various investment funds of Rs 1,897.02 million managed

by Finance Department, Government of Sindh were not reflected in Finance Account of Government of Sindh prepared by Accountant General Sindh. The details are as under:

(Rupees in million)

Description of Investment	Accumulated Value of Investments as on 30th June 2016	Releases in 2016-17	Expenditure Incurred in the Year 2016-17	Profit Earned During the Year RE 2016-17	Accumulated Value of Investments as on 30th June 2017
People's Housing Cell Fund	1,002.08	0	608.67	25.31	418.73
SASO Pensioner's Funds	182.92	0	17.53	6.41	171.80
Provincial Disaster Management Fund	0.06	0	0	0	0.07
Sindh Project Development Facility	600.67	0	210.42	142.42	532.67
Sindh Flood Relief Fund	0.60	0	0	0.03	0.63
Education City Fund	0.13	0	0	0.01	0.14
Endowment Fund for PPHI	581.48	0	0	-12.52	568.96
SPPRA Investment Fund	55.13	0	0	7.78	62.91
Sindh Alternative Energy Fund	131.68	0	3.64	13.07	141.11
Total	2,554.75	0	840.26	182.51	1,897.02

Source: Finance Department, Government of Sindh as per Budget Book Volume-I 2017-18

The matter was reported to the department during the month of October 2017. The management replied that the position as reflected in the Volume-I of the Budget 2017-18, includes the notional/accrual profits earned by the Funds whereas the Finance Account is showing the actual value as on 30th June, 2017. The DAC in its meeting held on 27 and 28 November 2017 found the reply of the management satisfactory. Further it was also decided to verify FRO. However, the details will be provided by FD to AG Sindh for investments clubbed under head 'Others' to disclose each investment in the finance accounts of 2017-18 separately.

Audit recommends compliance with DAC directives.

1.1.10 Non-reporting of investment in financial statement – Rs 12,950.000 million

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs 12,950.000 million was invested in various investment funds during 2016-17, but the same was not reported in Statement of Cash Receipts and Payments for the year ended 30 June 2017 as separate item.

The matter was reported to the department during the month of October 2017. The management replied that the figures of Investment have been clubbed & reported in the financial statements with Transfers. The DAC in its meeting held on 27 and 28 November 2017 directed to show the break up in the notes to financial statements for 2016-17. Further DAC directed that each investment should disclosed in financial statement of 2017-18 separately.

Audit recommends compliance with DAC directives.

1.1.11 Long outstanding loans and advances - Rs 7,898.000 million

As per Para 4.10.9.1 of APPM states that, “Detailed accounts of all loans and advances granted by the Government shall be maintained by the Accountant General, who will monitor their balances and identify any breaches in the terms and conditions of these loans”. Para 4.10.9.2 of the manual states that, “the delegated officer in Accountant General’s office shall record payments and recoveries of loans and advances in the relevant account heads under “Loans and Advances” in the Sub Ledger in accordance with directions laid down in Section 4.4 “Accounting for Expenditures”. Also these loans and advances shall be recorded in the Financial Register”. Further, any default in repayment (either in principal or interest) shall be promptly reported by the Accountant General to the delegated authority who shall then take steps to recover the amount in default as per para 4.10.11.2 of the same manual.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that huge loans were long outstanding against various institutions

as appearing at Page # 116-123 of Finance Account of Government of Sindh. These loans/advances include:

(Rupees in million)

Institution	Opening	Payments	Receipts	Closing
	Balance			Balance
To district government	1,479.00	-	-	1,479.00
To financial institution	-	-	-	-
To non-financial institutions	6,190.00	-	-	6,190.00
To Government Servants	66.00	-	12.00	54.00
To private sector	175.00	-	-	175.00
Total	7,910.00	-	12.00	7,898.00

Besides, it is observed that no interest has been received on outstanding loans and advances except recovery of Rs 12.00 million against the loans to government servants.

The matter was reported to the department during the month of October 2017. Management replied that an amount of Rs 2,051.50 million has been written off by the Chief Minister and accounting treatment will be reflected in FY 2017-18. The DAC in its meeting held on 27 and 28 November 2017 directed that details will be provided to audit for verification.

Audit recommends compliance with DAC directives.

1.1.12 Unadjusted/un-realized current assets

Under Section V “Payment of government moneys into the public account” and T.O.7. of the Treasury Orders and Subsidiary Rules, 1922, “except as provided in order 8, all moneys received by Government servants in their capacity, other than moneys withdrawn from the public account under the provisions of Section VIII below, shall without undue delay be paid in full into a treasury or into the Bank and shall be included in the general balances of government. Departmental receipts shall not be appropriated to meet departmental expenditure except with the sanction of the Governor -General in Council. T.O.8. In certain exceptional cases, government servants may be permitted to open a separate account with a bank and to pay into it moneys received by them in their official capacity. The conditions on which such permission may be given are detailed in Appendix-A”.

Further according to appendix A para II of the same rules, II. (a) Except as provided in clause (b) of this rule, every Government servant shall, without undue delay, pay into the public account all moneys received by him as dues of

Government or for deposit in the custody of Government, and no Government servant shall deposit in a bank moneys withdrawn from the public account.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that current assets of the Government of Sindh classified into various head of accounts were unadjusted/unrealized. The detail is as under:

Sr.No	Head of Account	Amount (Rs in million)
1	O.B. Advances (Civil)	34.908
2	Special Advances	1.707
3	Payment for fertilizer	1,839.000
4	Other Receivables	
	i. Permanent Advance	6.204
	ii. Account with Government of India	4.660
	iii. Account with Government of Burma	0.366
	iv. East Pakistan suspense	4.540
	Total	1,891.385

The matter was reported to the department during the month of October 2017. Management replied that these balances are very old for example account with Government of India, account with Govt. of Burma, etc. The DAC in its meeting held on 27 and 28 November 2017 directed that FD will take up the matter with concerned authorities for resolution.

Audit recommends compliance with DAC directives.

1.1.13 Non-adjustment of transactions by the bank due to non-reconciliation

According to paras 6.5.3.1 of APPM, “on receiving the Monthly Main Designated Branch Statement from the Main Designated Branch, the delegated officer in the Account Section of the DAO/AG/AGPR shall reconcile the daily balances of receipts and expenditures with its own records (Sub Ledger/General Ledger), including the daily balances as reported on the daily bank scrolls”. Further as per 6.5.3.3 of APPM, “Where differences arise the delegated officer shall compare the daily transactions on the General Ledger with the MDMBS and identify those entries which are on the General Ledger but not on the MDMBS and vice versa. The entries found on one record but not on the other will constitute the differences and form part of the reconciling items for the bank reconciliation purpose”.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that that there was a net un-reconciled difference in bank account as per page # 170 of Finance Account of Government of Sindh. Details are as below:

Transaction awaited for adjustment by Bank	2016-17
Breakup of un-reconciled difference	(Rupees in millions)
Provincial Account Current period 2016-17 (1997-98 to 2016-17)	106,997,482 Dr.
Provincial Account Previous period 1995-2015(1994-95 to 1996-97)	145,673,784 Dr.
Total	252,671,266 Dr.

Monthly bank reconciliations of Provincial A/C I and II are carried out by the Accountant General Sindh, therefore such differences should not arise, this practice is a case of non-observance of the requirements of APPM for preparation of bank reconciliations on specified formats.

The matter was reported to the department during the month of October 2017. Management replied that differences appearing between book and bank were reconciled. The DAC in its meeting held on 27 and 28 November 2017 directed to settle the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.14 Negative debt balances appearing in public debt – Rs 11,623.086 million

Section 7 of Fiscal Responsibility and Debt Limitation (FRDL) Act, 2005 requires that Public debt management Law prescribes objective criteria for borrowing (both internally and externally) with a view to:

- (a) Minimizing the probability of misuse or waste of borrowed resources,
- (b) Restricting the amount of aggregate borrowings both in absolute and relative terms to ensure that debt servicing remains within reasonable limits (sustainability), and
- (c) Ensuring transparency and efficient management of debt.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed while reviewing Account of Public Debts that there was a negative balance of Rs 1,096.829 million under permanent debt as appearing at Page # 13 and 112 of Finance Account of Government of Sindh. In addition, there was a negative balance of Rs 10,525.257 million under domestic debt management as appearing at Page # 13 and 113 of Finance Account of Government of Sindh. The negative balances represent posting of payments classified under inappropriate heads of account resulting in debit (negative) balance against a liability thus understating the liability.

The matter was reported to the department during the month of October 2017. Management replied that Rs 917.525 million has been written off. Further Finance Department has taken up the matter for rectification for remaining amount. The DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.15 Long outstanding debt balances

Section 7 of Fiscal Responsibility and Debt Limitation (FRDL) Act, 2005 requires that Public debt management Law prescribes objective criteria for borrowing (both internally and externally) with a view to:

- (a) Minimizing the probability of misuse or waste of borrowed resources,
- (b) Restricting the amount of aggregate borrowings both in absolute and relative terms to ensure that debt servicing remains within reasonable limits (sustainability), and
- (c) Ensuring transparency and efficient management of debt.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that there was no movement in the opening and closing balances of permanent and floating debts in Finance Account 2016-17. The detail in as under:

S,No	Description	Balance (Rs in million)	Reference
1	Permanent debt	1,096.829	Page # 112 of Finance Account
2	Floating debt	26.700	Page # 113 of Finance Account
Total		1,123.529	

The matter was reported to the department during the month of October 2017. Management replied that AG Sindh has been advised to examine the contents and same will be reflected in account of FY 2017-18. The DAC in its meeting held on 27 and 28 November 2017 directed to verify the reply in next audit.

Audit recommends compliance with DAC directives.

1.1.16 Un-justified retention of federal receipt in public account – Rs 4,578.326 million

As per Para 12 of the GFR Volume-I “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipt, it is the duty of the department Controlling officers to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly account and return in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statement of treasury credits furnished by the Accountant General, to see that the amount reported as collected have been duly credited in the Public Account.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that federal receipts of Rs 4,578.326 million were retained in public account. Whereas, same were to be transferred to federal government. The detail is as under:

Head	Balance on 1st July 2016	Receipts	Payment	Balance on 30th June 2017
G103045-Zakat Collection Accounts	903,212,011	24,752,286	20,191,887	907,772,410
G12713-Income Tax deduction from Salaries	126,030,784	2,871,366,561	2,864,080,215	133,317,130
G12714-Income Tax deduction from Contractors / Suppliers	2,513,495,896	13,654,722,525	12,662,192,722	3,506,025,699
G12777-Sales Tax Deduction at Source under Sales Tax Special Procedure	31,913,758	587,051,465	587,754,111	31,211,112
Total	3,574,652,449	17,137,892,837	16,134,218,935	4,578,326,351

The matter was reported to the department during the month of October 2017. Management replied that amount under observation has been credited to respective authorities in following month as per procedure. The DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification.

Audit recommends compliance with DAC directives.

1.1.17 Excess capital expenditure - Rs 5,788.000 million

As per Section-133 of Sindh Budget Manual, “No government servant should, however, without previously obtaining an extra appropriation, incur expenditure in excess of the amounts provided under the heads concerned. When a government servant exceeds the annual appropriation he runs the risk of being held responsible for the excess”.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that Rs 5,788.000 million was incurred in excess over revised capital budget on account of capital expenditure. Details are as under:

(Rupees in million)

Particulars	Revised capital Budget	Actual Expenditure	Excess capital Expenditure	Excess in %
Economic Affairs	106,279	107,097	818	1%
Education Affairs and Services	10,330	10,978	648	6%
Other Development Program (District ADP)	40,125	44,447	4,322	11%
Total	156,734	162,522	5,788	4%

Source: Statement of Comparison of Budget and Actual Expenditure at page No. 8 and 9

The matter was reported to the department during the month of October 2017. Management replied that excess was due to demands pertaining in FPA. The DAC in its meeting held on 27 and 28 November 2017 directed that post facto sanction from CM would be obtained.

Audit recommends compliance with DAC directives.

1.1.18 Non-conducting of post audit of Assignment Accounts

According to Controller General of Accounts letter No. AC-II/1-39/08-Vol-V/632 dated September 24, 2008. “The drawing authorities will submit monthly account of expenditure with copies of paid vouchers to the concerned AG/DAO for post audit purpose by 15th of each month who will carry out 100% post audit”.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that expenditure of Rs 70,614.270 million was incurred by executive authorities through assignment accounts but post-audit of these payments were not conducted by AG Sindh/DAOs to comply with the instructions of CGA. Post-audit reports of assignment accounts were not produced to audit for evidence.

The matter was reported to the department during the month of October 2017. Management replied that the post audit of assignment account was being carried out. The DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.19 Non-conducting of post audit of pension payments - Rs 70,019.000 million

As per Para-160 of Audit Manual, approximately 16 per cent of payment vouchers relating to pensions (not gratuities or anticipatory pensions) received from treasuries need to be post audited every month, the selection for the check being made by a Gazetted Officer in such a way as to ensure that all the vouchers received from a treasury during the month shall be audited at the same time, and that the vouchers of each treasury shall be audited at least twice in each year.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that Rs 70,019.000 million were incurred on account of retirement benefits but post audit of pension payments was not conducted in violation of above rule.

The matter was reported to the department during the month of October 2017. Management replied that the post audit of pension is being carried out and will produce post audit reports to audit. The DAC in its meeting held on 27 and 28 November 2017 directed to produce post audit reports [of pension at least two months](#).

Audit recommends compliance with DAC directives.

1.1.20 Unusual decrease in pension payments

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be not in order.

[During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed while performing comparative analysis of retirement benefits](#)

(pension payments) of 2015-16 and 2016-17, it was revealed that there is unusual decrease in pension payments in the year 2016-17 in comparison to 2015-16 in District Accounts Office Dadu.

Moreover, expenditure in July, August and September 2015 is very high as compare expenditure shown in July, August and September 2016 which needs to be investigated in detail. Expenditure of pension payments should be increased over the year but in this case pension payments have decreased which is doubtful. While in other DAOs of Sindh pension payments have increased. The overall increase in retirement benefits is 32.6% Detail is as under:

Year Wise Comparative Analysis of Pension Payments		
Name of DAO	Year	Expenditure of Retirement Benefits
DAO Dadu	2015-16	3,685,255,951
	2016-17	3,206,995,151
Decrease		(478,260,800)
Decrease in %		-15%
<i>Source: SAP data</i>		

Month Wise Comparative Analysis of Pension Payments					
Name of DAO	Year	July	August	Sept	Total Decrease
DAO Dadu	2015-16	352,952,942	351,301,927	463,328,703	
	2016-17	72,129,406	244,726,193	239,179,604	
Decrease in 2016-17		(280,823,536)	(106,575,734)	(224,149,099)	(611,548,369)
Decrease in % during 2016-17		-389%	-44%	-94%	
<i>Source: SAP data</i>					

Audit is of the view that there is unusual decrease in pension payments which leads misappropriation of public money during 2015-16. And there is twofold impact of this decrease in pension payments.

The matter was reported to the department during the month of October 2017. The management replied that DG Audit may like to focus upon this particular aspect while conducting audit of DAO Dadu. The reply was not satisfactory. The DAC in its meeting held on 27 and 28 November 2017 directed that AG Sindh would conduct investigation and report thereof will be provided to DG Audit Sindh.

Audit recommends compliance with DAC directives.

1.1.21 Irregular disclosure of liabilities – Rs 66.066 million

As per Para 7.4.1.4 of Accounting Policies and Procedures Manual, concerning key controls for financial reporting following controls must be observed before any periodic reports are generated;

- Proper review of financial information at DAO level must take place prior to the consolidation and reporting of monthly accounts. This includes reconciliation of accounting records with other sources (e.g. banks, DDOs) and internal verification of accounting records and totals.
- The Consolidated Monthly Accounts, Annual Accounts and the Combined Annual Accounts shall maintain a proper audit trail, in which summarized balances can be traced to general ledger and source transaction details.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that negative balance of Railways Reserve Fund amounting to Rs 66.066 million appearing at Page # 144 of Finance Account of Government of Sindh which should have been cleared:

The negative balances represent posting of payments/receipts in inappropriate heads of account and as a result we have a debit/credit (negative) balance against a liability/asset thus understating the liability/asset.

The matter was reported to the department during the month of October 2017. Management replied that the amount has been written off which will be reflected in FY 2017-18. The DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification of details provided by FD.

Audit recommends compliance with DAC directives.

1.1.22 Un-reconciled balance in control accounts

According to Para12.5.9.1 and Para12.5.9.2 respectively of APPM, The Accountant General offices must perform monthly consolidation of department accounts within the Governments to control the complete and accurate recording of inter-department transfers. The delegated officer in the Account Section of the DAO/AG office must prepare a bank reconciliation to control the complete and accurate transfer of funds between entities with different bank accounts.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that certain un-reconciled inter-governmental balances are appearing at Page # 139 of Finance Account of Government of Sindh. The reason being that the existing procedures to reconcile inter-governmental transaction have not been

applied. The un-reconciled inter government balances imply incorrect postings and inadequate controls. Misclassification or wrong booking of transaction may affect presentation of financial statements. Details are as below:

(Rupees in million)

Head of Accounts	Account Code	Balance 2016-17	Balance 2015-16	Difference
Wages Clearing Account	G05105	(40.942)	(42.956)	(2.01)
Inter provincial settlement account	G05106	30.735	30.440	0.29
Adjusting account b/w federal and provincial government	G05107	(9,337.107)	(1,001.895)	(8,335.21)
Miscellaneous government accounts blocked	G05108	0.665	0.665	-
State Bank Suspense	G05110	339.391	334.766	4.63
District Accounts Offices-Suspense	G05111	(39.582)	0.099	39.68
Adjusting account b/w provincial & district government	G05115	(268.506)	(268.506)	-
Total		(9,315.346)	(947.387)	

The matter was reported to the department during the month of October 2017. The management replied that the balances were being regularly reconciled and cleared in the following months of next financial year. DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.23 Expenditure in excess of budget allocation – Rs 2,114.935 million

As per Section-133 of Sindh Budget Manual, “No government servant should, however, without previously obtaining an extra appropriation, incur expenditure in excess of the amounts provided under the heads concerned. When a government servant exceeds the annual appropriation he runs the risk of being held responsible for the excess”.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs 2,114.935 million was incurred over and above the budgetary allocation. Details are as below:

Name of Grant / Appropriation	Final Grant / Appropriation	Expenditure 2016-17	Excess
SC21107-Superannuation & Pension	69,000,000,000	70,025,979,713	1,025,979,713
SC21151-Primary Education	54,010,236,150	54,851,544,409	841,308,259
SC22142-Rural Development	3,050,000,000	3,297,647,442	247,647,442
Total	126,060,236,150	128,175,171,564	2,114,935,414

The matter was reported to the department during the month of October 2017. Management replied that the payment pertaining to pension and salary which was inevitable and further the expenditure pertains to development grant is within overall development budget. The DAC in its meeting held on 27 and 28 November 2017 settled the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.24 Irregular expenditure due to misclassification – Rs 157.059 million

According to paras 4.2.7.1 - 4 of APPM, Every claim voucher (bill) must be certified by an officer in the relevant District Account Office/Accountant General Office and who shall be deemed to be the certifying officer. The certification (pre-audit) process comprises two functions; namely a verification function and an audit function. For claims above a certain threshold, as set by the Ministry of Finance/Auditor-General, both functions of the certification process shall be carried out. Conversely for claims below the set threshold, only the verification function will need to be performed. The verification function involves:

- the certifying officer ensuring that the claim voucher has been duly approved by a delegated approving officer in the entity,
- the certifying officer verifying the validity of the claim voucher, in accordance with procedures set out in section 4.5.5, and ensure it correctly identifies the account head to which payment will be charged,
- the certifying officer initially checking that the funds are available to make the relevant payment.

The audit function involves scrutinizing of the claim voucher to identify possible fraud and irregularities that a reasonable person would be expected to discover. The certifying officer shall ensure that the claim must identify the head of expenditure to which the amount is chargeable.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs 157.059 million was incurred and booked in wrong head of account.

(Rupees in million)

Particulars	Sections	O.M #	Amount
Irregular expenditure due to misclassification	CAA-III	26	151.400
Misclassification in Pay Bills of Adjustment	Cost Center KQ0000	46	0.838
Irregular expenditure incurred through misclassification	WAD-I	92	4.736
Booking of wrong head of account for clearance of Electricity Charges	Education-II	67	0.085
Total			157.059

Such reporting may mislead the users of the financial statements by overstating expenditures in individual heads, although net surplus or deficit is not affected by such treatment.

The matter was reported to the department during the month of October 2017. The management replied that the letter have been issued to concerned department for regularization. The DAC in its meeting held on 27 and 28 November 2017 directed to regularize expenditure and further details may be produced to audit for verification.

Audit recommends compliance with DAC directives.

1.1.25 Non-recovery / Less-recovery of tax and other revenues – Rs 123.425 million

As per instructions contained in the para 5.2.3.1 of Accounting Policies and Procedures Manual (APPM), “The Principal Accounting Officers of those entities responsible for administering revenue collections (such as tax authorities) must ensure that all sums due to the Government are promptly realized, banked and credited to the Consolidated Fund. The Principal Accounting Officers of these entities must also ensure that Public monies credited to the Consolidated Fund as reported by the Accountant General, are reconciled / verified with their own records, at least on a monthly basis procedures for the generation, control and assessment of bills and demand notices as required under departmental regulations are followed.”

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs 123.425 million on account of government

taxes / revenue was not recovered. As a result government was deprived of its due revenue.

(Rupees in million)

Particulars	Sections	O.M #	Amount
Non-deduction of Income Tax	CAA-III	27	6.813
Less deduction of Taxes	Police-I	29	5.858
Non-deduction of Income Tax	Health-II	31	0.421
Income Tax not properly deducted on payment	Health-II	33	77.000
Non-recovery of Income Tax	Development-II	52	25.650
Non-deduction of SST at source	Development-II	55	0.294
Short deduction of income tax in absence of income tax filling documents	Health-III	80	0.406
Less-recovery/affixation of stamp duty	WAD-I	94	0.221
Loss to government due to less deduction of income tax	Development-I	113	0.460
Loss to government due to less deduction of sales tax	Development-I	111	6.482
Total			123.425

The matter was reported to the department during the month of October 2017. The management replied that the letter have been issued to concerned departments for recovery of government dues. The DAC in its meeting held on 27 and 28 November 2017 directed that the recovery be got verified from audit.

Audit recommends compliance with DAC directives.

1.1.26 Non-crediting of revenues – Rs 287.781 million

As per instructions contained in the para 5.2.3.1 of Accounting Policies and Procedures Manual (APPM), “The Principal Accounting Officers of those entities responsible for administering revenue collections (such as tax authorities) must ensure that all sums due to the Government are promptly realized, banked and credited to the Consolidated Fund. The Principal Accounting Officers of these entities must also ensure that Public monies credited to the Consolidated Fund as reported by the Accountant General, are reconciled / verified with their own records, at least on a monthly basis procedures for the generation, control and assessment of bills and demand notices as required under departmental regulations are followed.”

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that collected amount of Rs 287.781 million on account of

government taxes / revenue was not deposited in government account by executive. As a result government was deprived of its due revenue.

(Rupees in million)

Sr. #	Particulars	Section	O.M #	Amount
1	Non-depositing of Government revenue	WAD-VI	38	118.884
2	Non-remittance of Tax	WAD-VII	39	34.354
3	Irregular withholding of Stamp Duty	WAD-VII	41	2.262
4	Non-remittance of government revenue	WAD-III	61	76.407
5	Non remittance of income tax	WAD-II	82	2.316
6	Non-depositing of recovered amount of interest on mobilization advances	WAD-II	83	1.375
7	Non-depositing of tender fees into government account	WAD-II	87	0.092
8	Non adjustment / clearance of balances lying in Form 78	WAD-II	88	48.114
9	Non crediting of revenue in respective head of account	WAD-I	95	3.977
			Total	287.781

The matter was reported to the department during the month of October 2017. The management replied that the letter have been issued to concerned departments. The DAC in its meeting held on 27 and 28 November 2017 the recovery be got verified from audit.

Audit recommends compliance with DAC directives.

1.1.27 Non-reconciliation of figure – 18,956.988 million

As per Para 4.7.19.3 of the APPM, “once the delegated officer in the Account Section is finished with the Bank returns, these returns should be sent to the officer who prepared the cheque. This officer shall enter the details from the Bank returns into the cheque register and reconcile the cheques issued by the office and cleared by the bank. A report/schedule of this reconciliation shall be sent to the Account section. It should also indicate those cheques which are not yet cleared by the bank”. Further As per para 6.1.1.6 of APPM, “The following key internal controls must be observed in the bank reconciliation processes”.

- There shall be a one-to-one relationship between the DAO/AG/AGPR and a designated branch of either SBP or NBP referred to as the Main Designated Branch
- All receipt vouchers shall be sequentially numbered by the bank.

- The DAO/AG/AGPR shall check the bank scroll with the payment advice note on a daily basis
- The DAO shall prepare a monthly reconciliation statement for receipts and expenditures
- The Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that the CBC section did not reconcile the closing balance position of cash [at bank and books](#) Rs 18,956.988 million and outstanding amount with state bank of Pakistan.

The matter was reported to the department during the month of October 2017. The management replied that the adjustment was awaited from the bank. The DAC in its meeting held on 27 and 28 November 2017 directed that the matter may be verified by audit.

Audit recommends compliance with DAC directives.

1.1.28 Excess payment to employee – Rs 110.712 million

As per Rule-28 of General Financial Rules, Volume-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought.”

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that employee related expenses with regards to various allowances were not appropriately pre-audited as result excess payments of Rs 110.712 million were determined by audit. Details are as follows:

OM. #	Sr. #	Description	Amount
112	1	Un-authorize payment on account of Un-attractive Area allowance	71,603,519
	2	Un-authorize payment on account of Secretariat allowance	1,937,749
	3	Un-authorize payment on account of Utility allowance	35,390,561
	4	Un-authorize payment on account of Computer allowance	34,500
	6	Un-authorize payment on account of teaching allowance	23,000
	7	Irregular payment on account of integrated allowance	9,750
	8	Un-authorize payment on account of Charge allowance	66,831
	9	Irregular payment on account of Special allowance	1,577,161
75	1	Irregular payment of President / Governor's House Allowance	69,000
Total			110,712,071

The matter was reported to the department during the month of October 2017. The management replied that detail of employees be provided by audit. The DAC in its meeting held on 27 and 28 November 2017 directed that audit will provide the relevant data to AG Sindh and then relevant record will be produced to audit for verification. Management will provide detailed record in each case for verification of audit.

Audit recommends compliance with DAC directives.

1.1.29 Payment through DDO account – Rs 609.945 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc., which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash”.

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that payment of Rs 609.945 million was made to DDOs instead of actual payees.

(Rupees in million)

Sr #	Particulars	Section	O.M #	Amount
1	Irregular payment made through DDO account	CAA-III	28	181.800
2	Irregular release of funds in favor of DDOs instead of actual payees	CAA-V	65	97.958
3	Irregular payment released in favor of DDO instead of actual payees	Education-II	68	5.616
4	Irregular release of funds in favor of DDOs instead of actual payees	Health-III	76	324.571
Total				609.945

The matter was reported to the department during the month of October 2017. The management replied that payment was made to DDO with the permission of finance department. The DAC in its meeting held on 27 and 28 November 2017 directed that further verification is required by the audit.

Audit recommends compliance with DAC directives.

1.1.30 Excess retirement/employees related benefits – Rs 0.151 million

As per Rule-28 of General Financial Rules, Volume-I, “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought.”

During Certification Audit of Government of Sindh for the financial year 2016-17, it was observed that employee related expenses with regards to retirement were not appropriately pre-audited as result excess payment of Rs 0.151 million was detected by audit. Details are as follows:

(Rupees in million)

Sr#	Particulars	Section	O.M#	Amount
1	Excess payment of Pension & Commutation	Pension Facilitation Cell	35	0.101
2	Excess payment of General Provident Fund	Provident Fund-VI	56	0.050
Total				0.151

The matter was reported to the department during the month of October 2017. The management replied that in some cases of pension payment, the error has been rectified and recovery started. The DAC in its meeting held on 27 and 28 November 2017 directed to settle the para subject to verification by audit.

Audit recommends compliance with DAC directives.

1.1.31 Variation in balances of AG & bank or departments due to misreporting

As per para 6.1.1.6 of the Accounting Policies and Procedures Manual, the following key internal controls must be observed in the bank reconciliation processes:

- There shall be a one-to-one relationship between the DAO/AG and a designated branch of either SBP or NBP referred to as the Main Designated Branch.
- All receipt vouchers shall be sequentially numbered by the bank.
- The DAO/AG shall check the bank scroll with the payment advice note on a daily basis.
- The DAO shall prepare a monthly reconciliation statement for receipts and expenditures.
- The Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account.

During Certification Audit of Government of Sindh for the financial year 2016-17, variation in the figures of balances were observed. The details of such instances are tabulated as under.

(Rupees in million)			
Section	Particulars	OM.#	Amount
WAD-VII	Under-statement of security deposits due to misreporting of figures in Form-78	43	7.955
CBC	Variation in between book account & bank figure	90	0.120
Total			8.075

The matter was reported to the department during the month of October 2017. The management replied that in case of CBC section, the figure pertain to Sub Treasury, Qubo Saeed Khan which falls under the jurisdiction of Distt. Kambar @ Shadadkot for the month of June 2017 and the same has been adjusted accordingly. The DAC in its meeting held on 27 and 28 November 2017 directed the management that progress of the matter may be intimated to audit for verification.

Audit recommends compliance with DAC directives.

1.1.32 Miscellaneous irregularities and non-compliances

Financial Audit Manual (FAM) prescribes an Audit Standard under para 4.4.4 on Compliance with applicable Laws and Regulations states that in conducting financial audit, a test should be made of compliance with applicable laws and regulations. The auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement amounts or the results of regularity audits. The auditor also should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audits.

During Certification Audit of Government of Sindh for the financial year 2016-17, various irregularities and non-compliances have been observed in different sections of AG Sindh relating to execution of their duties and routine works to appropriately perform pre-audit. Details are given at **Annex-1** of Chapter-1.

The matter was reported to the department during the month of October 2017. The management replied that the letter have been issued to concerned departments. The DAC in its meeting held on 27 and 28 November 2017 directed that the matter may be got verified by audit.

Audit recommends compliance with DAC directives.

1.1.33 Weak internal controls

According to principles defined in section 4(2) of The Sindh Financial Management and Accountability Act, 2011

- (a) all financial transactions shall be duly authorized;
- (b) all financial transactions shall be recorded promptly, clearly, accurately, logically and coherently;
- (c) all financial transactions shall be carried out in an efficient and effective manner;
- (d) all financial transactions shall be carried out for a proper purpose. For the purpose of this clause, a purpose shall be considered as proper if it is
 - (i) clearly identifiable;
 - (ii) in pursuance of an official policy;
 - (iii) adequately estimated as to its costs, consequences and effects;
 - (iv) sanctioned in compliance with all applicable procedures;

- (v) within the ambit of law and not restricted by any law in force for the time being; and
- (vi) in furtherance of the public interest; and
- (e) the responsibility for every financial transaction should be traceable to the public official who is empowered or delegated to carry out that financial transaction.

During Certification Audit of Government of Sindh for the financial year 2016-17, various internal control weaknesses were identified. Details are given at **Annex-2** of Chapter-1.

Lack of procedural controls resulted in weak accounting and financial management system and established public practices in government sector. These lapses on recurring basis will cause an effect of losing control over the system.

The matter was reported to the department during the month of October 2017. The management replied that the letter have been issued to concerned departments. The DAC in its meeting held on 27 and 28 November 2017 directed to verify the contents of the para in next audit.

Audit recommends compliance with DAC directives.

1.1.34 Non-reconciliation of expenditure – Rs27,493.861 million

According to Rule-77 (V) of Central Treasury Rules Volume-I, read with the order of Finance Department No. FD-510 (FD) 759/59 dated 05/12/59 it was the responsibility of the Drawing & Disbursing officer, to obtain a consolidated list of all cheques, issued by the A.G. Sindh / DAO (Payment for each month) in order to verify the correctness of the amount drawn from Bank and posting of each transaction of cheques made in the Government Cash Book, and also to ensure that all such cheques were not omitted and have been properly recorded, in Cash Book.

During audit of various offices of various departments of Government of Sindh, it was observed that an expenditure of Rs27,493.861 million was incurred on various heads of account but the same was not reconciled from the accounts office. Details are given at **Annex-3** of Chapter-1.

The matter was reported to the management during August 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends reconciliation of expenditure, besides fixing responsibility on the person(s) at fault.

1.1.35 Savings not surrendered in time- Rs6,482.676 million

As per Rule-128 of Sindh Budget Manual, the Drawing and Disbursing Officer is personally responsible for surrendering the savings to the Government before the close of the financial year.

During audit of various offices of various departments of Government of Sindh, it was observed that funds amounting to Rs6,482.676 million were remain unutilized till the close of financial year and the same was not surrendered to government well in time. The saving would have been used in some other useful objects or functions of the government, had the same been surrendered in time. Details are given at **Annex-4** of Chapter-1.

The matter was reported to the management during August 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault.

1.1.36 Misclassification of expenditure – Rs388.194 million

According to Rule 12 of GFR, Volume-I, “A controlling officer is responsible to watch that the funds allotted to the spending units, are expended in the public interest upon the object, which the money was provided”

During audit of various offices of various departments of Government of Sindh, it was observed that an expenditure of Rs388.194 million was incurred by way of misclassification. This was done to avoid the process of re-appropriation through Finance Department. Detail is given in **Annex-5** of Chapter-1.

The matter was reported to the management during August 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault.

1.1.37 Excess expenditure incurred over & above the budget allocation – Rs177.723 million

According to Section-133 of Sindh Budget Manual, “No government servant should, however, without previously obtaining an extra appropriation, incur expenditure in excess of the amounts provided under the heads concerned. When a government servant exceeds the annual appropriation he runs the risk of being held responsible for the excess”.

During audit of various offices of various departments of Government of Sindh, it was observed that an excess expenditure of Rs177.723 million was incurred over and above the budget allocation. Details are given at **Annex-6** Chapter-1.

The matter was reported to the management during August 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

CHAPTER-2

AGRICULTURE, SUPPLY AND PRICES DEPARTMENT

2.1 Introduction

The Department of Agriculture, Supply and Prices was created mainly to provide agricultural services to growers/farmers and to transfer the latest technology to the farming community, introduction of high-yield varieties, timely supply of seeds, fertilizers and pesticides, imparting training and to boost-up the agricultural production and productivity in the Province.

The department is also responsible for modernization of agriculture research, advancement of mechanized agriculture, strong market information system, improved agriculture extension service and water management.

Some functions of the department are performed by Bureau of Supply & Prices such as:-

- To collect, analyse and disseminate information regarding production, trading movement and prices of Essential Commodities including farm produce, livestock, fisheries, poultry and manufactured items used by the common man.
- To conduct production and market cost studies of essential commodities with a view to ascertain their economic price level and to recommend corrective measures to keep the prices at reasonable level.
- To identify bottlenecks in the supply, movement and storage of Essential Commodities and to adopt remedial measures for their availability to consumers at reasonable prices.

Agricultural Statistics of Sindh Province

➤ Total Area	14.09 Million Hectare
➤ Cultivated Area	4.87 Million Hectare (35%)
➤ Un-cultivated Area	6.77 Million Hectare (48%)
➤ Forest Area	1.03 Million Hectare (7%)
➤ Cultivable Wasteland	1.42 Million Hectare (10%)

Agricultural Products of Sindh

➤ Rice	36 % of National Production
➤ Sugarcane	29 % of National Production
➤ Cotton	34 % of National Production
➤ Wheat	15 % of National Production

Source: www.sindhagri.gov.pk

2.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 105 formations (DDOs), out of which 32 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
12,833.433	21.978	1,472.136	(1,472.136)	(3,671.193)	9,184.218	8,662.085	522.133

The department was unable to spend the allocated budget in time. As a result, savings of Rs522.133 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
625.000	625.000	391.642	233.358

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs233.358 million was observed.

2.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was **4.9%**.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	14	9	0	9	-
2	1998-99	11	7	0	7	-
3	1999-2000	31	2	0	2	-
4	2001-02*	11	6	0	6	-
5	2004-05*	19	9	2	7	22.2
6	2005-06	16	13	1	12	7.7
7	2006-07	9	3	0	3	-
8	2007-08	4	4	0	4	-
9	2008-09	5	5	0	5	-
10	2009-10	8	3	0	3	-
11	2014-15	0	0	0	0	-
Total		128	61	3	58	4.9

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

2.4 AUDIT PARAS

2.4.1 Doubtful claims by using same vouchers multiple times – Rs3.217 million

According to Rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Deputy Director, Agriculture Extension, Badin for the year 2016-17, it was observed that an amount of Rs3.217 million was claimed by using invoices having same number, amount and items with a slight change in the dates. It is apprehended that such invoices have either been generated on computer or obtained from the vendor to draw funds.

(Rupees in million)

Sr.#	Financial Year	AIR Para #	Particulars	Amount
1	2016-17	34	Fictitious expenditure	2.674
2	2016-17	10	Fictitious expenditure on repair vehicles	0.543
			Total	3.217

Audit was of the view that chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

2.4.2 Doubtful expenditure on a single vehicle – Rs0.938 million

According to Rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Deputy Director, Agriculture Extension, Badin for the year 2016-17, it was observed that an amount of Rs938,000 was incurred on repair of single vehicle GS-4329 (Cultus) allotted to Deputy Director, which exceeded the actual cost of the vehicle.

The following observations were noted:

- i. Eight (8) tyres were purchased in the month of January 2017.
- ii. Axil joint assembly sets amounting to Rs54,250 were replaced four times from August 2015 to February 2016.
- iii. Record pertaining to cost centre BI-0031 under this head amounting to Rs100,000 was not produced to audit.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends investigation into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR #09)

2.4.3 Non-production of record – Rs6.474 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.

- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the various offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2014-15 & 2016-17, following auditable record of Rs6.474 million was not produced for audit scrutiny. Detail is given at **Annex-1** of Chapter-2.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The non-production of record was reported to the management during January 2016 to July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

2.4.4 Short-realization of revenue – Rs45.651 million

According to Rule41(a) of SFR Volume-I, “the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury”.

During audit of the office of Director, Agriculture Research Institute Sindh, Tando Jam, for the financial years 2014-15 to 2016-17, it was observed that revenue targets were fixed Rs47.362 million whereas Rs1.711 million was realized, thus Rs45.651 million was short realized (which comes to 96.387%).

(Rupees in million)

Sr.#	Financial Year	Target	Realized	Short realized
1	2016-17	23.562	0.761	22.801
2	2015-16	23.100	0.750	22.350
3	2014-15	0.700	0.200	0.500
Total		47.362	1.711	45.651

Audit was of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue, which constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR #13)

2.4.5 Irregular expenditure without observing codal formalities – Rs25.848 million

Rule-88 of Sindh Financial Rules, Volume-I, states that “Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the various offices of Agriculture, Supply & Prices Department, Government of Sindh for the years 2014-15 to 2016-17, it was observed that an expenditure amounting to Rs 25.848 million was incurred on various head of accounts. Detail is given at **Annex-2** of Chapter-2.

The following observations were noted:

- i. Indent from concerned sections were not available.
- ii. Acknowledgment receipt of the payment was not obtained from concerned payees.
- iii. Articles were not accounted for in appropriate stock register.
- iv. Mode of payment was not known whether through cross cheque or cash payment.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during January 2016 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.6 Irregular payment on account of POL – Rs14.459 million

As per Services and General Administration Department Circular No.CTC(SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle.

- i. Log book and form A should remain in the custody of the driver of vehicle.
- ii. History sheet of the vehicle should remain in the custody of officer in charge of the vehicle showing its movement.
- iii. Consumption account of POL on form-C.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs14.459 million was incurred on purchase of POL, but log books, history sheets and petrol consumption account were not maintained. Due to non-maintenance of record the authenticity of the expenditure could not be verified.

(Rupees in million)

Sr.#	Name of office	Financial Year	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Jacobabad	2016-17	07	0.332
2	Director, Agriculture Marketing Sindh, Hyderabad	2014-15	03	0.215
3	Deputy Director, Agriculture Extension, Tando Muhammad Khan	2016-17	16	1.345
4	Deputy Director, Agriculture Extension, Badin	2016-17	18	3.330
5	Director, Agriculture Research Institute Sindh, Tando jam	2016-17	07	9.237
Total				14.459

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management during January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.7 Irregular expenditure on account of “fair & exhibition” and “cost of other stores” – Rs13.459 million

As per Para-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 sub-ordinate disbursing officer. Read with Rule-113, all materials received should be examined, counted and they should be kept in charge of responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate stock register.

During audit of the various offices of Agriculture, Supply and Prices Department Government of Sindh, it was observed that an expenditure of Rs13.459 million was incurred on “fair & exhibition” and “cost of other stores”. Detail is given at **Annex-3** of Chapter-2.

The following observations were noted:

- i. Detail of event was not available on record.
- ii. List of participant was not available on record.
- iii. Approval of competent authority was also not produced.
- iv. Proper account of the store was not maintained.
- v. Sanction orders were split up to avoid open tender.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during July to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.8 Non-adjustment of advances – Rs12.356 million

As per Para 668 of Central Treasury adjustment by submission of detailed accounts supported Rules, “Advances granted under special orders of competent authority to government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to by vouchers or by refund, as may be necessary”.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that advances of Rs12.356 million were granted for various purposes to the officers and officials, but the same were not adjusted at the close of financial year.

(Rupees in million)				
Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Project Director, Project Management Unit, Sindh Agriculture Growth Project (Agriculture Component), Hyderabad	2015-16	4.2.10	12.197
2	Deputy Director, Agriculture Extension, Badin	2016-17	37	0.159
			Total	12.356

Audit was of the view that due to non-adjustment of advance payment and non-provision of detail account, audit could not verify the authenticity of expenditure.

The matter was reported to the management during July 2016 to October 2017, the management replied in case of serial No.1 that bank loan is non-lapsable therefore advance of Rs12.197 million will be utilized in the financial year 2016-17. Reply was not tenable as a huge amount was drawn and same was not adjusted. No reply was furnished in case of serial No.2.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

2.4.9 Non-accountal of stores items – Rs9.565 million

As per Rule-113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs9.565 million was incurred on the purchases of various items, but the items were not accounted for in the relevant stock registers. Due to non-accountal of articles, the authenticity of the procurement and its consumption could not be ascertained.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Director, Agriculture Research Institute, Tando Jam	Various items	2016-17	06	6.260
2	Director Information, Agriculture Extension Sindh, Hyderabad	Postage and telegraph	2016-17	05	0.168
3	Deputy Director, Agriculture Extension, Jacobabad	Fertilizers	2016-17	02	0.967
		Miscellaneous items	2016-17	06	0.780
		Stationery articles	2016-17	08	0.102
4	Deputy Director, Rice Research Institute, Thatta	Printing articles	2016-17	08	0.158
5	Director General, Agriculture Extension Sindh, Hyderabad	Uniform liveries	2016-17	11	0.602
		Agriculture inputs	2016-17	03	0.528
				Total	9.565

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during July to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.10 Irregular expenditure by splitting up purchases to avoid tender – Rs7.610 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan; Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in the rules.

During audit of the following offices of Agriculture, Supply and Prices Department Government of Sindh, it was observed that an expenditure of Rs7.610 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Director General, Agriculture Research Sindh, Tando Jam	2016-17	09	6.781
2	Director Information, Agriculture Extension Sindh, Hyderabad	2016-17	06	0.531
3	Deputy Director, Agriculture Extension, Badin	2016-17	04	0.298
Total				7.610

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.11 Irregular expenditure without inviting tender – Rs4.268 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the office of Deputy Director, Agriculture Extension, Badin, Agriculture, Supply & Prices Department, for the financial years 2015-16 & 2016-17, it was observed that expenditure of Rs4.268 million was incurred without calling tenders in violation of SPPRA Rules.

(Amount in Rupees)

Sr. #	Financial Year	Head of account	Particulars	Amount
1	2015-16	Fair & exhibition	Decoration items, lunch boxes & water	907,000
	2016-17	Fair & exhibition		907,000
2	2015-16	Cost of other stores	Purchase of DAP/Urea etc.	1,024,400
	2016-17	Cost of other stores		871,950
3	2015-16	Printing & publication	Printing of Booklets	248,775
	2016-17	Printing & publication		308,815
Total				4,267,940

Audit was of the view that unauthorized expenditure was incurred without calling tenders which constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 35)

2.4.12 Irregular expenditure on account of repair of transport, machinery & furniture – Rs2.535 million

As per Para-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 sub-ordinate disbursing officer. Read with Rule-113, all materials received should be examined, counted and they should be kept in charge of responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate stock register.

During audit of the office of Deputy Director, Agriculture Extension, Badin, for the financial year 2016-17, it was observed that an expenditure of Rs2.535 million was incurred on repair and maintenance of transport, machinery and furniture.

(Rupees in million)

Sr.#	Financial Year	AIR Para#	Particulars	Amount
1	2016-17	8	Repair and maintenance of transport	1.545
2	2016-17	2	Repair of machinery and equipment	0.516
3	2016-17	3	Repair of furniture and fixture	0.474
Total				2.535

The following observation were noted:

- i. Estimates of repair and replacement of parts exceeding financial powers were not got cleared from Govt workshop.
- ii. Contingent bills of same amount have been claimed under different cost centers meaning thereby that expenditure was incurred to consume funds without any need assessment.
- iii. The same items were repaired time and again during last two years.
- iv. Satisfactory completion report was not available in local office.
- v. Old parts register/scrap account was not maintained.
- vi. Payment was made in cash instead of direct payment to payee through cross cheque.
- vii. History sheet was not maintained.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.13 Irregular hiring of local consultant instead of foreign consultant – Rs2.460 million

As per PC-I in order to enhance the production especially hybrid seed, Rs50 million were proposed for hiring of consultants from Australia, Turkey, Egypt, China etc. to work with private seed Companies.

Field	Duration	Country
Rice, Cotton & Sunflower	2-3 months	Australia, Turkey, Egypt
Sugarcane	1 month	Australia
Vegetable Breeding	1 month	Turkey
Cut Flowers, Dates	1 month	Turkey, Egypt, Saudi Arabia
Mango, Banana, Guava	1 month	Australia

During audit of the office of Director General, Agriculture Research Sindh, Tando Jam for the year 2016-17, it was observed that payment amounting to Rs2.460 million was made to two local consultants under the scheme, "Production of Quality seed through PPP".

The following observations were noted:

- i. Consultants were hired locally.
- ii. Testimonials were not shown to audit in order to ascertain the qualification and specialization of consultants in the above fields.
- iii. Performance reports of local consultants was not provided.

Audit was of the view that in the light of above mentioned fact the hiring of consultant stands irregular due to weak administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR #01)

2.4.14 Irregular expenditure on rent of building – Rs2.133 million

As per Para-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 sub-ordinate disbursing officer. Read with Rule-9, of Sindh Rental Premises Ordinance 1979, regarding limit of Fair rent (I) Where the fair rent of any premises has been Axed no further increase thereof shall be effected unless a period of three years has elapsed ft`on1 the date of such fixation or commencement of this Ordinance whichever is later.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh, Karachi for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs2.133 million was incurred on account of rent of building.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Badin	2016-17	12	1.253
2	Project Director, Project Management Unit, Sindh Agriculture Growth Project (Agriculture Component), Hyderabad	2015-16	4.2.12	0.880
			Total	2.133

The following observations were noted:

- i. Rent assessment reports from PWD were not provided.
- ii. Buildings were hired without open competition.
- iii. Acknowledgment of payment was not produced.
- iv. In case of office at serial No.1 an excess payment of Rs608,000 was made whereas an amount of Rs645,000 was due as per rent agreement.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during August 2016 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.15 Un-authorized expenditure on account of POL – Rs1.709 million

As per Finance Department's notification No. FD-BI/16 (15)/99-2000 (POL) dated 12th January 2000, the POL ceiling fixed for Category F-Heads of Attached Department is 180 liters per month.

During audit of the office of Deputy Director, Agriculture Extension, Badin, for the financial year 2015-16 & 2016-17, it was observed that an expenditure of Rs1.709 million was incurred in excess over and above the ceiling of POL fixed by the Finance Department, which needs to be recovered.

(Amount in Rupees)

Financial Year	Vehicle No.	Amount	Average rate of POL	POL consumed in liters (yearly)	Monthly average in liters	Excess over 180 liters	Amount of excess
2015-16	GS-4329	1,146,849	79.34	14,186	1,182	1,002	953,984
2016-17	GS-4329	930,150	69.60	13,020	1,085	905	755,856
Total		2,076,999	149	27,206	2,267	1,907	1,709,840

The following observations were also noted:

- i. Some vouchers did not have signatures and dates.
- ii. Most vouchers did not mention Vehicle No.
- iii. Petrol was also consumed on irrelevant vehicle GS-6981 for Rs694,080.
- iv. POL Vouchers, bills and relevant record for Rs559,810 was not produced pertaining to the year 2015-16.

Audit was of the view that expenditure on account of purchase of POL for official vehicles in excess of prescribed ceiling resulted into un-authorized expenditure.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR #20, 19)

2.4.16 Irregular payment to contingent employees – Rs1.345 million

As per Finance Department, Karachi letter No. FD(Exp:IX)/767/91(B)/Prov dated 23rd April 1996, “No appointment of work charge establishment / contingent paid staff be made without prior approval of Finance Department”.

During audit of the office of Director, Agriculture Research Institute, Tando Jam for the years 2014-15 to 2016-17, it was observed that an expenditure of Rs 1.345 million was incurred on account of contingent paid staff without approval of the Finance Department. Educational documents, domicile/PRC, etc. were also not produced.

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR #02)

2.4.17 Irregular payment through DDO’s account – Rs1.005 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial year 2016-17, it was observed that funds of Rs1.005 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Badin	2016-17	28	0.913
2	Deputy Director, Agriculture Extension, Jacobabad	2016-17	01	0.092
			Total	1.005

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

2.4.18 Non-deduction of income tax – Rs3.823 million

As per Section 153 (1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person- (a) for the sale

of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh during the financial year 2016-17, it was observed that an amount of Rs3.823 million was not deducted from lawyers on account of income tax.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Director, Agriculture Research Institute Sindh, Tando Jam	2016-17	14	2.838
2	Deputy Director, Agriculture Extension, Badin	2016-17	27	0.395
3	Director Information, Agriculture Extension Sindh, Hyderabad	2016-17	17	0.100
		2016-17	18	0.429
4	Director General, Agriculture Extension Sindh, Tando Jam	2016-17	02	0.061
Total				3.823

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted income tax into Government treasury, which resulted into weak financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

2.4.19 Non-deduction of Sindh Sales Tax – Rs0.865 million

As per Second Schedule of the SST on Services Act, 2011, the rate of tax is 14% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the years 2015-16 & 2016-17, it was observed that Sindh sale tax of Rs0.865 million was not deducted at source from supplier's bills.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Badin	2016-17	25	0.424
			26	0.083
2	Director Information, Agriculture Extension Sindh, Hyderabad	2016-17	16	0.201
3	Project Director, Project Management Unit, Sindh Agriculture Growth Project (Agriculture Component), Hyderabad	2015-16	4.2.6	0.157
			Total	0.865

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted sales tax into Government treasury, which resulted into weak financial management.

The matter was reported to the management during October 2016 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

2.4.20 Recovery of inadmissible allowances – Rs0.643 million

As per Para 6 (i) (a) mentioned in office memorandum of Government of Sindh Finance Department No. FD(SR-I) D I(32)201 1-15 dated 22" July 2016, " Adhoc Relief Allowance 2013 @ 15% of the basic pay of basic pay scales 2011 to the employees in BPS-I to 15 and 10% of the basic pay of Basic Pay Scales 2011 to the employees in BPS-I6 and above allowed vide Office Memorandum No. FD(SR-1)1(32)2008-II, dated 22nd July 2013 with effect from 01-07-2013 shall cease to exist with effect from UI-07-2016. However, the Adhoc Relief Allowance 2013 @ 5% of

the basic pay of Basic Pay 2011 shall continue to stand frozen at the level of its admissibility/ drawn as on 30.06.2016 to the existing employees in BPS I to 15 who were in service on 30-06-2016.

During audit of the following offices of Agriculture, Supply and Prices Department Government of Sindh, for the financial year 2016-17, it was observed that an amount of Rs0.643 million was paid to various employees on account of various allowances which were not admissible to them, in violation of above rules.

(Rupees in million)

Sr. #	Name of office	Particulars	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Tando Muhammad Khan	Ad-hoc allowances 2012 & 2014	03	0.370
2	Deputy Director, Agriculture Extension, Badin	Conveyance allowance to the officers who were allotted government vehicle	17	0.120
3	Deputy Director, Agriculture Extension, Jacobabad	Un-attractive Area Allowance	05	0.017
4	Director Information, Agriculture Extension Sindh, Hyderabad	Ad-hoc Relief Allowance 2013	07	0.136
Total				0.643

Audit was of the view that payment of inadmissible allowances constituted weak administrative and financial management.

The matter was reported to the management during July to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 3 BOARD OF REVENUE

3.1 Introduction

The Board of Revenue was established in 1970 and governed by the Sindh Board of Revenue Act, 1957. It is a controlling authority relating to management of state land, collection of land revenue and other taxes/duties, maintenance of revenue record and other allied matters. It has appellate and reviewing authority in all revenue cases / matters.

3.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 55 formations (DDOs), out of which 35 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
8,483.141	153.609	1,234.944	(1,234.944)	(1,370.001)	7,266.749	5,564.624	1,702.125

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,702.125 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
97,300.000	95,300.000	93,269.291	2,030.709

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs2,030.709 million was observed.

3.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	55	19	0	19	-
2	1998-99	7	4	0	4	-
3	1999-2000	21	7	0	7	-
4	2001-02*	9	9	0	9	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	7	7	0	7	-
8	2007-08	5	5	0	5	-
9	2008-09	10	10	0	10	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		114	61	0	61	-

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

3.4 AUDIT PARAS

3.4.1 Irregular reinstatement of official without recovery - Rs 2.531 million

According to rule '1' Appendix 18-A of Sindh Financial Rule Vol-I, "Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence".

During audit of the office of Secretary Board of Revenue, Hyderabad, Government of Sindh for the year 2016-17, it was observed that Mr. Munir Ahmed Arain, superintendent/Assistant Director Sindh, Hyderabad was suspended on the charges of misappropriation of Rs2.531 million vide Government of Sindh Revenue Department letter # Asstt/admn-I/BOR/2015/1616 Hyderabad, Dated 28-12-2015. In this regard the detailed record regarding departmental proceeding, recovery, reinstatement of the person was not furnished to audit scrutiny.

Audit was of the view that in the light of above mentioned fact the reinstatement of official without recovery stands irregular due to weak administrative management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR#01)

3.4.2 Non-production of record – Rs789.748 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the various offices of Board of Revenue, Government of Sindh for the years 2015-16 & 2016-17, it was observed that auditable record of Rs789.748 million was not produced to audit. The Detail is given at **Annex-1** of Chapter-3.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during October 2016 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

3.4.3 Non-submission of monthly accounts to AG Sindh for post audit - Rs333.677 million

As per revised procedure 2008 for operation of assignment accounts, the policy (4) states that “the drawing authorities will submit monthly account of expenditure with copies of paid vouchers to the concerned AG/DAO for post audit purpose by 15th of each month who will carry out 100% post audit”.

During audit of the office of the Project Director, Automation of Stamps & Registration Karachi, Board of Revenue, Government of Sindh for the years 2014-15 & 2015-16, it was observed that expenditure of Rs333.677 million was incurred from assignment account, but the monthly accounts were not submitted to AG Sindh for post audit.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01)

3.4.4 Irregular expenditure without inviting tender – Rs209.126 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the various offices of the Board of Revenue, Government of Sindh for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs209.126 million was incurred under various heads of accounts without inviting tender. The Detail is given at **Annex-2** of Chapter-3.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management during October 2016 to January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.5 Non-hoisting of bid evaluation report on SPPRA website – Rs162.266 million

According to Rule 45 of SPPRA Rules, 2010, “Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract”.

During audit of the following offices of Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that NITs involving tender of Rs 162.266 million were published, but the result of bid evaluation showing reasons for acceptance or rejection of bids were not hoisted on Authority’s website.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Financial Year	Amount
1	Project Director, Automation of Stamps & Registration, Karachi	03	2014-16	134.523
2	Deputy Commissioner, Korangi	16	2016-17	21.300
3	Deputy Commissioner, Korangi	05	2015-16	5.445
4	Deputy Commissioner, Malir	17	2015-16	0.998
Total				162.266

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.6 Irregular payment through DDO’s accounts - Rs97.297 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms

concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of various offices of Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that funds of Rs97.297 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors. The Detail is given at **Annex-3** of Chapter-3.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.7 Irregular expenditure on POL – Rs92.872 million

According to Services and General Administration Department Circular No.CTC(SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle.

- a) Log Book of the Vehicles in Form-A.
- b) History Sheet of the vehicle in Form-B.
- c) Petrol consumption account in Form-C.

During audit of various offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs92.872 million was incurred on POL on the Government Vehicles without maintenance of Log Books, Petrol Account Registers. The Detail is given at **Annex-4** of Chapter-3.

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management during October 2016 to January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.8 Irregular award of tender for support and maintenance of Genset – Rs75.751 million

According to Rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”

During audit of office of the Project Director, Project Management Unit-LARMIS, Board of Revenue Department, Karachi for the year 2016-17, it was observed that tender for support and maintenance of Genset costing Rs75.751 million was awarded to the bidder.

The following observations were noted:

- i. No firm other than the successful bidder quoted the rates in the tender, but submitted quotation for market survey to the procurement committee when they had no opportunity to win the tender.
- ii. The quotations provided seem suspicious as they all are computer generated and are not on official document.

Audit was of the view that due to award of contract in a non-transparent manner the government was deprived of competitive rates and undue favour to contractor could not be ruled out, which constituted weak financial management.

The matter was pointed out to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#05)

3.4.9 Irregular expenditure on contingent paid staff – Rs69.845 million

As per Finance Department, Karachi letter # FD(Exp:IX)/ 767/91 (B)/Prov dated: 23rd April, 1996 “No appointment of work charged establishment/ contingent paid staff be made without prior approval of Finance Department”.

During audit of office of the Project Director, Project Management Unit-LARMIS, Board of Revenue, Karachi for the year 2016-17, it was observed that expenditure of Rs69.845 million was incurred on account of pay of contingent paid employees under the head of account “Other services rendered” without approval of Finance Department.

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures

(AIR#14)

3.4.10 Non-maintenance of consumption account – Rs67.776 million

According to Rule - 113 of Sindh Financial Rules, Volume-I states that “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken by a responsible government

Officer who should see that the quantities are correct and their quality is good, and record a certificate that he has actually received the materials and recorded them in the appropriate stock register”.

During audit of the following offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs67.776 million was incurred for purchase of various consumable articles, but the consumption account was not maintained.

(Rupees in million)

Sr. #	Name of Office	AIR Para#	Financial Year	Amount
1	Deputy Commissioner, Kamber-Shahdaddkot @ Kamber	9,10,11,12 & 15	2016-17	29.652
2	Deputy Commissioner, Badin	44 & 40	2016-17	20.647
3	Deputy Commissioner, Nausheroferoze	2,6 & 8	2016-17	2.272
4	Deputy Commissioner, Karachi Central	13	2015-16	1.830
5	Deputy Commissioner, Tando Muhammad Khan	4	2016-17	0.406
6	Deputy Commissioner, Khairpur	30 & 33	2015-16	12.337
7	Deputy Commissioner, Tharparkar @ Mithi	8	2015-16	0.332
8	Deputy Commissioner, Shikarpur	7	2015-16	0.300
Total				67.776

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during October 2016 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.11 Irregular technical evaluation of bid - Rs 50.547 million

According to Rule 45 of SPPRA Rules, 2010, “Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract”.

During audit of office of the Project Director, Project Management Unit-LARMIS, Board of Revenue Department, Karachi for the year 2016-17, it was observed that bid was invited through tender for purchase of equipment and payment of Rs50.547 million was made. Equipment were purchased under the contract “Support & Maintenance of hardware, IT equipment, power supplies, Surveillance, Monitoring & Fire Suppression system of various offices across the province”. The bid was technically evaluated by the technical sub-committee.

The following observations were noted:

- i. Notification for formation of technical committee was not available.
- ii. Technical criteria were not prescribed in advance.
- iii. Technical sub-committee was comprised of three members, out of which only one member was technical (System Engineer). The other two members were from Finance & Procurement.
- iv. The technical evaluation was not based on technical criteria.
- v. Specific experience of the bidders has not been shown.
- vi. There was no requirement analysis for support & maintenance contract.

Audit was of the view that in the light of above mentioned fact the evaluation of bid stands irregular due to weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#03)

3.4.12 Non-accounting of store articles - Rs40.987 million

According to Rule 148 of G.F.R Vol-I, all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken, and they should be taken in-charge by a responsible Govt. Officer who should see that the quantity is correct and their quality is good and record certificate to that effect. The officer recurring the store should be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

During audit of various offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs40.987 million was incurred on purchase of stores under various heads for in the relevant stock register. The Detail is given at **Annex-5** of Chapter-3.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.13 Irregular award of work without depositing earnest money - Rs38.205 million

According to Para-515 516 of PWD Manual, Volume-I, "As a rule no tender for execution of works of any description should be received unless accompanied by the deposit of cash as earnest money to the extent which was notified as necessary by Executive Engineer or other officer. The amount of earnest money to be deposited should be sufficiently large to be security against losses".

During audit of the following offices of the Board of Revenue, Government of Sindh for the year 2015-16, it was observed that works worth Rs38.205 million were

awarded to the contractors without obtaining earnest money amounting to Rs1.067 million from contractor.

(Rupees in million)

Sr.#	Name of Office	AIR Para#	Financial Year	Amount	Earnest money
1	Deputy Commissioner, Malir	19	2015-16	23.370	0.467
2	Deputy Commissioner, Korangi	9	2015-16	14.835	0.600
Total				38.205	1.067

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depicted weak administrative management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.14 Irregular expenditure on salaries in excess of sanctioned strength - Rs36.511 million

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and 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 the following offices of Board of Revenue, Government of Sindh for the year 2015-16 & 2016-17, it was observed that 90 employees were appointed/posted/working in excess of sanctioned strength and drawing pay and allowances of Rs36.511 million. The Detail is given at **Annex-6** of Chapter-3.

Audit was of the view that excess appointment/posting of staff constituted weak financial & administrative management.

The matter was reported to the management during December 2016 to July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

3.4.15 Unauthorized retention of funds in DDO’s account – Rs26.980 million

According to Rule-290 of Central Treasury Rules Volume-I, “No money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant.”

During audit of the following offices of Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an amount of Rs26.980 million was drawn and unauthorizedly retained in DDO account.

(Rupees in million)				
Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Deputy Commissioner, Korangi	24	2015-16	14.217
2	Deputy Commissioner, Larkana	06	2016-17	5.503
3	Senior Member Board of Revenue, Hyderabad	06	2016-17	3.983
4	Deputy Commissioner, Shikarpur	06	2016-17	1.124
5	Director, Settlement Survey and Land record Hyderabad	12	2106-17	1.010
6	Commissioner, Mirpurkhas	4	2015-16	0.907
7	Deputy Commissioner, Shaheed Benazirabad	02	2014-15	0.236
Total				26.980

Audit was of the view that retention of funds in DDO account constituted weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management during January to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

3.4.16 Irregular withdrawal by DDO instead of actual payee – Rs26.363 million

According to Rule 290 of Central Treasury Rules Vol-I, “No money shall be drawn from Government Treasury unless it is required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demands or to prevent lapse of budget”.

During audit of the following offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs26.363 million was incurred under various heads of accounts but the payment was made through DDO account instead of issuing cross-cheques in favour of the actual payee/vendor account.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Financial Year	Amount
1	Deputy Commissioner, Ghotki	03	2015-16	19.509
2	Deputy Commissioner, Badin	04	2016-17	3.772
3	Senior Member, Board of Revenue, Hyderabad	04	2016-17	2.204
4	Assistant Commissioner, Umerkot	03	2011-17	0.878
Total				26.363

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

3.4.17 Excess payment of honorarium – Rs12.000 million

According to rule FR-9(9), “Honorarium means recurring or non-recurring payment to the Government Servant from general revenue as remuneration for special task.” Honorarium is to be allowed when the work is occasional in character and also laborious or of special merit. Honorarium is granted when conditions are fulfilled; that the work is occasional in nature and work is so laborious or of such merit as to justify special award. Further the amount must not exceed employees one month pay concerned on each occasion.”

During audit in the office of the Project Director, Project Management Unit-LARMIS, Board of Revenue, Karachi for the year 2016-17, it was observed that an amount of Rs12.000 million was paid on account of honorarium to all officers/officials and also to contract employees equal to three months Basic pay in contravention of above mentioned Rule.

Audit was of the view that undue favour was extended to officers/officials which resulted weak financial and administrative management.

The matter was pointed out to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#02,13)

3.4.18 Irregular expenditure on land acquisition – Rs9.70 million

According to Para 110 (iii) of Sindh Financial Rules volume-I, states that “the office who settles the price should draw up Form-A appendix 5 prescribe for use in the case of an award and this should be made on the basis of subsequent payment”.

During audit of office of the Deputy Commissioner, Tando Muhammad Khan, Board of Revenue, Government of Sindh for the year 2016-17, it was observed that an amount of Rs9.70 million was paid to Land Acquisition Officer for acquiring land under Land Acquisition Act 1894, but the Land Award Statement and disbursement account were not produced to ascertain the authenticity of payment.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01)

3.4.19 Irregular expenditure on account of feeding charges – Rs5.993 million

According to Rule-23 of Sindh Financial Rules, Volume-I, “as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particular of claim.”

During the audit of following offices of Board of Revenue, Government of Sindh, for the year 2015-16 & 2016-17, it was observed that an expenditure of Rs5.993 million was incurred on feeding charges, but detail of event, menu of food supplied and acknowledgment receipt were not produced.

(Rupees in million)

Sr. #	Name of Office	AIR Para#	Financial Year	Amount
1	Deputy Commissioner, Kashmore	4	2016-17	3.423
2	Deputy Commissioner, Shikarpur	3	2016-17	0.448
3	Deputy Commissioner, Shikarpur	6	2015-16	0.327
4	Deputy Commissioner, Korangi	8	2016-17	0.300
5	Deputy Commissioner, Korangi	18	2015-16	0.300
6	Deputy Commissioner, Sukkur	17	2016-17	0.300
7	Deputy Commissioner, Ghotki	14	2015-16	0.300
8	Deputy Commissioner, Malir	2	2015-16	0.298
9	Deputy Commissioner, East Karachi	4	2016-17	0.297
Total				5.993

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.20 Non-imposition of penalty for the delayed work - Rs5.000 million

Clause-2 of the contract Agreement provides that the quantity of the works is to be done within particular time limit as specified within the proportion of time limit, such as $\frac{1}{4}$ of the work in $\frac{1}{4}$ of the time, in the event of contractor failing to comply this condition he shall be liable to pay as compensation and amount equal to one %, or such smaller amount as the superintending engineer may decide of the said estimate cost of whole work for every day that the due quantity for work remains incomplete. Provided that, the total amount of compensation to be paid under the provision of this clause, shall not exceed 10% of the work as shown in the tender.

During audit of office of the Deputy Commissioner Central, Karachi Board of Revenue, Government of Sindh, for the year 2015-16, it was observed that work awarded to the contractor which was required to be completed within the stipulated period. The contractors failed to complete the work in time but penalty of Rs5.000 million was not imposed.

(Rupees in million)

Sr. #.	Name of Contractor	Name of work	Date of Start of work	Stipulated date of completion of work	Status of work	Total cost	Amount of penalty
1	M/s MM Traders	Rehabilitation/improvement of main roads & link roads in the area of districts Central of Karachi.	17-06-16	40 Days	WIP Dated 28-10-2017 Delay (88day)	25.000	2.500
2	M/s Haji Abdul Aziz Khan	Rehabilitation/repair (Beautification) of foot Paths/Central Island in the area of district Central of Karachi..	17-06-16	40 Days	-do-	10.000	1.000
3	M/S King enterprises	Installation/maintenance of street light & Territory boards in the area of districts Central of Karachi	17-06-16	40 Days	-do-	15.000	1.5
Total						50.000	5.000

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#5)

3.4.21 Non-obtaining of performance security from successful bidders – Rs4.111 million

As per bidding instructions IB.21 Performance Security, 21.1 the successful bidder shall furnish to the Procuring Agency a Performance Security in the form and the amount stipulated in the Conditions of Contract within a period of fourteen(14) days after the receipt of Letter of Acceptance (SPP 39).21.2 Failure of the successful bidder to comply with the requirements of Sub-Clauses IB.20.2& 20.3 or 21.1 or

Clause IB.22 shall constitute sufficient grounds for the annulment of the award and forfeiture of the Bid Security.

During audit of office of the Deputy Commissioner, Korangi, Board of Revenue, Government of Sindh for the financial year 2016-17, it was observed that works amounting to Rs41.112 million were awarded to the various contractors without obtaining performance security @ 10% of Rs4.111 million.

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depict weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#17)

3.4.22 Unauthorized payment of inadmissible allowances – Rs2.967 million

According to rule-88 of Sindh Financial Rules, volume-I, Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of following offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an amount of Rs2.967 million was paid to the officers/officials on account of various inadmissible allowances. The Detail is given at **Annex-7** of Chapter-3.

Audit was of the view that payment of inadmissible allowances constituted weak administrative and financial management.

The matter was reported to the management during January to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

3.4.23 Un-authorized deposit of cash in DDO account – Rs2.167 million

According to rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”

During audit of the following offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was observed that an amount Rs2.167 million was deposited into DDO account without any justification.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Secretary, Senior Member Board of Revenue Hyderabad	5	2016-17	1.455
2	Deputy Commissioner, Umerkot	3	2015-16	0.712
Total				2.167

Audit was of the view that deposit of funds in DDO account constituted weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management during December 2016 and July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

3.4.24 Non-recovery of outstanding dues – Rs241.115 million

According to Rule 41(a) of Sindh Financial Rules, Vol-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.

During audit of the following offices of the Board of Revenue, Government of Sindh, for the years 2015-16 & 2016-17, it was revealed that an amount of Rs241.115 million was not recovered from concerned.

(Rupees in million)

Sr.#	Name of Office	AIR Para#	Particular	Financial Year	Amount
1	Deputy Commissioner, Nausheroferoze	15 & 18	Arrears of land and agriculture tax,	2016-17	98.292
2	Deputy Commissioner, Shaheed Benazirabad	10, 11 & 12	Local Cess, Water Cess, Land tax	2014-15	96.354
3	Deputy Commissioner, Nausheroferoze	18	Bebaki	2015-16	40.115
4	Deputy Commissioner, Malir	27,28,29, 30&31	Land tax, Misce: Charges	2015-16	1.077
5	Deputy Commissioner, Sukkur	21	Jamabandi items	2016-17	0.846
6	Deputy Commissioner, Dadu	4	Abiana, Cess	2016-17	4.431
Total					241.115

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during December 2016 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

3.4.25 Non-crediting of government revenue – Rs36.445 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.

During audit of the following offices of the Board of Revenue, Government of Sindh for the years 2015-16 & 2016-17, it was observed that an amount of Rs36.445 million was deducted from the contractors, but the same was not deposited into the government treasury.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Particular	Financial Year	Amount
1	Deputy Commissioner, Korangi	01	Income tax	2015-16	22.930
2	Deputy Commissioner, Malir	16	Income tax	2015-16	13.515
Total					36.445

Audit was of the view that Government sustained loss of revenue due to non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

The matter was reported to the management during October 2016 to January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of government revenue, besides taking remedial measures.

3.4.26 Less/non-deduction of taxes - Rs28.291 million

According to the section 153 (1) (a) of the Income Tax Ordinance 2001, 6 % income tax is required to be deducted at source while making payment to suppliers / contractors.

During audit of various offices of the Board of Revenue, Government of Sindh, for the year 2015-16 & 2016-17, it was observed various taxes of Rs28.291 million

were either less deducted or not deducted while making payment to the various contractors. The Detail is given at **Annex-8** of Chapter-3.

Audit was of the view that Government sustained loss of revenue due to less/non-deduction of taxes, which resulted into weak financial management.

The matter was reported to the management during October 2016 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

3.4.27 Non-crediting of call deposit into Government account – Rs14.018 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.

During audit of following offices of the Board of Revenue, Government of Sindh for the years 2015-16 & 2016-17, it was observed that an amount of Rs14.018 million was deducted from the contractors, but the same was not deposited into the government treasury.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Project Director, Project Management Unit, LARMIS Karachi	12	2016-17	12.086
2	Project Director, Automation of Stamps & Registration , Karachi	8	2014-16	1.932
Total				14.018

Audit was of the view that non-crediting of call deposit into Government treasury, which resulted into weak financial management.

The matter was reported to the management during June & August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of call deposit into of government account, besides fixing responsibility on person(s) at fault.

CHAPTER-4 CHIEF MINISTER'S SECRETARIAT

4.1 Introduction

The province has a Governor, a council of ministers headed by a Chief Minister appointed by the Governor, and a provincial assembly. Members of the provincial assembly are elected by the public in an electoral polling process. Chief Minister is the head of provincial government.

Chief Minister's Secretariat includes following wings. Each one among these is separate public entity performing its own functions as defined in Sindh Rules of Business, 1986.

- (a) Chief Minister's Secretariat
- (b) Universities & Boards
- (c) Sindh Technical Educational & Vocational Training Authority (STEVTA)

Each entity as mentioned above, excluding Universities & Boards, is allocated with separate budget. The Universities & Boards under administrative control of Chief Minister's Secretariat are financially autonomous entities; however, these are financially supported with specific grants by the Provincial Government as well as Higher Education Commission (HEC).

4.2 Comments on the Budget and Accounts (Variance Analysis)

The CM's Secretariat consists of 29 formations (DDOs), out of which 22 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
11,048.199	0.000	472.260	(472.260)	(5,032.168)	6,016.031	5,580.718	435.313

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs435.313 million was observed which were not surrendered in time.

4.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 which has not yet been discussed in PAC.

4.4 AUDIT PARAS

4.4.1 Doubtful payment of stipend – Rs 178.686 million

Appendix-II of Sindh Financial Rules, Vol.-I and appendix 18-A of Sindh Financial Rules, Volume-I, states that, “Every 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 responsible for any loss arising from fraud and negligence on the part of any other Government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence. “Rule 25 of Sindh Financial Rule Volume-I, states that, “Every voucher should also bear, or have attached to it, an acknowledgement of the payment, signed by the person by whom or in whose behalf the claim is put forward. No payment will be made in the absence of the necessary acknowledgement”.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister’s Secretariat, Government of Sindh for the year 2015-16, it was observed that an amount of Rs178.686 million was paid on account of payment of stipend to the trainees through M/s Tameer Micro Finance Bank Limited (TMFBL) without supporting invoices.

The following observations were also noted:

- i. The TMFBL was engaged without provision in PC-1.
- ii. The monthly disbursement and inspection reports were not produced. The fresh tenders were not invited. The extension was granted instead of fresh tendering.
- iii. The agreement was not vetted from the Law department, Government of Sindh.
- iv. The TMFBL manages two accounts of SSDP project in its bank. The details of those accounts were not produced along with bank statement.
- v. Undisbursed amount of stipend of Rs 57.923 million was reversed in September 2015 & kept un-authorized by the TMFBL instead of immediate disbursement as evidenced from Para 80 pages 14 of the managements noting side of file.
- vi. As per clause 3.8.1 of contract, the liquidated damages were also not imposed and paid by Bank on delayed disbursements.
- vii. Details of core accounts issued to trainees and record of ATMs issued not produced.
- viii. The misappropriation of stipend amount of Rs0.443 million was noticed due to un-transparent payment procedure.

- ix. The audit could not verify the payments made by the bank to the concerned trainees as there was no banks acknowledgment produced to audit.
- x. The period of retention of funds (the date when amount received by the TMBL and the payment date when the same disbursed to the concerned trainees) by the TMBL could not be verified.
- xi. The reconciliation of stipend paid was not produced.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.2.1)

4.4.2 Non-production of record - Rs 15.000 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of the following offices of Chief Minister's Secretariat, Government of Sindh, auditable record amounting to Rs 15.000 million pertaining to various items were not produced to audit for scrutiny.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Secretary, Chief Minister's Secretariat, Karachi	2016-17	01 & 28	15.000
2	Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi	2015-16	4.1.4	-
Total				15.000

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in March 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of record, besides fixing responsibility on the person(s) at fault.

4.4.3 Non-utilization of Grant-in-aid – Rs 1,000.000 million

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.

During audit of office of the Chairman Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister's Secretariat, Government of Sindh for the financial years 2012-13 to 2015-16, it was observed that Rs1,000.00 million was released on account of grant in aid for establishment of housing units, but same was neither utilized nor surrendered in time.

(Rupees in million)

Financial Year	Released amount	Expenditure	Non-utilization
2015-16	1,000.00	0	1,000.00

Audit was of the view that management failed to take necessary steps to utilize the available funds, which constituted weak administrative and financial management.

The matter was reported to the management in March 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 12)

4.4.4 Non-compliance with NAB instructions – Rs 177.099 million

As per Bureau letter No.195-(14) A&P/NAB/2008 dated 13th February 2012 issued by National Accountability Bureau, “all departments of Provincial and Local Government are required to furnish to NAB a copy of any agreement, contract, undertaking entered into and auction, bidding, planned to be conducted of the minimum monetary value of fifty million (50 million) rupees or more with the fastest available means of communication.”

During audit of office of the Chairman Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister’s Secretariat, Government of Sindh for the financial years 2012-13 to 2015-16, it was observed that almost all contracts exceeding value of fifty million (50 million) rupees were not communicated to NAB authority.

(Amount in Rupees)

Name of work	Tender Cost
Infrastructure Development work at Deh Luqman, Khairpur Sindh (Remaining work)	177,099,623

Audit was of the view that non-compliance of government rules constituted weak administrative and financial management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 15)

4.4.5 Non-accountal of miscellaneous items – Rs 114.887 million

According to Rule 148 of G.F.R Vol-I, all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken, and they should be taken in-charge by a responsible Govt. Officer who should see that the quantity is correct and their quality is good and record certificate to that effect. The officer recurring the store should be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

During audit of following offices of Chief Minister’s Secretariat, Government of Sindh, it was observed that an expenditure amounting to Rs 114.887 million was incurred on purchase of miscellaneous items, but the same were not accounted for in the stock register.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	2015-16	02, 05 & 08	61.618
2	Secretary, Chief Minister’s Secretariat Karachi	2016-17	20 & 34	52.661
3	Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi	2015-16	4.1.5	0.608
Total				114.887

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

4.4.6 Excess expenditure over and above PC-1 provision – Rs32.953 million

As per PC-1 of the project, an amount of Rs531.765 million provisions/allocation was fixed for payment of stipend.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister’s Secretariat, Government of Sindh for the year 2015-16, it was observed that an excess expenditure of Rs32.953 million was incurred on account of stipend over & above the PC-1 provision. The PC-1 provision was of Rs531.765 million, whereas the management incurred an expenditure of Rs564.718 million (as per Statement of Receipt & Payments) resulting in excess expenditure of Rs32.953 million. Moreover, the approval of excess expenditure was not obtained from the competent forum.

Audit was of the view that excess expenditure over PC-I constituted weak financial & administrative management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.2.2)

4.4.7 Excess payment over and above the contract price – Rs 26.458 million

As per Para 532 of PWD Manual, “A revised estimate may be submitted when a sanctioned estimate is likely to exceed by more than 5 %.”

During audit of accounts of the Chairman Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister’s Secretariat, Government of Sindh for the financial years 2012-13 to 2015-16, it was observed that excess expenditure of Rs 26.458 million was incurred over and above the Contract Price as detailed below:

(Amount in Rupees)

Name of work	Total Expenditure	Tender Cost	Excess	Excess in %
Infrastructure Development work at Deh Luqman, Khairpur Sindh (Remaining work)	203,557,623	177,099,623	26,458,000	15 %

Audit was of the view that excess payment over and above the contract price constituted weak financial & administrative management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 14)

4.4.8 Doubtful expenditure on repair maintenance & POL - Rs34.279 million

As per Rule-23 of General Financial Rules Volume-I “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 office of the Principal Secretary, Chief Minister’s Secretariat, Karachi for financial year 2016-17, it was observed that an expenditure of Rs34.279 million was incurred on account of POL and repair and maintenance of vehicle, but allotment of vehicles, log books, daily diary and tour programs were not produced.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in July/August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 16, 06)

4.4.9 Loss to the government due non-insurance of vehicles

As per “The Sindh Insurance of Public Property Act, 2015” (Sindh Act No.XIII of 2015) Section 2 (v) “Public Property” means any property, movable or immovable, which belongs to or the safety or management of which is the legal responsibility of (a) Government of Sindh, (b) local authority, or a body corporate (c) company, firm, institution, organization, authority, managed or controlled by Government..., Section 3 states “all insurance business related to any public property shall be placed with and procured from the Sindh Insurance Company only”

As per Motor Vehicles Act, 1939, 94 (1) “No person shall use except as a passenger or cause or allow to any other person to use a motor vehicle in a public place, unless there is in force in relation to the use of the vehicle by that person or that other person, as the case may be, a policy of insurance complying with the requirements of this chapter”

During audit of office of the Principal Secretary, Chief Minister’s Secretariat, Karachi for the year 2016-17, it was noted that Government funds amounting to Rs23.349 million were spent on purchase of vehicles, but the department failed to safeguard the Government assets by insuring them.

Sr. #	Make & Model	Registration No.
1	Toyota Fortuner-2017	GSE-560
2	-do-	GSE-561
3	Suzuki Cultus-2017	GSD-575
4	-do-	GSD-576

Due to non-insurance, the following of Government vehicles were snatched.

Sr. #	Make & Model	Registration No.	F.I.R No.
1	Toyota Corolla-2005	GSD-343	101/2017 P.S Saudabad
2	Suzuki Cultus-2015	GSD-349	298/2017 P.S. Boat Basin

Audit was of the view that due to non-insurance snatched vehicles loss was sustained by the government.

The matter was reported to the management in July/August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 07)

4.4.10 Unauthorized payment of utility allowance – Rs 21.810 million

According to Finance department notification No.FD(SR-III)-5-145/2012 dated 02-03-2012, Government of Sindh granted utility allowance to the employees of Sindh Civil Secretariat and Provincial Assembly Sindh, w.e.f:01.01.2012, according to Para-2 (a) It shall not be admissible to those secretariat employees/ project employees who are drawing project allowance (c) It shall not be admissible to the employees on their transfer from Sindh Civil Secretariat.

During audit of office of the Secretary, Chief Minister's House, Karachi, under Chief Minister's Secretariat, Government of Sindh for the year 2016-17, it was noted that payments amounting to Rs21.810 million were made on account of utility allowance in monthly salaries to the staff drawing pay from C.M. House's budget without any justification and in violation of Finance Department, Government of Sindh.

Audit was of the view that management failed to observed government order which constituted weak administrative and financial management.

The matter was reported to the management in July/August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 10)

4.4.11 Irregular expenditure without inviting tender – Rs 19.970 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the following offices of Chief Minister's Secretariat, Government of Sindh, it was observed that an expenditure of Rs 19.970 million was incurred on procurement of various items without inviting open tenders.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Secretary to Chief Minister Secretariat/ House, Karachi	2015-16	07 & 16	10.097
2	Secretary Chief Minister's Secretariat, Karachi	2016-17	03	9.274
3	Chairman Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II)	2012-13 to 2015-16	06	0.599
Total				19.970

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

4.4.12 Non-imposition of penalty on contractors – Rs 17.709 million

According to clause-2 of the contract agreement, “the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of time. In the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”.

During audit of office of the Chairman Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II), under Chief Minister’s Secretariat, Government of Sindh for the financial years 2012-13 to 2015-16, it was observed that penalty of Rs17.709 million was required to be imposed upon the contractors who did not complete their work within the stipulated period.

(Amount in Rupees)

Name of work	Name of contractor	Actual date of start	Stipulated date of completion	Actual date of completion	Tender cost
Infrastructure development work at Deh Luqman, Khairpur Sindh (Remaining work)	M/S Reliant Trade Link	May, 2014	June, 2016	Work in progress	177,099,623
10% Penalty					17,709,962

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 10)

4.4.13 Un-authorized expenditure on repair & maintenance of vehicles under warranty - Rs16.080 million

Rule-23 of General Financial Rules Volume-I “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 office of the Principal Secretary, Chief Minister’s Secretariat, Karachi for the year 2016-17, it was observed that an expenditure of Rs16.080 million was incurred by C.M House management on account of “Maintenance Charges” of four (04) expensive bulletproof imported vehicles from the public funds.

The following observations were noted:

- i) BMW-750 (Bulletproof) Registration No.GSE-002 was purchased during 2014 with two (02) years free maintenance warranty by the company, but despite that Rs3,120,170 were spent for maintenance of the vehicle unjustifiably.
- ii) BMW-7 Series (Bulletproof) model 2007- the department spent Rs3,635,680 during 2016-17 as “Maintenance Cost” of 10 years old BMW car i.e. Rs3.6 million on annual basis as maintenance cost of 2007 model BMW car instead of saving Govt. money by disposing off the vehicle at calculated residual / salvage value after deducting depreciation.
- iii) Similarly, on Mercedes Benz, Bulletproof, 2010 model, the entity spent Rs5,953,254 as “maintenance charges” in 2016-17 without calculating the residual or salvage value of the asset that whether it was worth having such expenditure on the asset instead of disposal of asset.

Audit was of the view that irregular expenditure was incurred without due delegation, which constituted weak financial and administrative management.

The matter was reported to the management in July/August 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 05)

4.4.14 Irregular expenditure on purchase and repair of various items – Rs13.036 million

Rule-23 of Sindh Financial Rules vol.-I, states that, “every voucher should also bear or have attached to it, an acknowledgement of the payment signed by the person by whom or in whose behalf the claim is put forward. No payment will be made in absence of the necessary acknowledgement

During audit of the following offices of Chief Minister’s Secretariat, Government of Sindh, Karachi, for the year 2015-16, it was observed that an expenditure of Rs 13.036 million was incurred on purchase and repair of various items.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	Purchase of various items	2015-16	10	5.578
2	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	Purchase of uniform	2015-16	12	4.295
3	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	Repair of machinery	2015-16	18	1.159
4	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	Repair of Furniture	2015-16	19	1.044
5	Secretary to Chief Minister Secretariat/ House Sindh, Karachi	Purchase of hardware	2015-16	20	0.960
				Total	13.036

The following observations were noted:

- Expenditure incurred without obtaining the quotation from different dealers.
- Acknowledgement receipts were not obtained from suppliers.
- Work orders/ supply orders were not available on record.
- Work Completion report was not obtained.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

4.4.15 Un-authorized retention of SSDP funds in DDO account – Rs 12.324 million

According to Para 2 (vi) of revised procedure for operation of Assignment accounts circulated by Controller General of Accounts, Islamabad vide letter No.AC-II/1-39/08-Vol-V/632 dated 24-09-2014, “the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. A certificate to this effect will be recorded on the Schedule of Payment mentioned in Para 2 (i) above. The cheques for payments on account of purchases/supplies will be drawn in the name of contractor/supplier”.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister’s Secretariat, Government of Sindh for the year 2015-16, it was observed that an amount of Rs12.324 million was retained in Benazir Bhutto Shaheed Youth Development Programme’s DDO account # 3116-6 which is unauthorized.

(Rupees in million)

Sr. #	Particulars	Amount
1	Round I Performance security	0.899
2	Round II Performance security	8.565
3	Round III Performance security	2.860
	Total	12.324

Audit was of the view that retention of funds in DDO account constituted weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.2.3)

4.4.16 Irregular payment of training cost - Rs 9.193 million

As per Rule-10 (4) of General Financial Rules Volume-I, Public money should not be utilized for the benefit of a particular person or section of the Community, read with Appendix-II of Sindh Financial Rules Vol.-I and appendix 18-A of Sindh Financial Rules Volume-I, states that “Every 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 responsible for any loss arising from fraud and negligence on the part of any other Government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister’s Secretariat, Government of Sindh for the year 2015-16, it was observed that the contracts of Rs9.193 million were signed with the service providers who were not dealing with appropriate trades/courses. The sewing and stitching trainings were conducted by beauty parlors and Institutes of Science & Information Technology.

The following shortcomings were also noted:

- i. Relevant training experience and past performance.
- ii. Registration with recognized Certificate/Diploma awarding Board / University [National or International].
- iii. The facilities available for imparting training in respect of infrastructure like Curriculum, Faculty, Equipment/Machines, Teaching Aids and other resources.

(Rupees in million)

Sr. #	Contract details	Contract amount
1	Round IV Training – contract executed on 02-04-2015	7.203
2	Round IV Training - contract executed on 26-02-2015	1.990
Total		9.193

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.3.2)

4.4.17 Irregular payment through DDO account - Rs 7.321 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of following offices of Chief Minister’s Secretariat, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that funds of Rs7.321 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Secretary to Chief Minister Secretariat / House, Karachi	2015-16	11	4.821
2	Secretary, Chief Minister’s Secretariat, Karachi	2016-17	02	2.500
Total				7.321

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

4.4.18 Un-authorized expenditure without PC-I provision – Rs6.150 million

According to Rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”

During audit of office of the Chairman, Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister’s Secretariat, Government of Sindh for the years 2012-13 to 2015-16, it was observed that Rs6.150 million was paid to the contractor on account of demarcation of plots in housing scheme of Shaheed Benazir Bhutto Housing Cell at Deh of Lukman Khairpur without provisions in PC-I/Master Plan and without provision in technical sanction.

Audit was of the view that expenditure without provision in PC-I constituted weak financial & administrative management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 13)

4.4.19 Irregular appointment of contractual staff – Rs 5.557 million

According to the orders passed by Honorable Supreme Court of Pakistan dated 08-03-2013 in CMA 1145/2013, Suo Moto Case No.16/2011, “Both Federal and Provincial Government should take necessary steps to ensure that re-employment or employment on contract basis are not made in violation of the relevant laws”

During audit of office of the Secretary, Chief Minister’s Secretariat, Karachi under Chief Minister’s Secretariat, Government of Sindh for the year 2016-17, it was observed that contractual staff was appointed without observing the following codal formalities:

- i. No Departmental Selection Committee was formed to recommend the selection of staff
- ii. Posts / vacancies were not advertised in the leading newspapers
- iii. Required Educational Qualification and Experienced criteria was not fulfilled
- iv. Police verification of the character of the contract staff appointed in a sensitive office i.e. C.M. House was not done.
- v. Verification of the credentials, degrees, domicile, and PRC was not done from the concerned issuing universities / offices

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management in July/August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 09)

4.4.20 Un-authorized retention of income/sales tax – Rs3.815 million

As per Rule 43 of the Income Tax Rules, 2002, all taxes collected or deducted are payable to the Commissioner by way of credit to the Federal Government by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan within the specified time as under:

- a. Where the tax is collected or deducted by the Federal Government or Provincial Government on the day the tax was collected or deducted; and
- b. Where the tax is collected or deducted by any other person within seven days from the end of each week ending on every Sunday. A tax deposit slip form (Challan) is prescribed.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister's Secretariat, Government of Sindh for the year 2015-16, it was observed the income & sales tax of Rs3.815 million was deducted from the bills of contractors, but the same was retained and not deposited till close of financial year (as per note 12 of the Financial Statements).

Audit was of the view that Government sustained loss of revenue due to non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility, besides deposit of government revenue at earliest under intimation to audit.

(AIR # 4.2.4)

4.4.21 Irregular expenditure by split-up to avoid tender - Rs2.511 million

As per Rule 12(1) of SPPR 2010, Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, all proposed

procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of office of the Secretary to Chief Minister Secretariat/House Sindh, Karachi under Chief Minister's Secretariat, Government of Sindh for the financial year 2015-16, it was observed that an expenditure of Rs 2.511 million was incurred on account of repair of plant & machinery by splitting up to avoid obtaining sanction from competent authority.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the department in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 14)

4.4.22 Excess payment of procurement of training cost – Rs 2.297 million

Appendix 18 (a) Section-I of Sindh Financial Rules, Volume-I, states that, "Every 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 responsible for any loss arising from fraud and negligence on the part of any other Government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence." Read with Rule-10 (4) of General Financial Rules Volume-I, Public money should not be utilized for the benefit of a particular person or section of the community.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister's Secretariat, Government of Sindh for the year 2015-16, it was observed that the management incurred excess expenditure of Rs2.297 million on account of training cost for same course/trade in same city with different rates. The management produced only copy of advertisement, but the complete record of transparent competition was not produced.

Audit was of the view that excess payment of training cost constituted weak financial & administrative management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.3.4)

4.4.23 Unjustified / unauthorized expenditure on hiring of private plane – Rs2.084 million

As per Rule-23 of General Financial Rules Volume-I "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 office of the Secretary, Chief Minister's Secretariat, Karachi under Chief Minister's Secretariat, Government of Sindh for the year 2016-17, it was observed that despite having an official jet airplane and helicopter with Government Chief Pilot and two co-pilots with 24/7 availability, a huge payment worth Rs2.084

million was made to M/s Princely Jets company on account of hiring a private plane in the name of Chief Minister Sindh without any justification.

Audit was of the view that hiring a private plane despite having an official one constituted weak financial & administrative management.

The matter was reported to the management in July/August 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 17)

4.4.24 Unauthorized appointment of media consultant on contract basis – Rs17.000 million

As per Rule-23 of General Financial Rules Volume-I “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 office of the Principal Secretary, Chief Minister’s Secretariat, Karachi for the year 2016-17, it was observed that Mr. Abdur Rasheed Channa was appointed as “Media Consultant” on contract basis @ Rs500,000 per month fixed salary along with government staff car with monthly fuel. The C.M. House paid Rs17.000 million since his date of appointment till July 2017 (02 years, 10 months). Following observations were noted:

- 1) The “Media Consultant” was appointed unjustified as the same purpose could have been served by an officer appointed against a permanent and regular vacancy of BPS-18 officer “Media Coordinator” which is lying vacant due to Media Consultant.

- 2) Mr. A. Rasheed Channa, was appointed as “Media Consultant” against the post of BPS-20 where as there is no sanctioned / approved post of “Media Consultant” (B-20 in C.M. House as per Budget Book of Finance Department, Govt. of Sindh).
- 3) While appointing “Media Consultant”, open merit was not considered as hiring was not made through prescribed procedure as laid down for appointment including advertisement of vacancy in 3 leading newspapers of different language, consideration of experience in the relevant field, educational and qualification, Constitution of Board for appointment of Media Consultant, etc.

Audit was of the view that in the light of above mentioned fact, appointment of “Media Consultant” on contract stands unauthorized, which constituted weak administrative and financial management.

The matter was reported to the management in July/August 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 08)

4.4.25 Irregular payment to consultant – Rs 1.247 million

As per “Rule 61; Selection of Consultancy Services”, of SPPRA 2010, the selection of consultants shall be guided by the following considerations:

- i. Best quality of services available;
- ii. Need for economy and efficiency;
- iii. Need to give all qualified consultants an equal opportunity to compete;
- iv. Encouragement of local consultants without any unfair competitive advantage;
&
- v. Transparency in the selection process.

According to Rule 50 of Sindh Public Procurement Rules 2010 titled Publication of the Award of Contract, "Within seven days of the award of contract, procuring agency shall publish on the website of the Authority and on its own website, if such a website exists, the results of the bidding process, identifying the bid through procurement identifying number, if any, and the following information:

- i. Evaluation Report;
- ii. Form of Contract and Letter of Award;
- iii. Bill of Quantities or Schedule of Requirement.

During audit of office of the Provincial Coordinator, Benazir Bhutto Shaheed Youth Development Programme, Karachi of Project Sindh Skill Development (Component-I), IDA Grant No.4947-Pk under Chief Minister's Secretariat, Government of Sindh for the year 2015-16, it was observed that an amount of Rs1.247 million was paid to consultants M/s Ernst & Young Ford Rhodes Sidat Hyder (EY) vide cheque No.48272092 on account of consultancy charges for Third Party Verification (TPV) of employment facilitation provided by the training providers to the Benazir Bhutto Shaheed Youth Development Programme, trainees of SSDP component-I (Round-IV). The payment was made to the consultant without obtaining the progress reports and other required responsibilities. Audit could not find any evidence of performance carried out in shape of deliverables by the consultant.

Audit was of the view that in the light of above mentioned fact, payment to consultant stands irregular, which constituted weak administrative and financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.3.6)

4.4.26 Non-recovery of electricity charges - Rs 36.974 million

As per Rule-23 of General Financial Rules Volume-I "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 office of the Secretary, Chief Minister's Secretariat, Karachi, under Chief Minister's Secretariat, Government of Sindh for the year 2016-17, it was observed that payment of Rs36.974 million was made to M/s K-Electric Company on account of electricity charges of residential flats / staff quarters situated within the premises of Chief Minister's House, Karachi and offices of the C.M. Secretariat without any justification, but the recovery of the same was not made from the allottees of the quarters.

Audit was of the view that management failed to recover the electricity charges dues which constituted weak administrative and financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of electricity charges from defaulters under intimation to audit.

(AIR # 18)

4.4.27 Non recovery of shrinkage allowance – Rs 4.308 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2012, "Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%."

During audit of office of the Chairman, Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister's Secretariat, Government of Sindh for the financial years 2012-13 to 2015-16, it was observed that an amount of Rs 4.308 million was not recovered/deducted from the bills of contractors on account of shrinkage allowance on earthwork.

Audit was of the view that management failed to recover the shrinkage allowance which constituted weak administrative and financial management.

The matter was reported to the management in March 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of shrinkage allowance under intimation to audit.
(AIR # 03)

4.4.28 Recovery of un-authorized payment of pay & allowances – Rs2.160 million

As per Rule-10 (1) & (IV) of General Financial Rules, volume- I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of the community.

During audit of office of the Principal Secretary to Chief Minister Secretariat/ House Sindh, Karachi for the financial year 2015-16, it was observed that Group Captain (R) Rizwan-ul-Haq, Pilot VIP Flight, Governor/CM, Sindh was appointed vide letter NO.SOII (SGA&CD) 7-1/2014 dated 23/02/2015 for a period of (03) years and pay was fixed including allowances (S/No. 01) @ 0.200 million per month. Despite of fact that all the allowances were included in the pay, he is availing house rent allowance @ 0.060 million per month and allotted a vehicle as well. These facilities were not admissible as per terms and conditions. Resultantly government sustained loss of Rs 2.160 million (60,000 X 12 X 3 year = 2,160,000).

Audit was of the view that management failed to recover the inadmissible pay & allowances which constituted weak administrative and financial management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 30)

4.4.29 Non-recovery of interest on mobilization advance – Rs 1.700 million

As per Rule 220(c) of Sind Financial Rules in respect of works costing Rs2.5 million or above the contractor may be allowed by the authority competent to accept tender, a mobilization advance to be paid up to 10% of the tendered amount subject to the following conditions:

- (i) The contractor shall before obtaining the advance furnish a guarantee in Form 20-A.
- (ii) The contractor shall pay interest @ 10% per annum on the advance.

During audit of office of the Chairman, Shaheed Benazir Bhutto/Peoples Housing Cell, Karachi (Phase II) under Chief Minister's Secretariat, Government of Sindh for the financial year 2012-13 to 2015-16, it was observed that the office paid mobilization advance of Rs17.000 million without recovering interest @ 10% amounting to Rs1.700 million.

Audit was of the view that management failed to recover the interest on mobilization advance which constituted weak administrative and financial management.

The matter was reported to the department in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 11)

CHAPTER - 5 COOPERATION DEPARTMENT

5.1 Introduction

The Cooperation Department was formed to manage the registration and other governmental matters of Cooperative Societies and Banks and to engage in service matters, except those entrusted to the Services, General Administration and Coordination Department.

The Cooperation Department is responsible for to organise the matters relating to registration of cooperative societies, to conduct audit and inspection of cooperative societies, to liquidate & cancel registration of dormant Cooperative Societies, to manage loans and recovery of arrears under the provisions of Land Revenue Act 1967, to arrange agriculture credit for cooperative societies, arbitrate over the cases under the Cooperative Societies Act 1925, to supersede/takeover the affairs for cooperative societies, in case of their failure/ mismanagement and to take necessary measures for the welfare & safeguard of interests of members of cooperative societies.

5.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 29 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
375.727	0.002	57.913	(57.913)	(74.275)	301.454	292.826	8.628

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs8.628 million was not surrendered in time.

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
4.000	4.000	-	4.000

The department was unable to collect the estimated receipts.

5.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

5.4 AUDIT PARAS

5.4.1 Non production of record

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of the Registrar Sindh Cooperative Societies Hyderabad, Cooperative Department for the financial years 2015-16 & 2016-17, the auditable record regarding the following paras were not produced to audit.

Sr. #	AIR Para #	Nature of Irregularity
1	01	Non-production of registration record
2	03	Non production of audit reports for 55 societies
3	05	Discrepancies noticed in audit reports

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends the production of the auditable record, besides fixing responsibility on the person(s) at fault.

5.4.2 Non conduct of audit under section 22 of Cooperative Act

As per section 22(1) of Sindh Cooperative Act 1925 “The Registrar shall, by himself, an auditor or a committee of auditors appointed by him, through general or special order in this behalf, specifying the period for completion, audit the accounts of every society once at least in a year”.

During audit of office of the Registrar Sindh Cooperative Societies Hyderabad, Cooperative Department for the financial years 2015-16 & 2016-17, it was noticed that as per record of the office 1183 societies of different categories are registered under Co-operative Societies Act, 1925. As per section 22 of the said act the registrar has to carry out the audit of each society at least once in a year, but in contradiction to same the registrar failed to conduct audit of even a single society during the financial year, 2016-17. However it was noticed from the information provided to audit team that only 61 (sixty one) out of 1183 societies were allocated for audit during 2015-16 Out of these 61 societies, audit reports of only 6 (six) societies were shown to audit team.

Total societies registered excluding Karachi	No of societies audited during the 2015-16	No of societies audited during 2016-17
1,183	61	Nil

Audit was of the view that non-compliance of Rules of Sindh Cooperative Act 1925 constituted weak administrative and financial management.

The matter was pointed out to the management in the month of August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR #02)

5.4.3 Non implementation of section 43 of Co-operative Society Act-1925

As per Section 43 of co-operative society acts states “Inquiry by Registrar.– (1) The Registrar may of his own motion by himself or by a person duly authorized by him in writing in this behalf hold an inquiry into the constitution, working and financial condition of a society.

- (2) The Registrar shall hold such an inquiry as is contemplated in sub-section (1) of this section—
 - (a) on the requisition of a society, duly authorised by rules made in this behalf to make such requisition, in respect of one of its members, such member being itself a society,
 - (b) on the application of a majority of the Committee of the society,
 - (c) on the application of 1/3rd of the members of the society.
- (3) All officers and members of the society whose affairs are investigated shall furnish such information in their possession in regard to the affairs of the society as the Registrar or the person authorized by the Registrar may require.
- (4) The result of any inquiry under this section shall be communicated to the society whose affairs have been investigated.

During audit of office of the Registrar Sindh Cooperative Societies Hyderabad, Cooperative Department for the financial years 2015-16 & 2016-17, audit required the information regarding total complains received during the period under audit, but it was informed that there does not exist any mechanism which accumulate such information. However it was informed that no any inquiry as delegated under section 43 of the act had been carried out by the registrar or his representative.

Audit was of the view that non-implimentation of Rules of Sindh Cooperative Act 1925 constituted weak administrative and financial management.

The matter was reported the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR #11)

5.4.4 Irregular cash drawn of public funds from bank accounts without justification - Rs1.673 million

According to Rule-23 of General Financial Rules, Volume-I, every Government officer should realized 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 office of the Registrar Sindh Cooperative Societies Hyderabad, Cooperative Department for the financial years 2015-16 & 2016-17, it was noticed that pre audit cheques which were issued in favor of DDO, were credited in DDO bank account No 4002730803 NBP Shahbaz Building branch Hyderabad. Out of which funds of an amount of Rs1.673 million were debited in un-authorized manner by presenting open cheques without any detail. Details are given at **Annex-1** of Chapter-5.

(Rupees in million)

Sr.#	AIR Para #	Nature of Irregularity	Amount
1	13	Irregular cash drawn of public funds from bank accounts without justification	1.632
2	14	Un-authorized retention of government money in bank account	0.041
Total			1.673

The following observations were noted:

- i. Due to presenting open cheques the local office sustained loss of Rs7,772 by paying withholding tax.
- ii. The audit could not authenticate the payment in absence of payee's acknowledgment.
- iii. An amount of Rs41,636 was retained into account No. 4002730803 NBP Shahbaz Building branch Hyderabad without any reason.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

5.4.5 Non recovery of various loans, ration allowance and audit fees - Rs1,103.132 million

As per Para 28 of General Financial Rules, “no amount due to Government needs to be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought”.

As per Section 22(1-A) of the Co-Operative Societies Act, 1925 states that “The Registrar may, by general or special order, determine the fee payable to the auditor or the committee of the auditors, as the case may be, and the fee so determined shall be payable by the society.

During audit of office of the Registrar Sindh Cooperative Societies Hyderabad, Cooperative Department for the financial years 2015-16 & 2016-17, it was observed that recovery of various loans, ration allowance and audit fees amounting to **Rs1,103.132** million were outstanding which needs to be recovered.

(Rupees in million)

Sr. #	AIR Para #	Nature of Irregularity	Amount
1	06	Recovery of ration allowance	0.034
2	04	Non-recovery of audit fees	0.346
3	12	Non recovery the outstanding loan/dues	1,102.752
Total			1,103.132

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 6 CULTURE, TOURISM & ANTIQUITIES DEPARTMENT

6.1 Introduction

The Culture Department was formed to cover all the activities being carried in libraries, museums, arts councils, studios and cultural centres at various cities and towns of the Sindh Province. This department also actively pursues the promotion of tourism and to develop the hotel and resort facilities at recreational points of the province. The department facilitates a beautiful and subtle blend of nature and knowledge.

The Tourism department was constituted for providing guidelines and making policy decisions for promotion of tourism in Sindh.

The Department of Antiquities was created to look after the archaeological, historical and physical heritage of the province. The department has three wings; Heritage, Conservation and Archaeology. The head office of this department is situated in Karachi, and sub offices in Thatta, Shikarpur, Jamshoro, Hyderabad and Sukkur.

6.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 56 formations (DDOs), out of which 09 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
3,866.789	0.000	543.802	(543.802)	(441.762)	3,425.027	3,190.587	234.441

The department was unable to spend the allocated budget in time. As a result, of savings of Rs234.441 million was observed, which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
101.500	101.500	-	101.500

The department was unable to collect the estimated receipts.

6.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	7	3	0	3	-
3	1999-2000	14	2	0	2	-
4	2001-02*	7	5	0	5	-
5	2004-05*	0	0	0	0	-
6	2005-06	9	7	0	7	-
7	2006-07	7	4	0	4	-
8	2007-08	15	0	0	0	-
9	2008-09	7	7	0	7	-
10	2009-10	0	0	0	0	-
11	2014-15	17	14	0	14	-
Total		83	42	0	42	-

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

6.4 AUDIT PARAS

6.4.1 Non-production of record – Rs30.000 million

Section 14(2) & (3) of the Auditor General’s (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, state that;

- (1) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition.
- (2) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During audit of the Secretary, Culture, Tourism & Antiquities Department, Government of Sindh, Karachi for the financial year 2016-17, auditable record amounting to Rs30.000 million was not produced to audit for audit scrutiny.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Amount
1	Pakistan Institute of Tourism & Hotel Management	01	20.000
2	Mohatta Palace Museum, Karachi	02	10.000
Total			30.000

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of the record, besides fixing responsibility on the person(s) at fault.

6.4.2 Un-authorized award of work without detailed estimate – Rs71.215 million

According to Para-527 of Public Works Department Manual Volume-I, “No work shall begin unless proper detailed design and estimates were sanctioned,

allotment of funds made and order for its commencement issued by the competent authority.”

During audit of the Director Planning & Development Culture, Tourism & Antiquities Department, Government of Sindh for the financial year 2016-17, it was observed that the various works of Rs61.215 million were awarded on tentative cost based analysis on the basis of survey without preparing detailed engineer estimate and rate analysis report. Furthermore, amount of Rs10.000 million paid to contractor without recording of measurement of the work.

(Rupees in million)

Sr. #	Name of Contractor	Name of Work	Particulars	AIR Para #	Amount
1	M/s Gulraiz Construction Company	Establishment of Majid Bhurguri Institute of Language at Hyderabad	Without Preparing of detailed Engineer Estimates on the basis of survey.	09	35.099
2	M/s Gondal Builders	Restoration of Ram Hostel	without approval of Rate Analysis Report	02	26.116
3	M/s Ali Anwar & Company	Preservation of Old Chief Court, Session Court, Khair Pur	Without recording measurement.	05	10.00
Total					71.215

Audit was of the view that award of work without detailed estimate constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

6.4.3 Non-adjustment of secured advance – Rs9.095 million

According to Rule 668 of Treasury Rule Volume-I, “Advances granted under the special orders of the competent authority for Departmental or allied purposes, may be allowed on the responsibility of the officers by whom they are sanctioned subject to the adjustment / refund.”

During audit of the Director Planning & Development, Karachi for the financial year 2016-17, it was observed that secured advance of Rs9.095 million was paid to M/s. Gulraz Construction through 1st RA bill against Scheme “Establishment of Majid Burgari Institute of Language Engineering at Hyderabad”, but the same was not recovered neither adjusted.

Audit was of the view that non-adjustment of secured advance constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends adjustment of secured advance, besides taking remedial measures.

(AIR #03)

6.4.4 Non utilization of funds due to non-execution of project – Rs7.479 million

According to Para-10(i) of the GFR Volume-I, “Every public officer is executed 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 Chairman Sindhi Language Authority, Hyderabad for the financial years 2015-16 and 2016-17, it was observed that funds of Rs7.479 million were provided for execution of project scheme “Preparation and Publication of Braille in Sindhi Language” as per PC-I November-2013 Plan Provision three years (2013-14 to 2015-16). However, no work was initiated till the close of financial year 2016-17.

Audit was of the view that non-execution of project constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR #11)

6.4.5 Irregular payment through DDOs account – Rs7.475 million

As per Rule-303 of Central Treasury Rules, “a contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the financial years 2015-16 and 2016-17, it was observed that funds of Rs7.475 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Financial Year	Amount
01	Secretary, Culture, Tourism & Antiquities Department, Karachi	05	2016-17	2.805
02	Pakistan Institute of Hotel Management, Culture, Tourism & Antiquities Department, Karachi	01	2015-16	4.670
Total				7.475

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during June & August-2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

6.4.6 Irregular expenditure on repair & purchase of machinery equipment–Rs5.369 million

As per Rule-113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh for the financial years 2015-16 and 2016-17, it was observed that expenditure of Rs5.369 million was incurred under the head of account repair & purchase of machinery & equipment.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Chairman, Sindhi Language Authority Hyderabad	05	2015-16 & 2016-17	Repair of Machinery	1.044
2	Director General, Culture, Tourism & Antiquities Department, Karachi	11	2016-17	Repair of Machinery	0.238
3	Director, Planning & Development, Culture, Tourism & Antiquities Department, Karachi	04	2016-17	Repair of Machinery	3.750
4	Pakistan Institute of Hotel Management, Karachi	04	2015-16	Repair of Machinery	0.145
		06		Purchase of Split AC	0.192
Total					5.369

The following observations were noted:

- i. Delivery receipt/challans were not available to authenticate actual purchases.
- ii. Requisitions from concerned sections were not available.
- iii. Quotations were not obtained.

- iv. Agreement was not executed to supplier.
- v. NOC from Government Workshop was not obtained.
- vi. Driver report about vehicle (out of order) was not produced.
- vii. Satisfactory report certificate was not available.
- viii. History sheet of vehicle / machinery repair was not maintained.
- ix. Old spare parts register was not maintained.
- x. Acknowledgement receipts were not obtained.
- xi. Vouchers were not stamped as “Paid & Cancelled” to avoid duplicate claim.
- xii. Purchase was made without detail & description.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

6.4.7 Irregular payment under various head of accounts – Rs3.072 million

As per Rule-113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs3.072 million was incurred on the various purchases under the various head of accounts.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, Culture, Tourism & Antiquities Department, Karachi	18	2016-17	Various Purchases	0.362
		04	2016-17	Printing & Publication	0.537
2	Director General, Culture, Tourism & Antiquities Department, Karachi	10	2016-17	Various Purchases	0.236
		07	2016-17	Printing & Publication	0.309
3	Director, Planning & Development Culture, Tourism & Antiquities Department, Karachi	07	2016-17	Various Purchases	1.169
4	Chairman Sindhi Language Authority, Hyderabad	10	2015-16 2016-17	Stationery & Printing	0.214
5	Pakistan Institute of Hotel Management, Karachi	05	2015-16	Stationery Articles	0.019
				Printing Articles	0.226
Total					3.072

The following observations were noted:

- i. Consumption account was not maintained.
- ii. Quotations were not obtained from local market.
- iii. Requisitions from concerned sections were not available.
- iv. Supply orders were not issued to supplier.
- v. Acknowledgement receipts were not obtained.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August-2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

6.4.8 Irregular expenditure on purchase of furniture & fixture – Rs3.049 million

According to Rule-178 of GFR Volume-I, tender were required to be invited through leading newspaper in order to achieve the economical rate from the local market.

As per purchase manual the following committees should be constituted:

- a) Tender Committee
- b) Purchase Committee
- c) Technical Committee

Further according to Rule-178 of SFR Volume-I, atleast one month period should be allowed to the contractors from the date of first advertisement of tender in the newspapers.

During audit of Director Planning & Development, Karachi for the financial year 2016-17, it was observed that an amount of Rs3.049 million incurred on purchase of furniture and fixture was held irregular on the following grounds:

- i) The purchase was made without inspection of technical committee.
- ii) The agreement was not executed with the supplier.
- iii) The entry of items was not available in stock register.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August-2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR #06)

6.4.9 Irregular expenditure without supporting vouchers/notification – Rs2.355 million

Sindh Financial Rules, Volume-I, Rule-23, states that, “as a general rule, every payment including payment of money previously lodged with government, for

whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh for the financial years 2015-16 and 2016-17, it was observed that expenditure of Rs2.355 million was incurred on purchases under various head of accounts without supporting vouchers/notifications.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, Culture, Tourism & Antiquities Department, Karachi	07	2016-17	Various Purchases	1.194
2	Chairman, Sindhi Language Authority Hyderabad	03	2015-16 & 2016-17	Various Purchases	0.169
		01	2015-16 & 2016-17	Payment of Prize to Book writer without notification	0.680
		02	2015-16 & 2016-17	Payment to Judge/Critic without notification	0.312
Total					2.355

Audit was of the view that expenditure without supporting vouchers / notification, constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

6.4.10 Non-accountal of various items – Rs1.929 million

As per Rule-113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see

that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs1.929 million incurred on the purchases under various head of accounts, but the same were not accounted for in the relevant stock registers. Due to non-accountal of articles, the authenticity of the procurement and its consumption could not be ascertained.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, Culture, Tourism & Antiquities Department, Karachi	08	2016-17	Other Store Articles	0.770
		16	2016-17	Cost of Other Stores	0.862
		20	2016-17	Stationery Articles	0.122
2	Director, Planning & Development Culture Department, Karachi	12	2016-17	Printing & Publication	0.175
Total					1.929

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August, 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

6.4.11 Loss to government due to undue favour to the supplier – Rs1.234 million

According to Appendix 18-A of SFR, Vol-I, states that “Every 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 responsible for any loss arising from fraud and negligence on the part of any

other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Chairman Sindhi Language Authority, Hyderabad for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs1.234 million was incurred on account of printing of books through tender. However, that work was not awarded to the lowest bidder as per comparative statement which clearly indicates the violation of SPRA rules & undue favour given to contractor.

(Amount in Rupees)

Check No	Date	Amount	Name of Supplier	S.V. No	Date	Name of Book	Lowest Bidder
28880610	13-03-17	210,000	Ali Husnanin	178	06-03-17	Fariz-ul-Islam	M/s Peacoc Printers
28880591	09-03-17	94,312	Sindhica Academy	1066	22-02-17	Sindhi Language	M/s Peacoc Printers
28880592	09-03-17	266,851	Sindhica Academy	1063	15-02-17	Aiye Sindhi Sekhen	M/s Areba Publication
28880583	08-03-17	280,712	Pakeeza Printer & Publisher	967	07-03-17	Sindhi Khatchi Lock	M/s Shan Printer
28880574	08-03-17	256,180	Pakeeza Printer & Publisher	178	22-12-16	Tehrir Gi Fun Gi Tarekh	M/s Shan Printer
28880571	08-03-17	125,686	Ali Husnanin	179	06-03-17	Lughat-e-Talifi	M/s Areba Publication
Total		1,233,741					

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR #06)

6.4.12 Irregular payment on account POL – Rs1.029 million

As per Para-20 of Notification No. XV(CT)III/69 dated: 09-10-1969 of Government of West Pakistan and Services & General Administration Department Circular issued vide No.CTC(S&GAD)-I(2)90 dated: 09-12-1991, following record / books shall be maintained for each motor vehicle: a) Log Book on Form-A, b) History Sheet on Form-B and c) Petrol Consumption account on Form-C.

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs1.029 million was incurred on purchase of POL but logbook was not maintained/produced to audit for verification.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Director General, Culture, Tourism & Antiquities Department, Karachi	04	2016-17	Purchase of P.O.L	0.645
2	Pakistan Institute of Hotel Management, Karachi	02	2015-16	Purchase of P.O.L	0.384
Total					1.029

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management during June and August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault and produce logbook for verification.

6.4.13 Non-recovery of taxes/duties – Rs0.117 million

As per Para-22-A of Stamp Act 1899, “It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement at the rate of 0.30 paisa per hundred rupees of the value of the agreement or against tender cost.”

According to the section 153 (1) (a) of the Income Tax Ordinance 2001, 4.5% income tax is required to be deducted at source while making payment to suppliers / contractors.

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 14% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) ibid “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs0.117 million was not recovered on account of Income tax, Sales tax and Stamp duty from the bills of contractors/suppliers at source. Thus government sustained loss of Rs0.117 million due to non-recovery of taxes and duties.

(Amount in Rupees)

Sr .#	Name of Office	AIR Para #	Financial Year	Sales Tax Amount	Income Tax Amount	Stamp Duty Amount	Total Amount
1	Secretary, Culture, Tourism & Antiquities Department, Karachi	03	2016-17	40,180	---	---	40,180
		09	2016-17	43,982	6,283	---	50,265
2	Director, Planning & Development Culture Department, Karachi	10	2016-17	---	---	27,000	27,000
Total				84,162	6,283	27,000	117,445

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in August-2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 7
EDUCATION AND LITERACY DEPARTMENT

7.1 Introduction

The department looks after the educational affairs within the province and coordinates with the federal government and donor agencies for promotion of education in the province.

The attached or sub-ordinate entities to the Education Department are;

- (i) Bureau of Curriculum and Extension Sindh
- (ii) Literacy and Non-Formal Education Sindh

7.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 520 formations (DDOs), out of which 96 formations were selected and audited during Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
158,893.61 0	10,747.95 9	42,768.39 9	(42,768.399)	(22,892.249)	146,749.32 0	132,506.819	14,242.501

The department was unable to spend the allocated budget in time. As a result, savings of Rs14,242.501 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
600.000	600.000	346.248	253.752

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs253.752 million was observed.

7.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 29.3%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	27	11	9	2	81.8
2	1998-99	14	7	0	7	-
3	1999-2000	20	0	0	0	-
4	2001-02*	11	6	2	4	33.3
5	2004-05*	10	9	3	6	33.3
6	2005-06	3	1	0	1	-
7	2006-07	3	2	0	2	-
8	2007-08	19	12	0	12	-
9	2008-09	8	2	0	2	-
10	2009-10	18	13	0	13	-
11	2014-15	24	12	8	4	
Total		157	75	22	53	29.3

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

7.4 AUDIT PARAS

Education & Literacy Department (Colleges)

7.4.1 Non-production of record - Rs 60.088 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During the audit of following offices of Education & Literacy Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that the auditable record of Rs 60.088 million was not produced.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Auditable Record	Amount
1	Principal, Govt. Boys Degree College, Qasimabad, Hyderabad	2015-16	1	Employee Related	57.072
			2	Contingencies	2.606
2	Principle Govt. Girls College, Zamzama (Ghizri) Karachi.	2015-16 & 2016-17	6	NOC from department , Acceptance of resignation Last Pay Certificate, Service book with entry of termination from HST post	0.410
Total					60.088

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was pointed out to the management in the month during May 2017 to July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of record, besides fixing responsibility on the person(s) at fault,

7.4.2 Irregular payment of allowances – Rs4.731 million

According to Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1997, house rent allowance is not allowed to be paid to those officials/ officers who have been provided with Government accommodation and forth more 5% recovery is required to be made from those officials

According to Government of Sindh notification # SP (Band E-V)9/2000/ 01 dated 23-01-2002, house rent @ 5% of basic pay is to be deducted from the salary of the employees to whom government accommodation was provided.

According to Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1997, read with Para-7(a) of Finance Division (Regulation wing) OM No.I(D)imp/2008 dated 30-6-2008. The office cum residence conveyance allowance is an allowance to facilitate Government officers/officials to reach the office and not admissible to those officer/officials who have been provided with government transport facility or residing within work premises.

According to SR-7 Para-8.18 “a conveyance allowance to which the obligation of maintain a motor vehicle or other animal is not attached or not admissible during leave or temporary transfer”.

During the audit of various office under the administrative control of Secretary Colleges, Education & Literacy Department, Government of Sindh, for the financial year 2014-15 to 2016-17, it was observed that an amount of Rs4.731 million was paid in excess on account of conveyance allowance and house rent allowance to those officers/officials who have been provided Government accommodation and residing within work premises or on leave or have been provided facility of transport. As such they were not entitled to draw the conveyance allowance and house rent allowance. Moreover 5% service and maintenance charges is also required to be deducted as per law *ibid*. The detail is given at **Annex-1** of Chapter-7.

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to the management during June 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on the person(s) at fault,

7.4.3 Irregular expenditure by splitting up to avoid tender - Rs 4.142 million

Rule-12 “Limitation on Splitting or Regrouping of Proposed Procurement” of Sindh Public Procurement Rules, 2009 states that, “(1) Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

During the audit of various offices under the administrative control of Secretary Colleges, Education & Literacy Department, Government of Sindh, for the financial year 2013-14 to 2015-16, it was observed that an expenditure of Rs4.142 million was incurred on purchase of various articles through splitting of the sanction orders to avoid open tenders. The detail is given at **Annex-2** of Chapter-7.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during December 2016 to June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures

7.4.4 Irregular payment through DDO's account – Rs 12.367 million

As per Rule-303 of Central Treasury Rules, “a contingent bill for payment to suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays

During the audit of following offices under the administrative control of Secretary Colleges, Education & Literacy Department, Government of Sindh, for the financial year 2012-13 to 2016-17, it was observed that funds of Rs12.367 million were deposited into various DDOs' accounts instead of direct crediting into accounts of actual vendors/payees. The detail is given at **Annex-3** of Chapter-7.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during December 2016 to June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

7.4.5 Irregular expenditure on salaries in excess of sanctioned strength – Rs32.856 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During the audit of various office under the administrative control of Secretary Colleges, Education & Literacy Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that employees were

appointed/posted/working in excess of sanctioned strength and drawing pay and allowances of Rs.32.856 million. The detail is given at **Annex-4** of Chapter-7.

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management during June 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

7.4.6 Loss to government on account of rental income from college shops - Rs.1.20 million

According to Rule No. 8 (Fair Rent) and Rule No. 9 (Limit of Fair Rent) of Sindh Rented Premises Ordinance, 1979, "Rent should be assessed on the basis of similar rented premises in the same or adjoining locality, rise in construction cost, imposition of new taxes, annual value of the premises" and "the increase in rent is permissible upto 10% per annum on the existing rent".

During audit of Principal Govt. Rana Liaquat Ali Khan (RLAK) College of Home Economics for Women, Karachi for the financial years 2014-15 & 2015-16, it was observed that shops situated and operated in college premises without fulfillment of following formalities.

- i. Shops were being operated in the college premises without any valid / renewed tenancy Agreement
- ii. Tenants operating the shops were not paying fair market value of rent to the Government for many years and thus Govt. sustained financial loss of Rs1.2 million approximately on estimates based on fair market rent.
- iii. Shops were allowed to operate without calling open tenders through wide publicity to the highest bidder.
- iv. Undue favour was given to the tenants of the shops by not taking any legal course of action for the eviction.

Sr. #	Expected Fair Market Rent	Loss to Govt. during F.Y 2014-16	No. of shops in college premises
1	Rs10,000 / per month (approx.)	Rs240,000 (24 months)	Rs240,000 x 5 = Rs1,200,000 (approx.)

Audit was of the view that government sustain loss due to weak financial and administrative management.

The matter was reported to the management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 01)

7.4.7 Irregular expenditure without constituting college management committee (CMC) - Rs.9.706 million

As per Govt. of Sindh, Director General Colleges Sindh, Karachi's letter No. DGCS/DI/1204/2014, dated: 05-01-2015 on the subject of "Activation of College Management Committees (CMCs)" states that as per Govt. of Sindh orders CMC are to be constituted to monitor the education system in the colleges, CMC really represents the civil society and parents teachers relationship.....You are hereby directed to activate the CMCs of the colleges in your region".

During audit of Principal Govt. Rana Liaquat Ali Khan (RLAK) College of Home Economics for Women, Karachi for the financial years 2014-15 & 2015-16, it was observed that expenditure of Rs9.706 million was incurred without any College Management Committee (CMC) supervision during the financial years under audit review from the students' admissions and tuitions fees.

Audit was of the view that irregular expenditure was incurred without constituting college management committee due to weak financial and administrative management.

The matter was reported to the management in June 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 10)

7.4.8 Irregular appointment of contractual staff - Rs1.812 million

According to the orders passed by Honorable Supreme Court of Pakistan dated 08-03-2013 in CMA 1145/2013, Suo Moto Case No.16/2011, "Both Federal and Provincial Government should take necessary steps to ensure that re-employment or employment on contract basis are not made in violation of the relevant laws". Furthermore, Directorate of Colleges, Karachi also by a notification imposed complete ban on appointment of contractual staff both teaching & non-teaching.

During audit of principal Govt.Rana Liaquat Ali Khan (RLAK) College of Home Economics for Women, Karachi for the financial years 2014-15 & 2015-16, it was observed that payment of Rs1.812 million was made to contractual staff (both teaching & non-teaching) on account of salaries since many years in contravention of above mentioned court order.

Audit was of the view that appointment of contractual staff without observing court order resulted into illegal appointments and weak administrative management.

The matter was reported to the management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 11)

7.4.9 Non-accountal of store articles - Rs13.989 million

According to Rule-113 of Sindh Financial Rules, Volume-I, "All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible government officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect."

During audit of various institutions under administrative control of Secretary Colleges, Education & Literacy Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs13.989 million was incurred on purchase of various articles, but the same were not accounted for in the relevant stock registers. The detail is given at **Annex-5** of Chapter-7.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during March to November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit requires fixing of responsibility on the person(s) at fault, besides taking remedial measures.

Education & Literacy Department (Schools)

7.4.10 Non-production of record - Rs8,778.715 million

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh Karachi, it was observed that an expenditure of Rs8,778.715 million was incurred, but auditable record. The detail is given at **Annex-6** of Chapter-7.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

The Audit recommends production of record, besides fixing of responsibility on the person(s) at fault.

7.4.11 Non-achievement of DLIs - Rs6386.41 million

According to section 27 Result-based component of Project Appraisal Document: Under the results-based component, credit disbursements will reimburse expenditures incurred by Sindh government in selected key education budget line items referred to as Eligible Expenditure Programs (EEPs). The event and amount of project disbursements will be contingent on the satisfactory achievement of Disbursement

Link Indicators (DLIs). There are 10 DLIs for each fiscal year, and each DLI in the fiscal year is priced equally. The verification of the achievement of the DLIs in a given fiscal year will be conducted by May in that fiscal year.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that Disbursement Link Indicators (DLIs) were not achieved. Subsequently World Bank reduced/ withheld the funds to extent of Rs6,386.41 million.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Second Sindh Education Sector Reform Project (SERP-II) SID	2015-16	4.7.1	4984.66
2	Sindh Global Partnership for Education project	2015-16	4.5.3	1401.75
Total				6386.41

Audit was of the view that management failed to take necessary steps to achieve targeted DLIs, which constituted weak administrative and financial management.

The matter was reported to the management during November 2016, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking strict remedial measures.

7.4.12 Irregular payment without supporting vouchers - Rs3,909.135 million

According to Rule-23 of Sindh Financial Rules, Volume-I, “as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particular of claim.”

During audit of the following offices of the Education & Literacy Department (Schools) Government of Sindh Karachi, it was observed that an amount Rs3,909.135 million was paid against various head of accounts without supporting vouchers.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Secretary Education & Literacy Govt. of Sindh Karachi	2016-17	22,02,23,	3884.169
2	Second Sindh Education Sector Reforms project (SERP-II) Karachi	2015-16	4.3.16	9.515
3	Second Sindh Education Sector Reforms project SERP-II (SID Component) Karachi	2015-16	4.4.12	6.949
4	Director Bureau of Curriculum & Extension wing Jamshoro	2015-16	01,11	4.762
5	Executive Engineer, Education works Division Tando M Khan	2016-17	01	1.325
6	Chief Programmer Sindh Reform Support Unit Karachi	2016-17	24	1.308
7	Executive Engineer, Education works Division Sukkur	2016-17	02	0.766
8	Directorate of School Education Sukkur	2015-16 & 2016-17	03	0.341
Total				3909.135

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during July 2016 to November 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.13 Irregular payment through DDOs account - Rs736.729 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh Karachi, it was observed that funds of Rs736.729 million were deposited into DDO's accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Secretary Education & Literacy Govt. of Sindh Karachi	2016-17	14	730.316
2	Principal Govt. Comprehensive School Azizabad Karachi	2016-17	01	3.035
3	Taluka Education Officer (Male), Naushero Feroz	2014-15 & 2015-16	01	2.421
4	Executive Engineer, Education Works Division Sukkur	2016-17	35	0.506
5	Principal Pakistan Swedish Institute of Technology Landhi Karachi	2011-12 to 2015-16	02	0.263
6	Directorate of Schools Education Mirpurkhas	2015-16 & 2016-17	01	0.188
			Total	736.729

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during March 2017 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.14 Non-maintenance of various auditable record - Rs682.194 million

As per Rule 23 of Sindh Financial Rules, Volume-I, "Every payment including re-payment of money previously lodged with Government for whatever purpose must be supported by a voucher setting forth full and clear particulars of the claim".

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that various auditable record involving an amount of Rs.682.194 was not maintained.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	Chief Project Manager, Reform Support Unit (SERP-II) Education & Literacy Karachi	Project assignment account/ Cost Center	2015-16	4.3.22	385.903
2	Sindh Global Partnership for Education Project	Budget	2015-16	4.1.1	181.000
3	Executive Engineer, Education works Division-II Karachi	Contractors Ledger	2016-17	13	83.792
4	Director Primary School Education Mirpurkhas	Cash Book	2016-17	06	31.499
5	Principal Brazil Govt. Girls Secondary School PECHS Karachi	Dead Stock register	2014-15& 2015-16	06	--
6	Second Sindh Education Sector Reform Project (SERP-II) SID	Various Registers	2015-16	4.4.18	--
Total					682.194

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified, which constituted weak financial management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.15 Non-crediting of lapsed deposit - Rs625.988 million

According to Para-399 (iii) of Central Public Works Account Code, "The unclaimed balances of Public Works Deposits for more than three complete account years should be credited to government as lapsed deposit."

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that unclaimed/lapsed deposits of Rs625.988 million were not credited into government account.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
1	Executive Engineer, Education works Division Tharparkar@ Mithi	2015-16& 2016-17	09	489.950
2	Executive Engineer, Education works Division Sukkur	2015-16& 2016-17	11, 12	94.546
3	Executive Engineer, Education works Division Tando M Khan	2015-16& 2016-17	09	39.165
4	Executive Engineer, Education works Division Larkana	2015-16	14	2.327
Total				625.988

Audit was of the view that non-crediting of lapsed deposit into Government treasury resulted into weak financial management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of lapsed deposit into government account, besides taking remedial measures.

7.4.16 Non-imposition of penalty for delayed work - Rs365.022 million

According to clause-2 of the contract agreement, “the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of time. In the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”.

During audit of following offices of the Education & Literacy (Schools) Department, Government of Sindh, it was observed that various works were awarded to the contractors required to be completed within the stipulated time period. The contractors failed to complete the works in time, but penalty of Rs365.022 million (@

10% of the contract value was not imposed by the management on account of delayed work.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Sindh Education Sector Reform project (SERP-II) Karachi (SID)	2015-16	4.4.8	120.125
2	Executive Engineer, Education works Division Sukkur	2015-16& 2016-17	13,05	97.14
3	Executive Engineer, Education works Division-III Karachi	2016-17	05	89.205
4	Executive Engineer, Education works Division-I Karachi	2015-16& 2016-17	13, 01	26.432
5	Executive Engineer, Education works Division-II Karachi	2016-17	15	10.793
6	Executive Engineer, Education works Division Shikarpur	2015-16& 2016-17	01	8.029
7	Executive Engineer, Education works Division Kambar-Shahdadkot	2016-17	13	4.417
8	Executive Engineer, Education works Division Tando M Khan	2015-16& 2016-17	05	3.768
9	Executive Engineer, Education works Division Larkana	2015-16	13	3.559
10	Executive Engineer, Education works Division Tharparkar@ Mithi	2015-16& 2016-17	08	1.554
			Total	365.022

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management during October 2014 to December 2015, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

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

7.4.17 Excess execution of item of work - Rs69.677 million

As per Para 528 of Public Works Department Manual, “No material alteration is sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Competent Authority. Should any alteration of importance, involving any additional expenses, be considered necessary, a revised or supplementary estimate should be submitted for sanction”,

During audit of the various offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that an amount of Rs69.677 million was paid to the contractors on account of excess execution of items of work over and above the actual quantity provided in the estimates without any change in design and specification or justification. The excess items of works resulted into massive increase of the cost of work.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Second Sindh Education Sector Reform Project (SERP-II) SID	2015-16	4.4.13	48.584
2	P.D Sindh Elementary Teachers Training project (CIDA)	2015-16	4.2.1	17.974
3	Executive Engineer, Education works Division-1 Karachi	2015-16	09	3.119
Total				69.677

Audit was of the view that excess execution of items of work over and above the actual quantity constituted weak financial and administrative management.

The matter was reported to the management during October and November 2016, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.18 Non-crediting of revenue into government account - Rs132.676 million

As per Rule 41 (a) of Sindh Financial Rule Volume-I, the departmental controlling officer should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.

During audit of following offices of the Education & Literacy (Schools) Department, Government of Sindh, it was observed that revenue of Rs132.676 million were realized under various heads of receipts, but the same were not credited in government account.

(Rupees in million)

Sr. #	Name of Office	Financial Year	Head of Account	AIR Para #	Amount
1	XEN, Education works Division-II Karachi	2016-17	Income tax	11	50.255
2	XEN, Education works Division-III Karachi	2016-17	Income tax	02	43.436
3	XEN, Education works Division-I Karachi	2015-16& 2016-17	Income tax, professional tax	11, 16	28.198
4	XEN, Education works Division Tharparkar@ Mithi	2015-16& 2016-17	Income tax	10	8.334
5	XEN, Education works Division Ghotki	2015-16& 2016-17	Income tax, professional tax, Stamp duty	10	1.617
6	XEN, Education works Division Umerkot	2015-16& 2016-17	Income tax	07	0.836
Total					132.676

Audit was of the view that Government sustained loss of revenue due to non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

The matter was reported to the management during July to November 2016 to October 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of government revenue, besides taking remedial measures.

7.4.19 Unauthorized expenditure on non-scheduled items - Rs97.703 million

According to Sr. # 4 of the Schedule of Rate (Composite) for finished items of works, 2004, the non-schedule item costing upto Rs1,000 should be got sanctioned by the concerned Superintending Engineer and the items exceeding Rs1,000 must be got approved and sanctioned by the Chief Engineer.

During audit of following offices of the Education & Literacy (Schools) Department, Government of Sindh, it was observed that an expenditure of Rs97.703 million was incurred on non-scheduled items for various works without approval from competent authority.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Second Sindh Education Sector Project-SERP (SID)	2015-16	4.4.15	67.350
2	Executive Engineer, Education works Division-II Karachi	2016-17	05	12.970
3	Executive Engineer, Education works Division Sukkur	2015-16 & 2016-17	08, 21	12.826
4	Executive Engineer, Education works Division Tando Muhammad Khan	2015-16 & 2016-17	06	4.118
5	Executive Engineer, Education works Division Larkana	2015-16	07	0.439
Total				97.703

Audit was of the view that works on non-scheduled items without obtaining approval constituted weak financial and administrative management.

The matter was reported to the management in October 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person at fault, besides taking remedial measures.

7.4.20 Irregular payment without sanction of estimates - Rs82.596 million

According to Para-190 of SFR Volume-I, in the case of work estimate for which have been sanctioned by the competent authority. No addition or alteration, likely to cause as excess which will not fall within the power of sanctioning authority.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that an expenditure of Rs82.596 million was incurred on account of execution of work awarded to contractor without sanction of estimates by the competent authority.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Executive Engineer, Education works Division-III Karachi	2016-17	07	43.676
2	Executive Engineer, Education works Division-I Karachi	2016-17	04	38.920
Total				82.596

Audit was of the view that payment without sanction of estimates constituted weak financial and administrative management.

The matter was reported to the management during August 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.21 Non-accountal of store articles - Rs80.997 million

As per rule 113 of Sindh Financial Rules, “All materials received should be examined, counted and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Registers”.

During audit of various offices of Education & Literacy Department (Schools), Government of Sindh Karachi, an expenditure of Rs80.997 million was incurred on purchase of various items, but the same were not accounted for in the relevant stock/Dead stock registers. The detail is given at **Annex-7** of Chapter-7.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during October 2016 & November 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.22 Irregular expenditure without inviting tender - Rs70.374 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the various offices of the Education & Literacy Department (Schools) Government of Sindh, it was observed that an expenditure of Rs70.374 million was incurred without inviting tender.

(Rupees in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Second Sindh Education Sector Reforms project (SERP-II) Karachi	2015-16	4.3.6	28.666
2	XEN, Education works Division Sukkur	2016-17	27,37	21.062
3	XEN, Education works Division Tharparkar@ Mithi	2015-16 & 2016-17	04	7.362
4	XEN, Education works Division Tando M Khan	2015-16 & 2016-17	03	5.833
5	Director Primary School Education Mirpurkhas	2016-17	04	2.283
6	Director Bureau of Curriculum & Extension wing Jamshoro	2015-16 & 2016-17	05	1.539
7	XEN, Education works Division Kambar-Shahdadkot	2015-16 & 2016-17	07	1.403
8	XEN, Education works Division Larkana	2015-16	02,21	1.378
9	XEN, Education works Division Ghotki	2015-16 & 2016-17	09	0.542
10	Director School Education, Larkana	2015-16 & 2016-17	10	0.158
11	Director School Education, Mirpurkhas	2015-16 & 2016-17	04	0.148
			Total	70.374

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.23 Irregular expenditure by splitting up to avoid tender - Rs53.362 million

Rule 12 (1) of SPPR 2010, provides that, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh Karachi, it was observed that an expenditure of Rs53.362 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders.

(Rupees in million)					
Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Secretary Education & Literacy Govt. of Sindh Karachi	Tender was not invited for various heads of accounts	2016-17	20,06	42.937
2	Director School Education Larkana	Tender was not invited for Examination material and stationery	2015-16 & 2016-17	01	4.000
3	XEN, Education works Division Sukkur	Tender was not invited for Others	2016-17	17	3.392
4	Director Primary Education Hyderabad	Tender was not invited for Purchase of machinery	2015-16 & 2016-17	06	1.274
5	Director Bureau of Curriculum & Extension wing Jamshoro	Tender was not invited for Printing & Stationery	2015-16 & 2016-17	08	0.881
6	Taluka Education Officer (Male) Naushero Feroz	Tender was not invited for Others	2014-15 & 2015-16	06	0.630
7	Director Primary School Education Mirpurkhas	Tender was not invited for various items	2016-17	05	0.248
Total					53.362

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during July 2017 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.24 Un-justified payment made to contractor to avoid lapse of budget - Rs43.047 million

According to Rule 290 of TR Volume-I “No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants”.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that advance payment made to the contractor on recording of measurement book of Rs43.047 million in the month of June 2017 to avoid lapse of budget.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Executive Engineer, Education works Division Shikarpur	2015-16 & 2016-17	07	33.355
2	Executive Engineer, Education works Division-III Karachi	2016-17	01	9.692
Total				43.047

Audit was of the view that payment to avoid lapse of budget constitutes weak financial & administrative management.

The matter was reported to the management during November 2016 to August 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.25 Irregular payment of secured advance - Rs35.203 million

As per standard Form of Bidding Documents issued by SPPRA, the contractor shall be entitled to receive Secured Advance from the procuring agency against an Indenture Bond in P.W. Account Form 31 (Fin R. Form No.2) in respect of non-perishable materials brought at site but not yet incorporated in the permanent works and sum payable for such materials on site shall not exceed 75% of the landed cost of imported materials, of ex-factory / ex-warehouse price of locally manufactured or produced materials, or market price of standard materials. Detail account of advance must be kept in part-II of running account bill. The Secured Advance may be permitted only against materials / quantities anticipated to be consumed / utilized on the work within a period of 3 months from the date of issue of secured advance.

During audit of the office of the Executive Engineer, Education works Division Sukkur for the year 2016-17, it was observed that an amount of Rs35.203 million was paid as secured advance against various works without approval.

The following observations were noted:

1. The payment of secured advance at the close of the financial year was made just to prevent lapse of budget.
2. Material was shown brought at site without 50% check measurement by the competent authority.
3. Site account not maintained.
4. Measurement Book was not produced.
5. The advance was not adjusted / recovered yet.

Audit was of the view that payment of secured advance without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 12)

7.4.26 Irregular payment on extra items of work - Rs30.283 million

Para-711 of Public Works Department Manual, volume-I, states that, “the officer competent to sanction tender can also accord sanction to the execution of extra item of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed amount of sanctioned estimate plus such excess as the officers concerned competent to sanction.”

During audit of following offices of the Education & Literacy (Schools) Department, Government of Sindh, it was observed that payment of Rs30.283 million was made on account of extra items of works without approval of competent authority.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Executive Engineer, Education works Division-II Karachi	2016-17	07	14.047
2	Second Sindh Education Sector Project-SERP (SID)	2015-16	4.4.14	7.279
3	Executive Engineer, Education works Division Larkana	2015-16	10	7.042
4	Executive Engineer, Education works Division-I Karachi	2015-16	02	1.670
5	Executive Engineer, Education works Division Umerkot	2015-16& 2016-17	10	0.245
Total				30.283

Audit was of the view that payment made on account of extra items of works without approval of competent authority depicted weak financial and administrative management.

The matter was reported to the management in October 2016 to October 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

7.4.27 Irregular expenditure on procurement of various items - Rs21.378 million

According to paragraph of world Bank guidelines for goods, 2.34 payment terms shall be in accordance with the international commercial practice applicable to the specific goods, works and non-consulting services,(a) Contract for supply of goods shall provide for full payment on the delivery and inspection, if so required, of the contracted except for contracts involving installation and commissioning, in which case a portion of the payment may be made after the supplier has complied with all obligations under the contract. The bank normally requires the use of letters of credit so as to assure prompt payment to the supplier. In major contracts for equipment and plant, provisions shall be made for suitable advances and, in contracts of long duration for progress payments during the period of manufacture or assembly.

During audit of the office of the Sindh Global partnership for Education project for the year 2015-16, it was observed that an expenditure of Rs21.378 million was incurred on procurement of various items.

The following observations were noted.

- i. Expenditure was incurred through RFQ instead of NCB.
- ii. Delivery challans for additional procured scanners were not found.
- iii. Inspection of all procured items was not carried out.
- iv. Items were not recorded in inventory register.
- v. 20% payment made as replacement warranty on purchase of 255 Huawei Honor 7i android smartphones.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during November 2016, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking measures.

(AIR# 4.2.6, 4.2.1, 4.2.4)

7.4.28 Irregular payment of mobilisation advance - Rs14.850 million

As Per Rule 9.3 (2)(b) of SPPRA Rules 2010, Financial assistance is given to the contractor to enable him to overcome \ financial encumbrances and shall be made available by adopting any one of the following methods:-

Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs 2.5 million and above to enable them to make initial arrangements for starting work on various conditions which included:

- i. contractor has furnished the irrevocable bank guarantee of amount equal to mobilization advance in specified form from a scheduled bank in Pakistan in favor of the procuring agency;
- ii. contractor shall pay interest on the mobilization advance at the rate of 10% per annum on the advance as prescribed in *Sindh Financial Rules*..

During audit of office of the Executive Engineer, Education works Division-1 Karachi for the year 2015-16, it was observed that an amount of Rs14.850 million was paid to M/s. Pearl Engineering & Trading Company vide Cheque No. 2453830 on account of mobilization advance. The bank guarantee/bond on specified Form from scheduled bank or insurance company was not produced. Furthermore the advance was paid in excess of approved limit of Rs3.379 million.

Audit was of the view that irregular payment of mobilization advance was made without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during March 2017 to, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 08)

7.4.29 Un-authorized retention of government money - Rs14.309 million

According to Rule 290 of Central Treasury Rules Volume-I, “no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need.

During audit of the following offices of the Education & Literacy Department (Schools) Government of Sindh Karachi, it was observed that an amount of Rs14.309 million was drawn from government treasury and kept into DDO bank account till close of the financial years, which resulted in blockage of government money.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Chief Manager, Reform Support Unit, Education & Literacy Department Karachi	2015-16	4.2.6	13.157
2	Chief Programmer Sindh Reform Support Unit Karachi	2016-17	18	1.152
			Total	14.309

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management during November 2016 to July 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.30 Irregular expenditure on POL - Rs10.592 million

According to Para-20 of Notification No. XV (CT) III/69 dated 9-10-1969 of Government of West Pakistan and Government of Sindh Services and General Administration Department Circular No. CTC (S & GAD)-I (2)/90 dated 9-12-1991, the following record/books are to be maintained for each motor vehicle.

1. The Log Book of the vehicle in Form-A.
2. History sheet of the vehicle in Form-B.
3. The petrol consumption account in Form-C.

During audit of the various offices of Education & Literacy (Schools), Government of Sindh, it was observed that expenditure of Rs10.592 million was incurred on purchase of P.O.L for various vehicles without maintenance of record. The detail is given at **Annex-8** of Chapter-7.

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.31 Irregular expenditure on salaries in excess of sanctioned strength - Rs8.377 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that employees were appointed/posted/working in excess of sanctioned strength and drawing pay and allowances of Rs8.377 million.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Chief Programmer Sindh Reform Support Unit Karachi	2016-17	02	8.049
2	Executive Engineer, Education works Division Shikarpur	2015-16 & 2016-17	04	0.328
			Total	8.377

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

7.4.32 Irregular payment on extra lead to contractor - Rs8.293 million

As per Introduction to the Schedule of Rates (composite) for finished items of works 2012, “No lead small or long for carriage of material for items as per this schedule is to be paid separately. However, provision for the cost of carriage of materials from a predetermined nearest source of supply may be made in the estimates”.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that an amount of Rs8.293 million was paid to contractors on account of extra lead; whereas, the lead charts were not prepared and approved from the competent authority.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Executive Engineer, Education works Division Larkana	2015-16	11	2.561
2	Sindh Education Sector Reform Project (SERP-II) SID	2015-16	4.4.10	2.217
3	P.D Sindh Elementary Teachers Training project (CIDA)	2015-16	4.3.3	2.112
4	Executive Engineer, Education works Division-II Karachi	2016-17	01	0.829
5	Executive Engineer, Education works Division Ghotki	2015-16 & 2016-17	06	0.574
Total				8.293

Audit was of the view that payment on extra lead without approved lead charts depicted weak financial and administrative management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.33 Loss to Government due to excess consumption of steel - Rs7.604 million

As per Rule 528 of Public Works Department Manual "No material alteration sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction".

During audit of following offices of Education & Literacy (Schools) Department, Government of Sindh, it was observed that the contractor utilized steel over and above the estimated quantity provided in the estimates without any change in design and specification. Thus, excess payment amounting to Rs7.604 million was made without approval of the competent authority.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Sindh Education Sector Reform project (SERP-II) Karachi (SID)	2015-16	4.4.7	7.375
2	Executive Engineer, Education works Division Sukkur	2016-17	06	0.229
Total				7.604

Audit was of the view that excess consumption of steel without approval depicted weak financial and administrative management.

The matter was reported to the management in November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.34 Un-authorized payment on account of TA/DA - Rs5.939 million

As per instruction of Government of Sindh vide No SO(A)RD 17-69/86/1120 dated 28-1998, No.” TA/DA claim can be entertained without prior approval of tour program in the public interest”. Further under Rule 298 of Central Treasury Rules, Register of bills of TA/DA was required to be maintained by the Drawing and Disbursing Officers.

During audit of the office of the Second Sindh Education Sector Reform project (SERP-11) Karachi for the year 2015-16, it was observed that an amount of Rs5.939 million was paid to officers/officials on account of fixed TA/DA without any visit outside the district in violation of TORs of agreement. Moreover excess payment of TA/DA was also noticed.

(Rupees in million)

S.No	Irregularity	AIR Para #	Amount
1	Fixed TA/DA	4.7.9	5.557
2	Excess payment	4.3.17	0.382
Total			5.939

Audit was of the view that payment fixed TA/DA without any visit outside the district in violation of TORs of agreement depicted weak financial and administrative management.

The matter was reported to the management during July to November 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.35 Irregular expenditure on various repairs - Rs4.789 million

According to Rule-88 of Sindh Financial Rules, Volume-I, “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of various offices of the Education & Literacy (Schools) Department Government of Sindh, it was observed that an irregular expenditure of Rs4.789 million was incurred on various repair work. The detail is given at **Annex-9** of Chapter-7.

Audit was of the view that expenditure incurred without fulfilling codal formalities depicted weak financial and administrative management.

The matter was reported to the management during July to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

7.4.36 Variation between figures of utilization report and bank statements - Rs4.617 million

Para 7.4.1.4 of Accounting Policies and Procedures Manual provides that the key controls to be followed in the production of financial reports are as follows:

- i. Proper review of financial information at DAO level must take place prior to the consolidation and reporting of monthly accounts. This includes reconciliation of accounting records with other sources (e.g. banks, DDOs) and internal verification of accounting records and totals.
- ii. The Consolidated Monthly Accounts, Annual Accounts and the Combined Annual Accounts shall maintain a proper audit trail, in which summarized balances can be traced to general ledger and source transaction details.

During audit of office of the Chief Project Manager, Reform Support Unit (SERP-11) Education & Literacy Karachi, for the financial year 2015-16, it was

observed that there was a variation of Rs4.617 million between figures as detailed below.

(Rupees in million)

S.No	Particulars	Utilization Report	Bank Statement	AIR Para #	Variation
1	Sindh Text Book Board Jamshoro	13.158	17.775	4.2.4	4.617

Audit was of the view that variation between figures of utilization report and bank statements depicted weak financial and administrative management.

The matter was reported to the management during November 2016, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

7.4.37 Irregular drawal of funds on account of Conference & Seminars - Rs1.931 million

According to rule 88 of Sindh Financial rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the office of the Chief Programmer Sindh Reform Support Unit Karachi for the year 2016-17, it was observed that an expenditure of Rs1.931 million was incurred on account of Conference & seminar.

The following observations were noted.

- i. Schedule of conference & seminars was not available.
- ii. Invitation letter sent to guests etc. was not available.
- iii. Tender was not invited to achieve most economic rates.
- iv. Office order regarding conference/ seminar etc. was not available.
- v. Progress reports of seminars were not available.
- vi. Quotations were not obtained from hotels

vii. Sales tax & income tax was not deducted from the bills of supplier.

Audit was of the view that expenditure incurred without having supporting details depicted weak financial and administrative management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

(AIR# 12)

7.4.38 Non/less recovery government dues - Rs600.787 million

As per Rule-28 of General Financial Rules, Volume-I, “no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought.”

During audit of various offices of Education & Literacy Department (Schools), Government of Sindh Karachi for financial years 2015-16 and 2016-17, it was observed that Sales Tax, Income Tax and professional Tax amounting to Rs600.787 million were non/less deducted. The detail is given at **Annex-10** of Chapter-7.

Audit was of the view that Government sustained loss of revenue due to non-deduction taxes, which resulted into weak financial management.

The matter was reported to the management during October 2016 & November 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

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

7.4.39 Non-recovery of inadmissible allowances - Rs35.251 million

As per notification of Finance Department No.FD (SR-III)5/22-85 dated 10.02.1986 and subsequent letter No. FD (SR-II)5/16-2001 dated 17/1/2008 it has been clearly communicated that “No Orderly Allowance shall be allowed to the officers other than who are working in the Sind Secretariat, as per this Department Circular letter” Furthermore, “Orderly allowance of officers, others than BS-20 officers of the Sindh Secretariat may be stopped forthwith and to recover the amount for the period they have drawn orderly allowance while serving outside the Secretariat be effected immediately even from the retired Government servants out of their pension.

As per Government of Pakistan O. M No. F-1(1)Imp/83 dated 18th August 1983, non-practicing allowance is admissible to medical officers only.

According to Finance Division (Regulation Wing) office memo # F-3 (b) R.1/35 dated 26th June, 1985, computer allowance is required to be paid to those employees who possess degree in Computer Science, fulfill terms & conditions and also get appointed for particular post.

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh for financial years 2015-16 and 2016-17, it was observed that an amount of Rs35.251million was paid to various employees on account of various allowances which were not admissible to them, in violation of above rules.

(Rupees in million)					
Sr. #	Name of Office	Irregularities	Financial Year	AIR Para #	Amount
1	Sindh Education Reform Support Unit Karachi	Project allowance, Special allowance, Conveyance allowance	2015-16	01, 03	28.364
2	Director Primary Education, Hyderabad	Incentive allowance, Utility allowance, Conveyance allowance,	2015-16 & 2016-17	03, 11, 13	4.393
3	Director Primary Education Mirpurkhas	Other allowance, Special allowance & orderly allowance, Incentive allowance	2016-17	01, 02, 03	2.194
4	Executive Engineer, Education works Division Sukkur	Conveyance allowance	2016-17	33	0.180
5	Director Schools Education, Larkana	Conveyance allowance	2015-16 & 2016-17	12	0.120
Total					35.251

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to the management during November 2016 to November 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

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

7.4.40 Excess payment to contractor due to allowing excess rate - Rs8.325 million

As per Appendix 18-A of Sindh Financial Rules, Volume-I, “Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of the following offices of the Education & Literacy (Schools) Department Government of Sindh for financial years 2015-16, it was observed that excess payment of Rs8.325 million was made to various contractor due to excess rate over and above the rate quoted in tender documents.

(Rupees in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Second Sindh Education Sector Reform Project (SERP-II) SID	2015-16	4.4.1	7.389
2	P.D Sindh Elementary Teachers Training project (CIDA)	2015-16	4.3.1	0.936
Total				8.325

Audit was of the view that payment made on excess rate over and above the rate depicted weak financial and administrative management.

The matter was reported to the management during October 2016 to October 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault besides taking remedial measures.

7.4.41 Non-recovery of government dues – Rs7.999 million

According to Para 28 of GFR Volume-I “No amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable, the orders of competent authority for their adjustment must be sought”.

During audit of the various offices of the Education & Literacy (Schools) Department Government of Sindh for financial years 2015-16 and 2016-17, it was observed an amount Rs7.999 million was not recovered from the concerned. The detail is given at **Annex-11** of Chapter-7.

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during November 2016 to September 2017, but no reply was received.

Despite written request, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER-8 ENERGY DEPARTMENT

8.1 Introduction

Energy Department deals with strategic management of coal & energy sector, determining policies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects and deciding all related issues in Sindh.

8.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 09 formations (DDOs), out of which 08 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
32,450.832	21,397.832	49,746.226	(49,746.226)	(4,267.360)	49,581.304	49,409.075	172.229

The department was unable to spend the allocated budget in time. As a result, savings of Rs172.299 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
6,718.712	1,931.566	-	1,931.566

The department was unable to collect the estimated receipts.

8.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was NIL.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	0	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	3	3	0	3	-
8	2007-08	0	0	0	0	-
9	2008-09	5	3	0	3	-
10	2009-10	0	0	0	0	-
11	2014-15	3	2	0	2	-
Total		11	8	0	8	

8.4 AUDIT PARAS

8.4.1 Loss of millions of rupees due to suspension of inspection fee

Under the Section 7 of the electricity act 1910, any inspector or any other officer appointed to assist an inspector may enter inspect and examine any place, coverage or vessel in which he has reason to believe that there is any appliance or apparatus used in the generation, transmission, supply or use of energy and may carry out therein.

During audit of the offices of following offices of Energy Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that the inspection was suspended and no inspection fee was charged vide letter No.SOPP-9/1-72 dated 13-08-2003 issued by the Deputy Secretary (Power), which was in contradiction of law. The amendment in the law cannot be changed by anybody i-e Deputy Secretary (Power) etc. instead the body which approved it.

Sr. #	Name of Office	Head of account	AIR Para #
1	Electric Inspector Region-I, Karachi	Inspection fees	1
2	Electric Inspector Region-II, Karachi	Inspection fees	1

Audit was of the view that suspension of inspection fee and non-compliance Rule of Electricity Act 1910, constituted weak financial and administrative management.

The matter was reported to the management in March 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

8.4.2 Non-production of record – Rs 79.076 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.

- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the following offices of Energy Department, Government of Sindh for the financial years 2014-15 & 2016-17, that following auditable record of Rs79.076 million was not produced.

(Rupees in million)

Sr. #	Name of office	Particulars of record not produced	Financial Year	AIR Para #	Amount
1	Managing Director, Thar Coal Energy Board, Karachi	Reconciliation statement	2014-15	1	77.648
		Supporting vouchers	2014-15	12	1.259
2	Director General, Sindh Coal Authority, Karachi	Supporting documents	2016-17	7	0.169
3	Secretary, Energy Department, Karachi	Budget & expenditure statement, internal audit report, physical assets verification, outstanding dues, complains, NAB cases	2016-17	1	0
4	Director, Electricity Monitoring & Reconciliation Cell (EM & RC), Energy Department, Government of Sindh Karachi	record pertains to Govt. electricity connections duly verified/ reconciled as registered and legal by the concerned administrative department,	2016-17	1	0
Total					79.076

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January 2016 to July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of auditable record, besides fixing responsibility on the person(s) at fault.

8.4.3 Un-authorized creation of liabilities against R.O plants – Rs 19.234 million

As per Appendix 18-A of Sindh Financial Rules, Volume-I, every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.

During audit of the office of the Director General Sindh Coal Authority, Karachi, Energy Department, Government of Sindh for the year 2016-17, it was observed that an amount of Rs19.234 million was payable to HESCO as arrears of electricity charges of R.O plants.

Audit was of the view that creation of liabilities, constituted weak administrative and financial management.

The matter was reported to management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on person(s) at fault.

(AIR # 02)

8.4.4 Irregular expenditure without observing codal formalities – Rs 6.154 million

Rule-88 of Sindh Financial Rules, Volume-I, states that “Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the following offices of Energy Department, Government of Sindh for the years 2014-15 & 2016-17, it was observed that an amount of Rs 6.154 million was incurred on various head of accounts.

The following observations were noted:

- i. Indents from concerned sections were not available.

- ii. Acknowledgment receipt of the payment was not obtained from concerned payees.
- iii. Articles were not accounted for in appropriate stock register.
- iv. Mode of payment was not known whether through cross cheque or cash payment.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Managing Director, Thar Coal Energy Board, Karachi	Purchase of miscellaneous articles	2014-15	02	1.681
		Purchase of computer hardware	2014-15	09	1.166
		Repair of machinery & equipment	2014-15	05	0.998
		Repair of transport	2014-15	04	0.804
		Purchase of stationery articles	2014-15	07	0.556
		Purchase of uniform & protective clothing	2014-15	11	0.294
		Repair of furniture and fixture	2014-15	06	0.134
2	Secretary, Energy Department, Karachi	Repair of transport	2016-17	09	0.521
Total					6.154

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during January 2016 and July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

8.4.5 Irregular expenditure without inviting open tender - Rs 4.399 million

According to Rule 17 (1) & (2) of SPPR 2010, "Procurements over one hundred thousand rupees and up to one m rupees shall be advertised by timely notifications on the Authority's website and in print media in the manner and format prescribed in these rules. The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages."

During audit of the following offices of Energy Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs4.399 million was incurred on purchases of transport without calling tender.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Amount
1	Chief Inspector, Coal Mines, Energy Department Karachi	6	2.200
2	Director General, Coal Mines, Energy Department Karachi	8	2.199
Total			4.399

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

8.4.6 Irregular appointment of consultant – Rs 3.223 million

As per rule 88 of Sindh Financial Rules, Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of office of the Director, Electricity Monitoring & Reconciliation Cell (EM & RC), Karachi, Energy Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs 3.223 million was incurred on account of salary to Mr. Hassan Raza Abbasi, Consultant (Services hired since 2013) on a fixed salary of Rs 0.200 million per month. As per Clause-15 of agreement between Barrister Asghar Khan of Linco Lins law chamber & the Energy Department, Government of Sindh, Mr. Hassan Raza Abbasi was appointed focal person of the law firm. Therefore, he could not be appointed as consultant and draw salary separately from Energy Department, Government of Sindh as per the agreement Clause-01 agreed on the Rs99,000. Therefore appointment of Mr. Hassan Raza Abbasi as consultant is against the rules/ law which may be justified.

Audit was of the view that in the light of above mentioned fact, appointment of consultant stands irregular, which constituted weak administrative and financial management.

The matter was reported to the management in November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person (s) at fault.

(AIR # 05)

8.4.7 Irregular expenditure on salaries in excess of sanctioned strength - Rs2.949 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of office of the Director, Electricity Monitoring & Reconciliation Cell (EM & RC), Karachi, Energy Department, Government of Sindh for the financial year 2016-17, it was observed that employees were appointed/posted/working in excess of sanctioned strength and drawing pay and allowances of Rs2.949 million.

(Amount in Rupees)

Sanction Post	No. of Sanction Post	No. of Working	Sr.#	Cost Center	Pers.no.	Name of Employee	Job Title	BPS	Joining Date	Basic Pay During the Year
Asst. Electric Inspector (BPS-18)	0	2	1	KQ0488	10069071	Abdul Rasool Shah	Asst. Electric Inspector	18	15.02.1993	586,000
			2	KQ0488	10069513	Hafeez Ahmed Umrani	Asst. Electric Inspector	18	21.03.1993	917,880
Electric Inspector (BPS-18)	0	1	1	KQ0488	10259087	Muhammad Anwar Khan Marawat	Electric Inspector	18	27.11.1992	917,880
Assistant Commissioner (BPS-17)	0	1	1	KQ0488	10210414	Muhammad Iqbal	Assistant Commissioner	17	31.01.1984	527,230
Total	0	4								2,948,990

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management in November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 06)

8.4.8 Non-recovery of electricity duty from K-electric Ltd. - Rs3,671.649 million

According to Section 3 of the west by Pakistan Electricity Rules 1964, read with Rule-5(3) of the electricity Duty Rules, 1964. “Every Licensee is required to pay electricity duty at prescribed rates on units of energy consumed for the purpose specified in the first schedule”.

During audit of the offices of following offices of Energy Department, Government of Sindh for the financial year 2016-17, it was observed that Electric Inspector Region-I & II failed to enforce the above provision of law and did not realized the government dues from License M/S K-Electric Limited , Karachi during 2015-16. This omission resulted into non-realization of electricity duty amounting to Rs3671.649 million

Audit is of the view that K-Electric Ltd. was required to deposit the amount payable on account of electricity duty first and later to ask the payment of defaulters, instead of the adjustment made incorrectly.

(Rupees in million)

Sr.#	Name of Office	Head of account	AIR Para #	Amount
1	Electric Inspector Region-I, Karachi	Electric duty from K-Electric ltd & Licensees	02 & 03	3,671.491
2	Electric Inspector Region-II, Karachi	Electric duty form Non licensees	02	0.158
			Total	3,671.649

Audit was of the view that Government sustained loss of revenue due to non-recovery of electricity duty, which resulted into weak financial management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides taking remedial measures.

8.4.9 Excess payment on installation for AMI metering system - Rs61.582 million

Paragraph 06 (i) of minutes of meeting between GoS and officials of HESCO/SEPCO held at Islamabad clearly stated that "In order to avoid disputes in future, it was further agreed that: An automatic meter reading system (AMR/AMI) would be installed on connections which owned by GOS by 31.12.2016, 50% of the cost of which would be borne by GOS, online access would be provided to GOS (Energy Dept.) by the DISCOs to the AMR/AMI system.

During audit of office of the Director, Electricity Monitoring & Reconciliation Cell (EM & RC), Karachi, Energy Department, Government of Sindh for the financial year 2016-17, it was observed that excess payment of Rs61.582 million was paid by GoS in contravention of agreement between **GoS** and HESCO / SEPCO as detailed below:

(Amount in Rupees)

Item	Description	Qty	Rate	Amount	
1	A	Static Single Phase 2 wire, 240 V.....	6,992	8,475	59,257,200
	B	Installation, testing and commissioning of Static Single Phase 2 wire, 240 V	6,992	1,950	13,634,400
2	A	Current 3 Phase, 4 wire....	6,153	14,985	92,202,705
	B	Installation	6,153	2,920	17,966,760
3	A	LT TOU CT operated 3 phase, 4 wires...	1,210	18,645	22,560,450
	B	Installation.	1,210	9,900	11,979,000
Total					217,600,515
Responsible for 50% of 217.601					108,800,257
Paid 50% for material –Rs 302.562					151,281,000
Amount Excess paid					42,480,743
Excess amount paid on abstract bill as per calculation below					19,101,000
Total					61,581,743

Calculation

(Rupees in million)

Sr. #	Description	Amount
1	Claim Launched By HESCO	340.764
2	Paid 50% paid against the claim	170.382
3	Due only –Rs 302.562/50% for purchase order cost as per abstract	151.281
Excess payment		19.101

Audit was of the view that the lapse on part of management constituted weak financial and administrative control.

The matter was reported to the management in November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 02)

8.4.10 Non/short-recovery of income tax – Rs 13.365 million

According to Section 153(a) & (b) of the Income Tax ordinance, 2001, “Income Tax at the rate of 6.5 percent for rendering professional Services is required to be deducted at source and deposited into Government account”.

During audit of the following offices of Energy Department, Government of Sindh for the financial year 2016-17, it was observed that income tax amounting to Rs13.365 million was not/short recovered.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Director General, Sindh Coal Authority, Karachi	Short recovery of income tax @ 0.5%	2016-17	03	11.201
2	Secretary, Energy Department, Karachi	Non-deduction of income tax on rent	2016-17	15	2.010
3	Chief Inspector, Coal Mines, Energy Department Government of Sindh Karachi	Non-deduction of income tax	2016-17	01	0.154
Total					13.365

Audit was of the view that Government sustained loss of revenue due to non-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

8.4.11 Non-recovery of mobilization advance along with interest – Rs3.211 million

As Per Rule 9.3 (2)(b) of SPPRA Rules 2010, Financial assistance is given to the contractor to enable him to overcome \ financial encumbrances and shall be made available by adopting any one of the following methods:

1. Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs 2.5 million and above to enable them to make initial arrangements for starting work on various conditions which included:
2. contractor has furnished the irrevocable bank guarantee of amount equal to mobilization advance in specified form from a scheduled bank in Pakistan in favor of the procuring agency;
3. contractor shall pay interest on the mobilization advance at the rate of 10% per annum on the advance as prescribed in *Sindh Financial Rules*..

During audit of office of Director General, Sindh Coal Authority, Karachi, Energy Department, Government of Sindh for the year 2016-17, it was observed that mobilization advance and interest amounting to Rs3.211 million was not recovered from concerned.

Audit was of the view that Government sustained loss of revenue due to non-recovery of mobilization advance, which resulted into weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 01)

8.4.12 Less-recovery of stamp duty – Rs1.099 million

According to para-22-A of Stamp Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost".

During the audit of the following offices of Energy Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs1.099 million was less recovered due to non-execution of revised contract agreement on account of stamp duty @ 0.30% from the concerned contractor.

(Rupees in million)			
Sr. #	Name of Office	AIR Para #	Amount
1	Director General, Sindh Coal Authority, Karachi	6	1.054
2	Director General, Sindh Coal Mines Energy Department	1	0.045
Total			1.099

Audit was of the view that Government sustained loss of revenue due to less-recovery of stamp duty, which resulted into weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER - 9

ENVIRONMENT, CLIMATE CHANGE AND COASTAL DEVELOPMENT DEPARTMENT

9.1 Introduction

Environmental & Alternate Energy Department was established in October 2002 through a cabinet order to supervise, administer and look after its subordinate directorates including Sindh Environmental Protection Agency and Alternative Energy Wing. The department is responsible for the protection, conservation, rehabilitation and improvement of environment of the province with the support of regulatory documents. On the other hand its function is to promote alternative energy resources with the judicious use of untapped resources to address the issues of energy shortage.

There are two subordinate offices of Environment and Alternative Energy Department, Government of Sindh. i.e Sindh Environment Protection Agency and Directorate of Alternate Energy. Its main functions include:

1. Enforcement of Pakistan Environmental Protection Act (PEPA) 1997
2. Enforcement National Environmental Quality Standards (NEQS)
3. Environmental Impact Assessment
4. To advise and coordinate with the government, NGOs etc. on preventive measures for abatement of pollution.
5. To assist local authorities and government departments for implementation of schemes for proper disposal of wastes to ensure compliance with NEQS
6. Attend to public complaints on environmental issues.
7. To carry out any other task related to environment assigned by the government.
8. To promote alternative energy from all natural resources such as sunlight, wind, water, bio-mass and ocean waves.
9. Disseminate information on alternative energy sources to the public and communities, private and public sector organizations.

9.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 09 formations (DDOs), out of which 00 formations was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
819.990	0.000	128.304	(128.304)	(294.411)	525.580	439.116	86.463

The department was unable to spend the allocated budget in time. As a result, savings of Rs86.463 million was observed which was not surrendered in time.

9.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC.

9.4 AUDIT PARAS

9.4.1 Irregular expenditure without inviting tender – Rs12.225 million

As per Rule-17 (1) & (2) of Sindh Public Procurement Rules, 2010, Procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During the audit of office of Director General, Sindh Coastal Development Authority, Karachi for the financial years 2012-13 to 2015-16, it was observed that, an expenditure of Rs12.225 million was incurred on various works under ADP Scheme No.1558 "Improvement of Major Fishermen's Settlement and Rehabilitation of Flood Affected Areas in Coastal Areas of Thatta, Sujawal & Badin Districts" without inviting open tender.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 02)

9.4.2 Irregular payment without sanction of estimates - Rs10.347 million

Para 527 of PW manual Volume-I states that no work shall begin unless proper detailed design and estimate have been sanctioned allotment of funds made and order for the commencement issued by the competent Authority.

During the audit of office of Director General, Sindh Coastal Development Authority, Karachi for the financial years 2012-13 to 2015-16, it was observed that expenditure of Rs10.347 million was incurred on various works under ADP Scheme

No.1558 “Improvement of Major Fishermen’s Settlement and Rehabilitation of Flood Affected Areas in Coastal Areas of Thatta, Sujawal & Badin Districts” without sanction of detail estimate and rate analysis in violation of above rule.

(Amount in Rupees)

Sr #	Cheque No. Date	Name of Contractor	Work	Amount
1	22900761 17-4-2015	M/S A.M.K.M & Enterprises	Construction of road Oil field road Golarchi Badin.	2,021,828
2	22900774 30-4-2015	M/S Amatul Constructions	Construction of jetty at Jangisar.	8,326,016
Total				10,347,844

Audit was of the view that payment without sanction of estimates constituted weak financial and administrative management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

(AIR# 03)

9.4.3 Non-recovery of vehicles from un-authorized persons

According to Rule 88 of Sindh Financial Rules, Volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of office of the Director General, Sindh Coastal Development Authority, Karachi for the financial years 2012-13 to 2015-16, it was observed that management of local office was allocated following vehicles to various Ex-officers, Ministers, officers of other offices and non-entitled employees without any justification and legal entitlement order:

Sr. #	Vehicle No.	Make / Model	Allotted to
1	GS-9721	Toyota Double Cabin	Office of Minister, SCDA
2	E-1514	Suzuki Jimmy	P.S to Director General , SCDA
3	GSA-181	Toyota Double Cabin	Mr. Zubair Ahmed, Ex-Minister, SCDA
4	GS-9954	Toyota Corolla	Parliamentary Secretary, P&DD
5	GS-9949	Toyota Corolla-2007	Mr. Shamsul Haq Memon, Ex-Consultant, SCDA
6	E-1521	Suzuki Jimmy 2010	Mr. Muhammad Sohail Qureshi, Add: Secretary, SGA&CD

Audit was of the view that management failed to recover vehicles from Ex-officers which constituted weak administrative and financial management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of the above vehicles, besides fixing responsibility on the person(s) at fault.

(AIR# 09)

9.4.4 Violation of CDA Act 1994 due to non-preparation of master plan

As Per Clause 12 (1) of Coastal Development Authority Act-1994, management of Sindh Coastal Development Authority required to prepare as soon as may be, the Master Plan for development, improvement, expansion and beautification of such coastal areas that need to be developed, expanded and beautified and submit such plan to Government for approval.

During audit of office of the Director General, Sindh Coastal Development Authority, Karachi for the financial years 2012-13 to 2015-16, it was observed that the management of Sindh Coastal Development Authority neither prepared the Master Plan for development, improvement, expansion and beautification of coastal areas nor submitted the plan to Government for approval.

Audit was of the view that **non-compliance** of Rules of Coastal Development Authority Act-1994, constituted weak administrative management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault, besides taking remedial measures.

(AIR# 13)

9.4.5 Non-deduction of income tax - Rs0.900 million

According to letter No.ACIR/unit-05/WHT Zone/RTO-III/KHI/2014/178 dated 31/07/2015 regarding changes in rates of deduction under various sections of Income Tax Ordinance 2001 for the tax year 2015 for “Filers” & “Non-Filers” are payable against the rules as follows.

Description		Tax Rate from 01-07-2015 on ward	
		Filers of Tax Return	Non-Filers
Sales of Goods-Section 153(1)(a)			
1	Companies	4%	6%
2	Other than Companies	4.5%	6.5%
Supply of Services-Section 153 (1)(b)			
1	Companies	8%	12%
2	Other than Companies	10%	15%
Contract payments to residents section 153 (1)(c)			
1	Companies	7%	10%
2	Other than Companies	7.5%	10%
Brokerage & Commission Section 233			
1	Advertisement agencies	10%	15%
2	Other cases	12%	15%

During the audit of office of Director General, Sindh Coastal Development Authority, Karachi for the financial years 2012-13 to 2015-16, it was observed that payment of Rs9.000 million was made to various contractors under ADP Scheme No.1558 “Improvement of Major Fishermen’s Settlement and Rehabilitation of Flood Affected Areas in Coastal Areas of Thatta, Sujawal & Badin Districts”, but the income tax amounting to Rs0.900 million was not deducted.

Audit was of the view that Government sustained loss of revenue due to non-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR# 05)

CHAPTER – 10 EXCISE & TAXATION DEPARTMENT

10.1 Introduction

Excise and Taxation Department is the main tax collecting organ of the Provincial Government. The core business of the department is to levy and collect Infrastructure Cess, Motor Vehicle Tax, Excise Duty, Professional Tax, Hotel Tax, Cotton Fee, Property Tax and Entertainment Duty.

10.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 50 formations (DDOs), out of which 03 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
2,104.385	8.155	432.348	(432.348)	(101.774)	2,010.766	1,885.322	125.444

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs125.444 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
52,760.000	52,764.000	51,494.614	1,269.386

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs1,269.386 million was observed.

10.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	2	1	0	1	-
2	1998-99	0	0	0	0	-
3	1999-2000	19	5	0	5	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	7	7	0	7	-
8	2007-08	11	8	0	8	-
9	2008-09	7	6	0	6	-
10	2009-10	0	0	0	0	-
11	2014-15	11	9	0	9	-
Total		57	36	0	36	-

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

10.4 AUDIT PARAS

10.4.1 Doubtful expenditure on purchase of token tax stickers - Rs14.910 million

According to rule 88 of Sindh Financial rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that an expenditure of Rs14.910 million was incurred on purchase of 1.427 million token tax stickers.

The following observations were noted:

- i. Requisition of required stickers from concerned section was not available on the record.
- ii. Total No. of 1.427 million Stickers were purchased, but total number of tax challans issued to vehicles was not calculated / produced.
- iii. Payment was made in the month of June to avoid the lapse of budget.
- iv. Delivery challans were not available.
- v. As per agreement inspection committee consists of Deputy Director (Admn), Deputy Director (computer) and In charge token tax stickers, but as per inspection report inspection was conducted by other officers/official.
- vi. Articles were not accounted for in stock register.
- vii. Consumption account was not produced.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 16)

10.4.2 Excess payment of law charges - Rs1.000 million

As per Rule 41 (a) of Sindh Financial Rules “Department Controlling Officers should see that all sums due to government are regularly received and checked against demand and that they are paid into the Treasury.

During audit of office of the Secretary, Excise and Taxation, Karachi for the year 2016-17, it was observed that excess payment of Rs1.000 million was made to the law firm M/s. Hassam Law Associates which was hired in the month of February, but the payment was made for six months (January to June).

Thus, government sustained a loss due to excess payment for two months (2 x 500,000 = 1,000,000) to the law firm, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.
(AIR# 01)

10.4.3 Non - production of record - Rs20,743.920 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2014-15 to 2016-17, following auditable record of Rs20,743.920 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Records not produced	Amount
1	Deputy Director (CMDI) Infrastructure Cess KPT Karachi	03	2015-16	original copies of paid challans	20,529.542
2	Dy. Director / Senior ETO (MRA), Karachi	13	2014-15 & 2015-16	Supporting documents regarding printing of registration of books	123.999
		14		Tender documents for procurement of number plates & stickers	48.608
		15		Other "A - 03670"	39.999
3	Excise Taxation & Narcotics Officer (Central), Karachi	05	2012-13 to 2015-16	Record of purchase of computer equipment, furniture & transport	0.520
4	Dy. Director / E. T. & Narcotics Officer (South), Karachi	06	2013-14 to 2015-16	Contingencies expenditure records	0.497
5	Dy. Director / E. T. & Narcotics Officer (West), Karachi	10	2013-14 to 2015-16	Record of printing & publication, stationery, purchase of furniture & transport, annual expenditure statement	0.455
6	Excise Taxation & Narcotics Officer (Malir), Karachi	05	2012-13 to 2015-16	Record of purchase of furniture & reconciled exp. Statement	0.300
Total					20,743.920

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during April & May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

10.4.4 Expenditure incurred over & above the budget - Rs21.363 million

According to the Para-88 of General Financial Rules Volume-I, “the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant”. According to Para 111, Govt. of Sindh, Finance Department Notification No. BI-V/131/85 dated 09-04-1987; no expenditure should be incurred in excess and above the budget allocation without prior approval of the competent authority.

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2014-15 & 2015-16, it was observed that the expenditure of Rs21.363 million was incurred over & above the budget.

(Rupees in million)

Sr.#	Name of Formation	AIR Para #	Financial Year	Head of Account	Amount
1	ETO (Property Tax), H-I Div. Karachi	02	2015-16	Expenditure - Pay & Allowances	11.219
2	ETO, I-I Div. Karachi	06	2014-15 & 2015-16	Expenditure - Pay & Allowances	8.804
3	Dy. Director / Senior ETO (MRA), Karachi	19	2014-15 & 2015-16	Expenditure incurred over & above the agreement cost of maintenance charge of hardware	1.340
Total					21.363

Audit was of the view that expenditure incurred over & above the budget constitutes weak administrative and financial management.

The matter was reported to the management during March & May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

10.4.5 Irregular expenditure through pre-receipt bill - Rs1.642 million

As per letter No. B-I/7-1/98-99, dated 13th July 1998 and letter No. FD/B&E-1/4-I/88/ 2006(P), dated 30-10-2016 and 26-04-2007 issued by Finance Department, Govt. of Sindh, no advance would be drawn on abstract bill without prior approval of Finance Department.

During audit of office of the Secretary, Excise and Taxation, Karachi for the year 2016-17, it was observed that amount of Rs1.642 million was paid on account of purchase of vehicle on pre-receipt bill without prior approval from Finance Department.

Audit was of the view that purchase of vehicle on pre-receipt bill without prior approval from Finance Department constitutes weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 11)

10.4.6 Excess declaration of infrastructure Cess - Rs408.606 million

According to the Rule-77 of Treasury Rules volume-I when Government Money in the custody of government officer, paid into the district treasury or the National Bank of Pakistan in the proper head of account within the twenty four hours, and reconciled it on monthly basis.

During audit of office of the Deputy Director (CMDI) Infrastructure Cess KPT Karachi for the year 2015-16, it was observed that total amount Rs20,120.936 million duly verified by Treasury Office was declared by Department, whereas figures presented by National Bank of Pakistan statement shows total amount of Pk. Rs19,295.637 million. Hence, there is excess declaration of Rs408.606 million by department which needs to be justified.

Audit was of the view that excess declaration of infrastructure cess purchase constitutes weak administrative and financial management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 10)

10.4.7 Irregular expenditure on account of rent of office building - Rs7.200 million

Rule-88 of Sindh Financial Rules, Volume-I, states that “Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of office of the Deputy Director, Infra-structure Cess, KPT, Karachi for the year 2015-16, it was observed that **expenditure** of Rs7.200 million was incurred on rent of office building without adherence of the following codal formalities:

- i. The agreement with the owner was neither executed nor produced to audit.
- ii. Acknowledgement receipt not obtained from Land Lord.

Audit was of the view that expenditure incurred without fulfilling codal formalities constitutes weak financial and administrative management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 12)

10.4.8 Non issuance of number plates to the owners of vehicles

According to Rule - 113 of Sindh Financial Rules, volume-I “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible government Officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect”.

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the year 2015-16, it was observed that total 356,006 number of vehicles were registered, but number plate issuance register and acknowledgment of delivery of number plates to the owner of vehicles was not produced to audit.

Audit was of the view that non-issuance of number plates constitutes weak administrative management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on person(s) at fault, besides taking remedial measures.

(AIR# 11)

10.4.9 Non-achievement of revenue target - Rs2,957.393 million

As per Rule 28 of General Financial Rules, Volume-I stats that no amount due to Government should be left outstanding without sufficient reasons and where any dues appear to be irrecoverable, the orders for their adjustment must be brought

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2013-14 to 2015-16, it was observed that various targets of revenue receipts have been fixed by the Govt. but the local offices could not

achieve the targets. The total shortfall comes to Rs2,957.393 million as calculated in the following table:

(Rupees in million)

Sr. #	Name of Formation	AIR Para#	Financial Year	Target fixed by Govt.	Target achieved	Amount of short fall
1	Dy. Director / Excise Taxation & Narcotics officer (South), Karachi	02	2013-14 to 2015-16	7,382.008	5,799.411	1,582.597
2	Dr. Director / Sr.ETO (MRA), Karachi	03	2014-15 & 2015-16	9132.465	8137.483	994.982
3	Dy. Director / Excise Taxation & Narcotics officer (West), Karachi	03	2013-14 to 2015-16	208.050	86.254	121.796
4	ETO, I - II Div., Karachi	02	2014-15 & 2015-16	270.000	184.122	85.878
5	ETO, I - I Div., Karachi	02	2014-15 & 2015-16	260.000	119.114	68.886
6	ETO (Property Tax), H-II Div. Karachi	01	2015-16	185.000	133.564	51.436
7	ETO (Property Tax), H-I Div. Karachi	03	2015-16	174.000	122.794	51.206
8	Dy. Director / Excise Taxation & Narcotics officer (West), Karachi	03	2012-13 to 2015-16	4.000	3.388	0.612
Total						2,957.393

Audit was of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue, which constituted weak administrative and financial management.

The matter was reported to the management during March to May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

10.4.10 Non-realization of infrastructure cess against bank Guarantee - Rs1,844.505 million

Under rule 14 of Sindh Development and Maintenance of Infrastructure Cess Rule-1994. “Cess for special Maintenance and Development of Infrastructure @ 1 % to 1.05% % is levied and collected on all imported goods except those which have been exempted”.

During audit of office of the Deputy Director (CMDI) Infrastructure Cess KPT Karachi, for the year 2015-16, it was observed that the various importers were clearing their goods furnishing against Bank Guarantee in respect of infrastructure Cess, However Sindh High Court in its decision dated:31.05.2011 in Misc No.7732/2011 directed that the goods will be cleared on payment of 50% of the disputed amount on furnishing of Bank Guarantee being as security deposit and remaining 50% of infrastructure cess should be deposited as cash. But neither cash deposit nor bank guarantee were produced to audit. This resulted into non realization of 50% cash of infrastructure cess amounting to Rs.1844.505 million.

Audit was of the view that Government sustained loss of revenue due to non-realization of infrastructure cess, which resulted into weak financial management.

The matter was reported to the management in January 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.
(AIR# 01&02)

10.4.11 Less recovery of provincial excise duty due to incorrect calculation - Rs680.292 million

As per Schedule of Rate provided in the Budget Book 2009-10 (Page-295), “The provincial Excise Duty rate was fixed at Rs 2,160 per LPG (Landon Proof Gallon)” and formula for LPG calculation is “LPG=Imperial/Bulk Gallon x Strength of rectified spirit x 2 .

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2013-14 to 2015-16, it was observed that the LPG (London Proof Gallon) was wrongly calculated while ascertaining the excise duty on medicated product and Pakistan Manufacture Liquor (PML); thus an amount of Rs680.292 million was less recovered due to flawed calculation of provincial excise duty, which was a loss of revenue to the Government.

(Rupees in million)

Sr.#	Name of Formation	AIR Para#	Financial Year	Amount less recovered
1	Dy. Director / Excise Taxation & Narcotics officer (South), Karachi	3	2013-14 to 2015-16	668.542
2	Dy. Director / Excise Taxation & Narcotics officer (West), Karachi	5	2013-14 to 2015-16	11.750
Total				680.292

Audit was of the view that Government sustained loss of revenue due to less-recovery of provincial excise duty, which resulted into weak financial management.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.

10.4.12 Loss of Government revenue due to irregular registration of vehicles Rs627.252 million

According to Rule - 5.3 of General Financial Rules read with Rule-7 of Treasury Rules regarding revenues and other receipts of the Government, "it is the primary duty of the officers concerned to see that dues of Government correctly and promptly assessed, quickly realized and immediately deposited into Government treasury".

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that total 3,494 No. of double cabin Pickups (above 2000 cc) were registered, out of which 72% (2505 Nos.) were registered in the commercial category instead of private category. Thus, Govt. sustained a loss of Rs627.252 million. Furthermore, evidence of use for commercial

purpose i.e company/business name, letter pad, business bank account, NTN certificate of business etc. was not produced.

Audit was of the view that Government sustained loss due to irregular registration of vehicles, which resulted into weak financial management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.
(AIR# 04)

10.4.13 Non-issuance of demand notice of property tax - Rs30.460 million

According to Rule-15 of the Sindh Urban Immovable Property Tax Rules, 1958, “Every assessing authority has to maintain a tax demand and receipts register for each rating area in the prescribed form and issue demand notices for tax”.

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2014-15 and 2015-16, it was observed that demand notices of property tax amounting to Rs30.460 million were not issued to the owners of various property units due to which Govt. sustained a loss.

(Rupees in million)

Sr. #	Name of Formation	AIR Para#	Financial Year	Particulars	Amount
1	Excise & Taxation Officer (Property Tax), H-II Div. Karachi	02	2014-15 & 2015-16	Demand notice of Property Tax not issued	17.183
2	Excise & Taxation Officer (Property Tax), H-I Div. Karachi	04	2015-16	-do-	12.757
3	Excise & Taxation Officer, I-II Div. Karachi	05	2014-15 & 2015-16	-do-	0.319
4	Excise & Taxation Officer, I-I Div. Karachi	05	2014-15 & 2015-16	-do-	0.201
Total					30.460

Audit was of the view that Government sustained loss of revenue due to non-issuance of demand notice of property tax, which resulted into weak financial management.

The matter was reported to the management during March to May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

10.4.14 Non-realization of arrears & current dues of property tax - Rs21.752 million

As per Section 16 of the Sindh Urban Immovable Property Tax Act, 1958, read with Rule 19 of the Sindh Urban Immovable Property Tax Rules 1958, “Any sum due on account of property tax, which remains unpaid after the due date allowed for its payment without sufficient cause to the satisfaction of the Collector is required to be recovered as arrears of land revenue”.

During audit of following offices of Excise and Taxation Department, Government of Sindh for the years 2014-15 and 2015-16, it was observed that arrears and current dues of property tax against the owners of property unit were not realized / un-recovered due to which Govt. sustained a loss of Rs21.752 million.

(Rupees in million)

Sr. #	Name of Formation	AIR Para#	Financial Year	Particulars	Amount
1	Excise & Taxation Officer, I-I Div. Karachi	03 & 04	2014-15 & 2015-16	Arrears & current dues of property tax not realized	10.580
2	Excise & Taxation Officer, I-II Div. Karachi	03, 04, 06 & 07	2014-15 & 2015-16	-do-	7.006
3	Excise & Taxation Officer (Property Tax), H-II Div. Karachi	03	2015-16	-do-	2.634
4	Excise & Taxation Officer (Property Tax), H-I Div. Karachi	05	2014-15 & 2015-16	-do-	1.532
Total					21.752

Audit was of the view that Government sustained loss of revenue due to non-realization of property tax, which resulted into weak financial management.

The matter was reported to the management during March to May, 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.

10.4.15 Non-realization of motor vehicle tax - Rs21.302 million

As per Section (3) of the Sindh Motor Vehicle Taxation Act, 1958 “A token tax as specified in schedule to the Act is levied and recoverable from registered owners of Motor Vehicle in four equal installments.”

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that motor vehicle tax of Rs21.302 million was not recovered / realized from commercial & non-commercials vehicle’s owners.

Audit was of the view that Government sustained loss of revenue due to non-realization of motor vehicle tax, which resulted into weak financial management.

The matter was reported to the management in May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on person(s) at fault.
(AIR# 08)

10.4.16 Non / Short realization of arrears / renewal of license fee - Rs18.800 million

According to Rule - 23 (1) of the Sindh Prohibition Rules, 1979 read with Notification No. SO - (Malir) E & T / 1 (91) dated 30 - 06 - 2000, further amended

vide Notification No. SO - (TAXES) / E & T / 1 - (91) 2010 - 11 dated 02 - 08 - 2010, “Fee for grant of new license of retail off shop for sale of liquor has been enhanced from Rs 350,000/- to Rs5, 000,000.”

During audit of following offices of Excise and Taxation Department, Government of Sindh, for the years 2012-13 to 2015-16, it was observed that amount of Rs18.800 million was short realized / un-recovered from various agencies due to which Govt. sustained a loss.

(Rupees in million)

Sr.#	Name of Formation	AIR Para #	Financial Year	Amount
1	Excise Taxation & Narcotics Officer (Malir), Karachi	02 & 03	2012-13 to 2015-16	12.800
2	Dy. Director / Excise Taxation & Narcotics Officer (West), Karachi	06	2013-14 to 2015-16	4.650
3	Excise Taxation & Narcotics Officer (Center), Karachi	02	2013-14 to 2015-16	1.350
Total				18.800

Audit was of the view that Government sustained loss of revenue due to non-realization of license fee, which resulted into weak financial management.

The matter was reported to the management in May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

10.4.17 Loss to Government Revenue on account of Motor Vehicle tax & withholding tax - Rs16.784 million

According to Rule - 5.3 of General Financial Rules read with Rule-7 of Treasury Rules regarding revenues and other receipts of the Government, “it is the primary duty of the officers concerned to see that dues of Government correctly and promptly assessed, quickly realized and immediately deposited into Government treasury”.

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that 3,494Nos double cabin Pickups (above 2000 cc) were registered out of which 72% (2,505Nos.) double cabin pickup vehicles were registered to the individual names in commercial category, but the motor vehicles tax and withholding tax of private category was charged which lower than is commercial category as elaborated below:

(Amount in Rupees)

Sr. #	Head	Annual tax in private category	Annual tax in commercial category	Difference of tax
1	Motor vehicle tax	4,700	800	3,900
2	Withholding tax	10,000	7,200	2,800
Total				6,700
Loss to Govt. (2,505 Nos. of registered vehicles x Difference in tax)				16,783,500

In review of above mentioned table, the registration of above type of vehicles in commercial category shows to avoid the payment of taxes due to which Govt. sustained a loss of Rs16.784 million.

The matter was reported to the management in May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 09)

10.4.18 Mis-declaration of arrears - Rs12.438 million

According to the Directorate Excise & Taxation letter vide No.241/DET/TAXES-II/2015/630, Dated: 1st July 2015, regarding the allocation of budget estimate for the fiscal year 2015-16.

During audit of office of the Deputy Director Infrastructure cess (CMDI) K.P.T. Karachi for the 2015-16, it was observed that the target receipts of Rs18.600 million was fixed, but the department could not achieve target as it included the arrears of infrastructure cess worth Rs12.438 million in the current year's collection.

Audit was of the view that mis-declaration of arrears constitutes weak administrative and financial management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 06)

10.4.19 Short deposit of revenue into Government account - Rs9.602 million

According to Rule-5.3 of General Financial Rules read with Rule-7 of Treasury Rules regarding revenues and other receipts of the Government, “it is the primary duty of the officers concerned to see that dues of Government correctly and promptly assessed, quickly realized and immediately deposited into Government treasury”.

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that as per monthly statement an amount of Rs307.309 million under motor vehicle tax was collected during the month of May-2015, but as per treasury report total amount of Rs297.707 million was deposited. This resulted into short-deposit of government revenue of Rs9.602 million.

Audit was of the view that Government sustained loss of revenue due to short deposit of revenue into Government account, which resulted into weak financial management.

The matter was reported to the management in May 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 10)

10.4.20 Un-justified payment on account of electricity - Rs7.010 million

According to rule 88 of Sindh Financial rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of office of the Deputy Director / Senior ETO (MRA) Karachi for the years 2014-15 & 2015-16, it was observed that an amount of Rs7.010 million was paid on account of electricity charges to the CDGK, KDA Wing instead of direct payment to K-Electric. Furthermore, the office did not reconcile billing amount and payment to CDGK.

Audit was of the view that payment of electricity charges without reconciliation depicts weak financial and administrative management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

(AIR# 17)

CHAPTER – 11 FINANCE DEPARTMENT

11.1 Introduction

The Finance Department is responsible for the overall financial discipline of the Province. Preparation of annual provincial budget, formulation of financial rules and maintenance of an effective and efficient financial reporting system are the major assignments of Finance Department.

11.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 31 formations (DDOs), out of which 01 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
114,678.496	17,996.076	50,672.530	(50,672.530)	(3,170.950)	129,503.622	120,996.619	8,507.003

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs8,507.003 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
620,538.320	605,872.062	582,303.687	23,568.375

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs23,568.375 million was observed.

11.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	11	1	0	1	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	4	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	19	0	0	0	-
11	2014-15	0	0	0	0	-
Total		34	1	0	1	-

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

11.4 AUDIT PARAS

11.4.1 Doubtful payment on single ID allotted to two different employees - Rs0.830 million

As per rule 1 Appendix 18-A of Sindh Financial Rules, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of office of the District Accounts Officer, Larkana for the financial year 2015-16, it was observed that payment of Rs0.830 million was made against adjustment of pay and allowances vide diary # 029887 dated: 09-06-2016 was found [made on Name of Mr. Ali Nawaz \(PST\) GPBS Bhoro Kalhoro @ Personal Id No. 10224380](#), while same ID was allotted to Mr. Dilbar Ali (PST) as per SAP Data and amount of Rs414,810 was paid on two different dates 22-02-2016 and 14-06-2016 which indicates double payment.

Audit was of the view that in the light of above mentioned fact, authenticity/[correctness](#) of expenditure could not be [justified](#). Besides, chances of misappropriation of public funds could not be ruled out, which constituted financial management [indiscipline](#).

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

[Audit recommends inquiry into the matter, besides fixing responsibility on the person\(s\) at fault and corrective measure should need to be taken to avoid from any loss/fraud.](#)

(AIR# 17)

11.4.2 Non-production of record – Rs3,136.232 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of following offices of the Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, auditable record amounting to Rs 3,136.232 million was not produced for scrutiny. The detail is given at **Annex-1** of Chapter-11.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

11.4.3 Irregular expenditure without supporting vouchers/documents – Rs141.078 million

According to Rule 23 of Sindh Financial Rules, Volume-I, “Every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of following offices of the Finance Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs 141.078 million was incurred but supporting vouchers/documents were not produced.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Ghotki	Payment of Electricity (without bills paid to Revenue Officer SEPCO on account of electricity payment)	2015-16	13	126.026
2	Secretary Finance, Karachi	Payment without supporting vouchers under the head of account other for services rendered	2016-17	5	10.660
		Payment without supporting vouchers (on account of entertainment & gifts)		13	0.456
3	District Accounts Office Dadu	Payment on doubtful supporting vouchers (on account of repair of furniture and repair of transport)	2015-16	3	2.680
4	District Accounts Office Matiari	Doubtful payment of vendor bills (original invoices were not provided to audit)	2015-16	16	1.256
Total					141.078

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides, fixing responsibility on the person(s) at fault.

11.4.4 Weak internal controls - Rs23.227 million

According to Rule 1 Appendix 18-A of Sindh Financial Rule Volume-I, "Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

During audit of office of the District Accounts Office Sujawal at Thatta, Finance Department for the financial year 2015-16, it was observed that Rs23.227 million was paid to different DDOs of District Sujawal, but as per cost center description the payment was made from District Thatta offices, which is irregular and tantamount to mis-management of financial internal controls and chances of mis-statement of expenditure. Further, following several weak internal controls did not exist in distribution of work:

1. No separation of work distribution amongst staff/auditors for proper dispensation of work of Districts Thatta and Sujawal;
2. Posting of same officials for punching of bills of Districts Thatta and Sujawal;
3. Non-separation of record of bills of Districts Thatta and Sujawal;
4. Non-maintenance of separate record of District Sujawal like Cash Books, Contingent registers & Token number registers etc;
5. Non-maintenance of separate record of pensioners on GPS and paid by DAO of pensioners of District Sujawal.

The matter was reported to the management in April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides faxing responsibility on person(s) at fault.

(AIR# 03 & 25)

11.4.5 Non-fulfilment of DLIs resulting in non-release of funds - USD\$ 8.800 million

As per PAD, Annex-3 Institution and Implementation Arrangements, Section-20, Table A3.3. Pricing of DLIs. The disbursements for Component 1 of the Project are conditional on the achievement of reform actions or results. These are identified as Disbursement Linked Indication (DLIs). A certain amount of Credit proceeds has been allocated to each DLI, referred as DLI price, which is the amount that the government can claim as reimbursement against EEPs if that DLI has been achieved and verified

During the audit of the Project Director, Sindh Public Management Reform Project Karachi, Finance Department for the financial year 2015-16, it was observed that the Disbursement Link Indicator listed under the table A3.3 Pricing of DLIs to the

Grant were not met. Subsequently, the World Bank withheld the agreed amount of USD \$ 8.800 million.

(Dollar in million)

DLI No	%age Meet	Agreed Amount in US \$ FY 2014-15	Agreed Amount in US \$ FY 2015-16	Released amount	Non-released amount
1	Approval and initial implementation of Sindh Tax Revenue Mobilization Reform Plan	10	0	17.2	8.8
2	Enhanced SB human resources capacity for administration	2	0.5		
3	Increased automation of SRB	2	0.5		
4	Risk based audits of taxpayers implemented	1	1		
5	Establishment of Internal Audit	2	1		
6	Transparency in budget formulation, allocation and execution	1	1		
7	Procurement professionals certified	1	1		
8	Quarterly departmental development plan monitoring reports prepared and published	1	1		
Total		20	6	17.2	8.8

Audit was of the view that management failed to take necessary steps to achieve targeted DLIs, which constituted weak administrative and financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

(AIR# 4.2.6)

11.4.6 Irregular payment of pension/Benevolent Fund – Rs5,343.567 million

According to Rule 1 Appendix 18-A of Sindh Financial Rule Volume-I, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that an amount of Rs 5,343.567 million was paid on account of pension / benevolent payments without fulfillment of required formalities. The detail is given at **Annex-2** of Chapter-11.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during January 2017 to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

11.4.7 Procurement in violation of SPPRA 2010 –Rs163.941 million

As per SPPRA, the procurement of items to procured keeping in view the directions provided in SPPRA rule-2010.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs 163.941 million was incurred on procurement of various items in violations of provisions of SPPRA, 2010. The detail is given at **Annex-3** of Chapter-11.

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the department during October 2016 to August 2017, but reply is still awaited.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

11.4.8 Unauthorized payment of inadmissible allowances – Rs102.586 million

As per Government of Pakistan Finance Division office memorandum No. F.3(9)2004 Islamabad, October 14, 2015, Sr. No. 05 Adhoc Relief Allowance, 2011 & 2012 granted w.e.f. 01-07-2011 and 01-07-2012, respectively shall be cease to exist with effect from 01-07-2015.

According to Para (iii) of Government of Sindh Finance Department letter No. FD(SR-IV)/ 1-119/91 dated: 04-09-1991, Rural Compensatory Allowance (RCA) is admissible to those doctors posted in below Town Committee level.

As per notification of Finance Department No.FD (SR-III)5/22-85 dated 10.02.1986 and subsequent letter No. FD (SR-II)5/16-2001 dated 17/1/2008 it has been clearly communicated that “No Orderly Allowance shall be allowed to the officers other than who are working in the Sind Secretariat, as per this Department Circular letter” furthermore “Orderly allowance of officers, others than BS-20 officers of the Sindh Secretariat may be stopped forthwith and to recover the amount for the period they have drawn orderly allowance while serving outside the Secretariat be effected immediately even from the retired Government servants out of their pension.

According to Finance Department Circular letter NO. FD(SR-II)18-13/77 dated 08-08-1987, “rent from the occupants of government houses would be deducted at the rate of Rs. 5% of the maximum of the basis pay scale”

As per Government of Sindh S & GAD Notification No. PA-DS (G)/41133/76 dated: 27-07-77 and No. SO (INSP) S& GAD VI (3) /79 dated: 20-07-1979, “the conveyance allowance is an allowance paid to employees to enable them to reach the office. The conveyance allowance is not required to be paid to those officers, who have been provided with government transport facilities and / or have gone on vacations.

According to Government of Sindh Finance Department letter No. FD(SR-III)5/17-89 dated: 18th March, 1987, that the computer allowance may be allowed to the prescribed qualification of computer personnel who are actually employed on whole time basis on computer working the Government department and other Government organizations irrespective of the fact whether main frame computer is available or not in their organizations, provided they possess the minimum qualification is given below:

Sr#	Category	Educational Qualification
1	Computer Personnel in BPS-18	(a) Master degree in computer science Or (b) Master degree in Mathematics, Physics, Statistics, Economics from recognized University and Computer Training.
2	Computer Personnel in BPS-17	(a) Master degree in computer science or (b) Master degree in Mathematics, Physics, Statistics, Economics from recognized University and Computer Training.
3	Computer Personnel in BPS-16	(a) Second Class Bachelor degree in computer science or (b) Second Class Bachelor degree with Mathematics, Physics, Statistics, Economics from recognized University and Computer Training.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs 102.586 million was paid to the officers/officials on account of inadmissible allowances. The detail is given at **Annex-4** of Chapter-11.

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

11.4.9 Irregular expenditure by splitting up purchases to avoid tender – Rs92.101 million

As per Rule 12(1) of SPPR, 2010, all proposed procurements for each financial year shall be planed and procuring agencies shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan. Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications

on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that an expenditure of Rs 92.101 million was incurred on various purchases and repair works through splitting of the sanction orders to avoid open tenders. The detail is given at **Annex-5** of Chapter-11.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during January to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

11.4.10 Irregular payment of POL above the ceiling –Rs 66.370 million

As per Government of Sindh Notification No. FD-B1/16(15)/99-2000(POL), POL ceiling for officers of Government the maximum limit of the officer of head of attached department is list enclosed litres per month and "10% of the POL budget may be expensed on lubricants and services of vehicles"

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that the payment of Rs66.370 million was made to various officers for purchase of POL over and above the ceiling.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Kamber-Shahdaskot	POL Bills passed but the ceiling limit of officers not observed	2014-15 & 2015-16	14	62.703
2	District Accounts Office Larkana	Recovery of POL bills passed over and above the ceiling limit of officers	2015-16	26	2.239
		Payment allowed on lubricant over and above the prescribed limit of 10% of total budget		27	1.428
Total					66.370

Audit was of the view that expenditure on account of purchase of POL for official vehicles in excess of prescribed ceiling resulted into un-authorized and doubtful expenditure. Besides, embezzlement and misappropriation of public money cannot be ruled out.

The matter was reported to the management during January to March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on the persons at fault.

11.4.11 Irregular expenditure without open tender – Rs63.908 million

As per Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010, “Procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language”.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that an expenditure of Rs 63.908 million was incurred from various heads of accounts without inviting open tender. The detail is given at **Annex-6** of Chapter-11.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

11.4.12 Irregular payment to contingent paid staff – Rs 59.673 million

As per finance department, Karachi letter No. FD(Exp:IX)/767/91(B)/Prov dated 23rd April 1996, “No appointment of work charge establishment / contingent paid staff be made without prior approval of Finance Department”.

During audit of following offices of Finance Department, Government of Sindh for the years 2014-15 & 2015-16, it was observed that vouchers of various offices amounting to Rs 59.673 million were passed for payment on account of contingent paid staff.

(Rupees in million)					
Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Jacobabad	Payment of salaries to 141 contract employees without allocation / release of budget grant and without advertisement and composition of selection committee / recruitment process	2014-15 & 2015-16	29	55.115
2	District Accounts Office Tando Muhammad Khan	Release of salary to contingent paid staff appointed without approval of Finance Department	2014-15 & 2015-16	22	4.090
3	District Accounts Office Thatta	Payment of salaries of contingent paid staff without supporting documents i.e, appointment letter/agreements.	2015-16	4	0.468
Total					59.673

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management during February to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides, taking remedial measures.

11.4.13 Non-accountal of articles - Rs9.049 million

Rule-113 of Sindh Financial Rules provides that all material received should be examined, counted, measured or weighed as the case may be when delivery is taken and they should be taken by a responsible Government officer who should see that the quantities are correct and their quality is good and record certificate that he has actually received the materials and recorded them in the appropriate stock register.

During audit of office of the Secretary Finance, Government of Sindh, Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs9.049 million was incurred on purchase of various items, but the same were not accounted for in relevant stock register.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 10)

11.4.14 Irregular payment through DDO's account – Rs 2,492.114 million

As per Rule-28 (2) of Central Treasury Rules volume-I, "A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them".

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that funds of Rs 2,492.114 million were deposited into DDO's accounts instead of crediting into accounts of actual vendors. The detail is given at **Annex-7** of Chapter-11.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

11.4.15 Expenditure without / in excess of budget allocation - Rs733.231 million

According to para 3.3.12.4 of Accounting Policies & Procedure Manual, any spending entity required to undertake work or incur expenditure on behalf of another is required to exercise proper budgetary control over the funds provided by the principal authority.

According to Para-55 and 97 of General Financial Rules (GFR) Volume-I "No expenditure should be made for which no prescribed limit has been specified in the original budget estimate of the current financial year. In all applications for sanction of expenditures, it should be distinctly stated: whether provision for the proposed charge has, or has not been made in the budget estimate of the year and if it has not been made whether the funds can be validly re-appropriated."

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs733.231 million was incurred in excess of allocated budget in various head of account to different departments.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Tando Muhammad Khan	Payment on account of pay and allowance without allocation of budget	2014-15 & 2015-16	7	713.040
2	Secretary Finance, Karachi	Payment against Pay & allowance and Honorarium without budget	2016-17	8	11.193
3	District Accounts Office Matiari	Payment on account of pay and allowance without allocation of budget	2015-16	9	8.451
4	District Accounts Office Shaheed Benazirabad	Payment on account of pay and allowance without allocation of budget	2015-16	7	0.547
				Total	733.231

Audit was of the view that expenditure without / in excess of budget allocation constituted weak financial and administrative management.

The matter was reported to the management during January to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

11.4.16 Non-deduction of General / Sindh Sales Tax on services – Rs258.936 million

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 16% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”.

As per Second Schedule of the SST on Services Act, 2011, the rate of tax is 15% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the DAO offices passed bills without / less deducting of General/ Sindh Sales Tax at prescribed rates from supplier's bills resulting into loss of Rs 258.936 million. The detail is given at **Annex-8** of Chapter-11.

Audit was of the view that Government sustained loss of revenue due to non-deduction taxes, which resulted into weak financial management.

The matter was reported to the management during October 2016 & August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

11.4.17 Irregular payment on account of **leave encashment – Rs184.441 million**

The Government of Sindh Finance Department Vide his notification No. SRO-70 (KE)/2012 dated. 01-09-2012 according to this notification the employees getting leave encashment will avail the benefit of 365 days leave encashment instead of 180 days. An employee can avail encashment after the minimum service of 26 years or the employees can avail encashment at the age of 60 years. The pay is calculated that he/she was being drawn during the period of last days i.e if an employee has 200 days in his/her credit then the pay of last 200 days is calculated for the encashment purpose. We will go back for 200 days from the date of his/her retirement in this way and will make the calculation of encashment of pay.

During audit of following offices of the Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that **various** DAO office allowed an amount of Rs184.441 million on account of **leave encashment**.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	District Accounts Office Shikarpur	2014-15 & 2015-16	13	81.252
2	District Accounts Office Kashmore @ Kandhkot	2015-16	7	54.135
3	District Accounts Office Dadu	2015-16	21&02	44.810
4	District Accounts Office Tando Muhammad Khan	2014-15 & 2015-16	16	4.244
			Total	184.441

The Following observations were noted:

- i. The leave encashment of the officials was calculated by the way of last pay drawn of the month by multiplying with 12 months instead of last 365 days. This resulted into the overpayment.
- ii. **Leave encashment** was paid without observing leave account in order to authenticate eligibility of **leave encashment**
- iii. LPR was paid without observing leave account.
- iv. Amount of **leave encashment** is paid through DDO rather than employee.
- v. Amount was paid as lump sum amount due to which it cannot be checked that payment pertains to how many employees so the chance of excess payment may exist.
- vi. In some cases same DDO is paid **leave encashment** amount more than one time on the same date which creates doubt of double payment.

Audit was of the view that irregular payment was made without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported out to the management during January to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

11.4.18 Non/less-deduction of income tax – Rs110.614 million

As per Section 153 (1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident

person or permanent establishment in Pakistan of a non-resident person- (a) for the sale of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment , deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that income tax of Rs110.614 million was not/less deducted from the bills of the contractors. The detail is given at **Annex-9** of Chapter-11.

Audit was of the view that Government sustained loss of revenue due to non-deduction income tax, which resulted into weak financial management.

The matter was reported to the management during January & April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

11.4.19 Unjustified excess payment on account of pay and allowances - Rs34.993 million

As per rule 1 Appendix 18-A of Sindh Financial Rules, “Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of office of the District Accounts Officer, Larkana for the financial year 2015-16, it was observed that excess payment amounting to Rs 34.993 million was made in the months April, May and June 2016 in the head of account A-01151-Basic Pay Others as compared to the payments made in March 2016. However; justification for such expenditure was not furnished. Details are as under:

(Amount in Rupees)

(LA-4007)				
A-01151-BASIC PAY OTHERS				
March-2016	April-2016	May-2016	June-2016	Excess Payment on A/c of Pay & Allowances
46,425,766	57,552,700 - 46,425,766	58,554,895 - 46,425,766	58,163,128 - 46,425,766	34,993,425
	11,126,934	12,129,129	11,737,362	

Audit was of the view that Government sustained loss due to excess payment of pay and allowances, which resulted into financial **indiscipline**.

The matter was reported out to the management in January 2017, but reply is still awaited.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

(AIR# 05)

11.4.20 Payment of Grants-in-aid without obtaining adjustment of previous grant - Rs2.500 million

According to Para 4.12.1.7 of Accounting Policies and Procedure Manual, “Where the grant is to be provided by a series of recurring payments, a separate claim shall be approved and submitted by the delegated authority, for each payment, along with the necessary documentation to show the conditions of grant have been met. The delegated authority who approved the grant shall maintain a schedule of payments made for each grant made under his/her authority.” Further, Sindh Financial Rules, volume-I, Rule-23, states that, “every payment including payment of money previously lodged with government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of office of District Accounts Office Dadu, for financial year 2015-16, it was observed that payment of Rs2.500 million was made from Grant-in-aid to T.B Patients Association, Dadu.

The following irregularities were noted:

- i. Payment was made without obtaining adjustment of previously paid grant in aid and it is quite possible that previous amount still lying unused and further funds have been provided.
- ii. Most of expenditure was made on purchase of medicines for T.B patients but the medicines were purchased without tenders.
- iii. Medicines were purchased from un-registered local suppliers.
- iv. Discount on local purchased medicines was also not obtained.

Audit was of the view that payment without obtaining adjustment of previous grant depicted weak financial and administrative management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

(AIR# 11)

11.4.21 Irregular payment over and above contract agreement - Rs1.024 million

According to Rule 1 Appendix 18-A of Sindh Financial Rule Volume-I, "Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

During audit of following offices of the Finance Department, Government of Sindh for the financial year 2015-16, it was observed that excess payment bills for amounting to Rs1.024 million were passed for payment over and above the contract agreement, sanctioned amount and by allowing higher rates.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	Project Director, Sindh Public Management Reform project Karachi	Excess payment to consultant over and above the contract agreement	2015-16	4.1.1	0.535
		Excess expenditure over and above sanctioned amount		4.2.3	0.229
2	District Accounts Office Larkana	Payment on decoration service charges as per comparison market rate & similar male office (ready made biryani dag was purchased @ rate of Rs.40,000 where as the market rate and paid rate in same location to the same location to male office was Rs.5,000 per ready made	2015-16	19	0.260
Total					1.024

Audit was of the view that payment over and above contract agreement constituted weak financial and administrative management.

The matter was reported to the management during October 2016 to January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter besides fixing of responsibility on the person(s) at fault.

11.4.22 Irregular payment of electricity charges - Rs 130.193 million

According to Rule 1 Appendix 18-A of Sindh Financial Rule Volume-I, "Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

During audit of following offices of Finance Department, Government of Sindh for the financial years 2014-15 & 2015-16, it was observed that payment of

Rs130.193 million was made to HESCO/SEPCO, but the bills were suspected as no meter number, reading, payment history, consumer ID, issue and due dates were mentioned on the bills. Moreover, bills which were submitted for payment were handwritten instead of HESCO/SEPCO computer generated bills and the same were also not reconciled.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Dadu	Payment on electricity charges without showing name of office, meter reading not reconciled	2015-16	18	59.961
		Advance payment in the month of june to avoid lapse of funds on electricity charges		19	22.952
		Payment is doubt-full due to the reason that different police stations paid equal amount of bill.		4	6.672
2	District Accounts Office Kashmore @ Kandhkot	Payment on electricity charges without showing name of office, meter reading not reconciled	2015-16	8	28.982
		Payment is doubt-full due to the reason that different police stations paid equal amount of bill.		2	6.672
		Advance payment in the month of june to avoid lapse of funds on electricity charges		18	3.254
3	District Accounts Office Shikarpur	Advance payment in the month of june to avoid lapse of funds on electricity charges	2014-15 & 2015-16	8	1.482
4	District Accounts Office Larkana	Advance payment on abstract bill without adjustment	2015-16	20	0.218
				Total	130.193

Audit was of the view that in the light of above mentioned fact, payment of electricity charges constituted weak administrative and financial management.

The matter was reported to the management during January & April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

11.4.23 Un-authorized purchase of vehicle / assets - Rs21.133 million

As per notification of Finance Department, Govt. of Sindh Karachi vide No. FD/B&E-I/2(360)/BAN/2012-13 dated 17-05-2013 and letter No. CTC (SGA&CD) 13(27)09 dated 29-03-2013 of Services General Administration and Coordination Department, Government of Sindh Karachi provide as under:

(a) There shall be a complete ban on procurement of Movable/immovable assets/ of all categories and luxury items like air conditioners etc.

(b) The above ban shall only be relaxed by orders of the Chief Minister.

During audit of following offices of the Finance Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs21.133 million were incurred on purchase of vehicle and other assets from regular budget during ban period and without approval of Chief Minister. Further the office at Sr # 02 below purchased the vehicles over and above the need and working strength of entitled officers. The progress report in respect of missing and stolen vehicle was also not provided.

(Rupees in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	District Accounts Office Tando Muhammad Khan	Un-authorized purchase of vehicle/ assets during ban period	2014-15 & 2015-16	15	13.121
2	Secretary Finance, Karachi	Purchase of vehicles over and above the working strength of entitled officers. Progress report in respect of missing and stolen vehicle was not provided	2016-17	7	4.271
3	District Accounts Office Matiari	Un-authorized purchase of vehicle/ assets during ban period	2015-16	12	3.741
				Total	21.133

Audit was of the view that in the light of above mentioned fact, purchase of vehicle / assets constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

CHAPTER – 12 FOOD DEPARTMENT

12.1 Introduction

The objective of the department is to run Wheat (Procurement and Sale) State Trading Scheme in a manner that food security is provided to common man. The Food Department's activities are mainly focused on:

- a) Procurement of wheat from growers during harvesting period at supporting price fixed by the Provincial Government,
- b) Opening of wheat procurement centres throughout the province at the provincial reserves centres/places with establishment of temporary bank booth to make payment to the growers on the spot,
- c) Handling and transportation of surplus wheat to the wheat deficit areas/non-procurement areas,
- d) Safe storage of wheat in covered godowns and to maintain revolving / strategic reserves of wheat in order to meet out shortage at the time of emergency,
- e) Release of wheat to flour mills and *chakkies* at the subsidized rate in order to trickle down the benefit to general public at an affordable/ reasonable price,
- f) Stabilise the wheat market price by directly intervening in the commercial market to mitigate the risk of hoarding by maintaining equilibrium.

12.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 26 formations (DDOs), out of which 07 formations were selected and audited during Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
96,640.555	3,372.800	19,486.217	(19,486.217)	(418.002)	99,595.353	81,384.107	18,211.246

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs18,211.246 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
92,140.000	76,290.000	33,445.433	42,844.567

The department was unable to collect the estimated receipts in time, as a result shortfall of an amount Rs42,844.567 million was observed.

12.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 8.8%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	9	7	7	0	100
2	1998-99	8	3	0	3	-
3	1999-2000	7	6	0	6	-
4	2001-02*	9	0	0	0	-
5	2004-05*	19	16	1	15	6.3
6	2005-06	22	17	1	16	5.9
7	2006-07	11	11	0	11	-
8	2007-08	12	9	0	9	-
9	2008-09	15	11	0	11	-
10	2009-10	8	8	0	8	-
11	2014-15	22	14	0	14	-
Total		142	102	9	93	8.8

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

12.4 AUDIT PARAS

12.4.1 Shortage/loss of wheat, Jute/PP bags and fumigation material - Rs322.076 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of following offices of Food Department, Government of Sindh, it was observed that wheat valuing Rs322.076 million was found short / damaged / weevil infested in various procurement centers and godowns.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	District Food Controller, Jacobabad	2014-15 to 2016-17	13	Wheat stock	85.181
			18	Shortage of wheat during screening –10245 kg	0.333
			21	En-route shortage of wheat	0.067
			12	Expiry of fumigation material	0
2	District Food Controller, Khairpur	2015-16 & 2016-17	08	Wheat stock from procurement centers	71.025
			09	13000 bags of wheat stock	42.250
			02	Wheat stock weevilized due to unaffected fumigation	39.331
			01	Excess consumption of fumigation over available wheat stock	22.326
			11	Shortage of wheat during screening – 117076 kgs	3.804
3	District Food Controller, Hyderabad	2016-17	03	Wheat stock found short on flour mills	49.125
			02	540 jute bags and 4,171 P.P. Bags of wheat (With bardana)	8.634
Total					322.076

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

12.4.2 Doubtful procurement of wheat - Rs114.848 million

As per wheat policy of 2017 issued vide No.SO(W)-7(24)/2017-Wh:Proc. Dated 01.03.2017 issued by Food department, the policy guideline No. 2 (xxi) Gunny bags will be supplied by the purchase Center Incharge to growers free of cost on production of Agriculture Pass Book or copy of Form-7 or certificate from Chairman Union Council/Town Committee or Mukhtiarkar concerned and Partal Report, copy of CNIC and address of grower should specifically mentioned in part A Bill and party wise bardana register should be maintained. The para-12 of Wheat Policy 1983-84 shall be adhered in letter in spirit.

During audit of the District Food Controller, Dadu for the financial years 2015-16 & 2016-17, it was observed that wheat of Rs114.848 million was procured from various persons without disclosing the details like name & address of persons, built numbers, invoice numbers, etc during arrival report for the crop 2015-16.

Sr. #	Name of Center	Date	PP. Bags	Jute Bags	Total Bags Procured
1	Kakar	13-04-16	2244		1,122
2	Kakar	13-04-16	4112	4,000	6,056
3	Kakar	20-04-16	2816		1,408
4	Kakar	21-04-16	3252		1,626
5	Kakar	23-04-16	6572		3,286
6	Kakar	26-04-16	22838		11,419
7	Kakar	29-04-16	1310	5,000	5,655
8	Kakar	02-05-16	2938		1,469
9	Kakar	03-05-16	664		332
10	Kakar	04-05-16	1398		669
11	Kakar	06-05-16	1876		938
12	Kakar	09-05-16	2014		1,007
13	Kakar	10-05-16	162		81
					35,068
Total cost =			35,068x3,275=114,847,700		

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified, which constituted weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

(AIR# 06)

12.4.3 Loss to government due to export of wheat on reduced rates – Rs100.232 million

As per appendix 18-A of Sindh Financial Rules, Volume-I, “Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the following offices of Food Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that the wheat costing Rs100.232 million was exported on reduced rates instead of approved prevalent rates in the Sindh province on the basis of decisions/notifications of ECC of the Cabinet/Ministry of National Food Security & Research, Government of Pakistan, Islamabad, as communicated by the Food Department, Government of Sindh, but the justification/supporting documents to export wheat on low rates was not produced. Further any documentary evidence regarding export of the same was also not produced. Thus, Government sustained loss of Rs100.232 million.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	2015-16 & 2016-17	04	79.211
2	District Food Controller, Jacobabad	2014-15 to 2016-17	07	21.021
Total				100.232

Audit was of the view that Government sustained loss due to issuance of wheat on reduced rates, which resulted into weak financial management.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

12.4.4 Loss due to unsold stock of previous year's wheat crop – Rs44.644 million

As per food policy the old crop needs to be issued first and loss due to negligence of officials of food department may remain at the shoulders of District Food Controller.

During audit of the District Food Controller, Hyderabad for the financial year 2016-17, it was observed from the center-wise stock position that wheat bags costing Rs44.644 million were lying in stock for sale without observing the procedure of first come first out basis. Thus, due to weevil infestation, the chances of wheat damage could not be ruled out.

(Amount in Rupees)

Sr. #	Name of Center	Crop	Jute Bags	Weight	Amount	P.P. Bags	Weight	Amount	Grand Total
1	PRC-T.M.Khan.	2015-16	0	0	0	16978	848,875	27,589,250	27,589,250
2	PRC-Hali Road Hyderabad.	2013-14	2539	261.329	8,416,785	5316	284.407	8,638,500	17,055,285
TOTAL			2539	261.329	8,416,785	22294		36,227,750	44,644,535

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 10)

12.4.5 Doubtful payment on purchase of bardana – Rs10.818 million

According to the Sales Tax Act. 1990, sales invoice issue to the buyer with serial number a single number of invoice was required to be issue to the buyer.

During audit of the Director Food, Karachi for the financial year 2015-16, it was observed that a payment of **Rs10.818** million was made to M/S Madina Jute Mills (Pvt.) Limited for the purchase of bales of bardana delivered at DFC Shahdadkot and the supplier claimed two times on same invoice number and same date with different certificate numbers.

Invoice No. 349 dated 04-04-2016	Invoice No. 349 dated 04-04-2016
Quantity. 247 Bales Bardana	Quantity. 247 Bales Bardana
Invoice Value Rs.10,818,600	Invoice Value Rs 10,818,600
Delivered to DFC Shahdadkot	Delivered to DFC Shahdadkot
Certificate No.K-INS-Jute Bags (Bardana)/1/4P	Certificate No.K-INS-Jute Bags (Bardana)/1/3P

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified, which constituted weak financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 06)

12.4.6 Doubtful payments through challans - Rs9.795 million

According to Rule-34 (d) of Sindh Financial Rule Vol-I, in the case of payment into treasury or the bank, the head of the office making such payments into treasury or bank should compare the same from the treasury officer or bank.

During audit of the District Food Controller, Umerkot for the financial year 2016-17, it was observed that an amount of Rs 9.795 million was received from mill owners on account of Government receipts, but the challan were neither signed by authorized bank officer nor was affixed with banks rubber stamp. Moreover, the reconciliation of challan was also not produced. The detail is given at **Annex-1** of Chapter-12.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 01)

12.4.7 Non production of record – Rs50,668.907 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of following offices of Food Department, Government of Sindh for the financial years 2014-15 to 2016-17, auditable record of Rs 50,668.907 million was not produced for audit scrutiny. The detail is given at **Annex-2** of Chapter-12.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during October 2016 & July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

12.4.8 Storage of wheat in open space – Rs 4,968.959 million

As per Para 07 of policy guideline for wheat procurement campaign 2011 issued by the section officer(Wheat), Government of Sindh, Food Department vide letter no SO(W)7(18) 2011 Dated:22-03-2011 which stated that “procured Wheat shall be stored properly keeping in view safety and security of wheat stocks.

During audit of following offices of Food Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that the wheat valuing Rs 4,968.959 million was lying in the open space at various wheat procurement centers without any precautionary measures. Thus the chances of wheat theft and wheat damage could not be ruled out.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	2015-16 to 2016-17	05	4,598.955
2	District Food Controller, Hyderabad	2016-17	07	370.004
			Total	4,968.959

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

12.4.9 Un-authorized storage of wheat at private flour mill’s premises – Rs 653.807 million

As per para-09 of policy guide line for wheat procurement campaign 2011 issued by the Section Officer (Wheat) Government of Sindh, Food Department vide letter No. SO(W)7(18)2011 dated. 22-03-2011. “No wheat stocks should be kept in the premises of any private/flour mills/other private place without approval of the Government,”

During audit of following offices of Food Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that wheat valuing Rs 653.807 million were kept at a private flour mills without approval of the competent authority. Due to storage of wheat at private flour mills, chances of replacement of new wheat stock with old one or otherwise could not be ruled out. Moreover, agreement with the flour mill to safeguard the government interest was also not available on the record.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	2015-16 to 2016-17	06	475.814
2	District Food Controller, Hyderabad	2016-17	08	164.597
3	District Food Controller, Mirpurkhas	2016-17	07	13.396
Total				653.807

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

12.4.10 Encroachment of Government land – Rs 132.000 million (Approx.)

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the District Food Controller, Dadu for the financial years 2015-16 & 2016-17, it was observed that Government’s land reserved for the godowns at K.N Shah, valuing Rs132.000 million (Approx.) was encroached by the unauthorized persons since several years and was utilized for construction of houses & shops, etc. No departmental action was initiated by the management **against the people who was involved in encroachment in court of law.**

(Amount in Rupees)				
Acres	Convert Acre into Square feet	Total Square Feet (1 x 2)	Approximate rate per Sft	Total value of land (Approx.) (3 x 4)
1	2	3	4	5
6	44,000	264,000	500	132,000,000

Audit was of the view that Government sustained loss due to encroachment of Government land, which resulted into administrative management **failure and deliberate violation of rule on their part.**

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures **to save the government land from encroachment.**

(AIR# 02)

12.4.11 Less re-payment of cash credits against sale of wheat - Rs3,019.790 million

As per Rule 4.10.2 “Loan and advances to Provincial Governments” of Accounting Policies and Procedures Manual - 4.10.2.1 Recoveries of loans granted to Provincial Governments are governed by special orders of the Government which must specify the terms and conditions under which loans are to be granted and repaid.

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that the sale proceeds of wheat was Rs31,179.790 million in 2016-17, while payment on account of re-payment of cash credit was Rs28,160.00 million, resulting in less payment of Rs3,019.790 million. Furthermore, the justification and the steps taken for early re-payment/ clearance of cash credit was not explained.

Audit was of the view that less re-payment of cash credits against sale resulted into weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 05)

12.4.12 Short repayment of loan against estimated – Rs 14,090.00 million

As per Rule 4.10.2 “Loan and advances to Provincial Governments” of Accounting Policies and Procedures Manual - 4.10.2.1 Recoveries of loans granted to Provincial Governments are governed by special orders of the Government which must specify the terms and conditions under which loans are to be granted and repaid.

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that re-payment of loan of Rs28,160.00 million was made during the year against the budgetary provision of Rs42,250.00 million. This reflected the less payment of loan of Rs14,090.00 million. Furthermore, the justification and the steps taken for early payment of loan was not explained.

Audit was of the view that short repayment of loan against estimate resulted into weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 11)

12.4.13 Annual physical verification of wheat stock not carried out – Rs1,258.210 million

According to Rule 116 of Sindh Financial Rules, Volume-I, “The balance in stock taking should be examined yearly to see whether balance in hand represents the quantities as well as the value borne on the account books. Any discrepancy discovered in the verification should be fully explained, and the book balance set right under orders of the competent authority.” According to Food Department’s Food Policy (E)

Monitoring system physical verification of stock wheat stock is carried out from different districts of field officers on quarterly basis four times in a year

During audit of the following offices of Food Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that wheat stock worth Rs1,258.210 million was lying in various wheat procurement centers/godowns, but annual physical verification of stock was not carried out.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
01	District Food Controller, Dadu	01	2015-16 & 2016-17	1,002.056
02	District Food Controller, Jacobabad	03	2014-15 to 2016-17	256.154
03	District Food Controller, Khairpur	15	2015-16 & 2016-17	0
04	Director Food, Karachi	25	2015-16	0
Total				1,258.210

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management during October 2016 & July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

12.4.14 Non-accountal of jute bags - Rs224.809 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that 4901 bales of bardana costing Rs224.809 million were unloaded,

but their whereabouts was not shown by concerned DFCs; hence, their place of delivery was not known.

(Amount in Rupees)

Sr. #	Qty of bales	Qty of bags	Rate	Amount
1	667	200100	152.9	30,595,290
2	367	110100	152.9	16,834,290
3	1033	309900	152.9	47,383,710
4	733	219900	152.9	33,622,710
5	667	200100	152.9	30,595,290
6	567	170100	152.9	26,008,290
7	867	260100	152.9	39,769,290
Total	4901	1470300		224,808,870

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 02)

12.4.15 Irregular issuance of bardana and jute bags – Rs 180.522 million

Rule-13 of General Financial Rules, Volume-I, states that, “Every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that the bardana and jute bags of Rs180.522 million were procured and supplied to various districts, having no provision for wheat procurement. Thus, the chances of misuse of bardana and jute bags could not be ruled out.

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 03)

12.4.16 Excess purchase of bardana and jute bags - Rs 144.560 million

Rule-13 of General Financial Rules, Volume-I, states that, "Every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied".

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that excess quantity of bardana and jute bags of Rs144.560 million was procured by proclaiming the SSPRA rule clause 16(e); however, the said clause purely relates to increase in the cost of development scheme up to 15% instead of increasing the recurring grant/budgetary provision. Furthermore, the proper justification and detailed working showing the genuineness of increase of procurement was not attached with the case files.

(Amount in Rupees)

Sr. #	Head of Account	Name of Supplier	Description	Excess Quantity (in bags)	Rate	Amount
1	Others	Thal Ltd	Jute Bags	36,000	152.90	55,044,000
2	Others	Bin Qasim (Pvt.) Ltd	PP Bags	1,155,000	32.20	37,191,000
3	Others	Omni Polymers	PP Bags	1,070,000	32.20	34,454,000
4	Others	Mian Nazeer (Pvt.) Ltd	PP Bags	555,000	32.20	17,871,000
Total						144,560,000

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 06)

12.4.17 Excess procurement of wheat - Rs 131.586 million

Rule-13 of General Financial Rules, Volume-I, states that, "Every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied".

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed that excess procurement of Rs131.586 million was made against allocated budget without justification and providing re-appropriation of budgetary provision along with genuine requirements.

(Amount in Rupees)

Cost Center	District	Budget	Expenditure	Excess
MP4002	Mirpurkhas	2,015,000,000	2,145,000,000	130,000,000
BI4002	Badin	292,500,000	294,086,000	1,586,000
Total				131,586,000

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 13)

12.4.18 Un-justified unloading of bardana – Rs 48.944 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Director Food, Karachi for the financial year 2016-17, it was observed, while scrutiny of examination report, that 1520 bales (1520000 bags) of PP baradana of 48.944 million were un-loaded at District Jamshoro instead of District Dadu without any justification/clarification. Furthermore, it was not clarified by the management that who sustained the cost of transportation & other expenses.

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 09)

12.4.19 Non-disposal of damaged bardana – Rs 34.029 million

According to Rule-167 of General Financial Rules, Volume-I, "stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value".

During audit of the following offices of Food Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that damaged bardana worth Rs34.029 million was lying in various godowns, without production of approval of competent authority and the same was reflected in the bardana account. Further the department made no efforts to dispose-off the same by sale through auction to safeguard the government revenue.

(Rupees in million)

Sr. #	Name of Offices	Particulars	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	214178 jute bags and 17443 PP bags	2015-16 & 2016-17	13	32.999
2	District Food Controller, Hyderabad	20603 Bardana	2016-17	06	1.030
Total					34.029

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

12.4.20 Irregular issuance of bardana to growers – Rs 14.900 million

According to policy letter No. SO(W)-7(21)/2014-Wh: Proc./387 dated: 5th March 2014 of Government of Sindh, Food Department @ Serial No. 20 stated that “no Centre Incharge is allowed to issue bardana to anyone without call deposit receipt @ Rs.140.00 per Jute bag and Rs. 40.00 per P.P. bag, and copy of NIC and address of grower should specifically mentioned in part. A Bill and party wise bardana register should be maintained”.

According to policy letter No. SO(W)-7(23)/2015-Wh: Proc./403 dated: 4th March 2015 of Government of Sindh, Food Department @ Serial No. 20 stated that “no Centre Incharge is allowed to issue bardana to anyone without call deposit receipt @ Rs.143.00 per bag, and copy of NIC and address of grower should specifically mentioned in part. A Bill and party wise bardana register should be maintained”.

According to policy letter No. SO(W)-7(23)/2016-Wh: Proc./289 dated: 25th March 2016 of Government of Sindh, Food Department @ Serial No. 20 stated that “no Centre Incharge is allowed to issue bardana to anyone without call deposit receipt @ Rs.146.00 per Jute bag and Rs 31.05 per P.P. bag of 50 kg, and copy of NIC and address of grower should specifically mentioned in part- A Bill and party wise bardana register should be maintained”.

During audit of the District Food Controller, Jacobabad for the financial years 2014-15 to 2016-17, it was observed that new bardana of Rs14.900 million was issued to growers without obtaining call deposit. The required basic information; copy of CNIC and address of grower were not mentioned in part- A of the Bill. The bardana register was also not maintained.

(Amount in Rupees)

Sr. #	Year	PRC	PP Bags	Jute Bags	Rate	Amount
1	2016-17	Thul	--	73364	140	10,270,960
2	2015-16	Thul	--	17963	143.00	2,568,709
3	2015-16	Thul	66348	--	31.05	2,060,105
Total						14,899,774

Audit was of the view that irregular issuance of bardana without fulfilling codal formalities was due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 09)

12.4.21 Irregular expenditure without inviting tender – Rs 2.835 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the following offices of Food Department, Government of Sindh, it was observed that an expenditure of Rs2.835 million was incurred on transportation of wheat without inviting open tenders. The rates approved for transportation were higher than the rates as compared to last three years. Moreover, the contract agreement was also not executed.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Dadu	2015-16 & 2016-17	10	1.892
2	District Food Controller, Hyderabad	2016-17	12	0.943
Total				2.835

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

12.4.22 Irregular payment through DDOs account – Rs 1.833 million

As per Rule-303 of Federal Treasury Rules, “a contingent bill for payment to suppliers which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the District Food Controller, Jacobabad for the financial years 2014-15 to 2016-17, it was observed that funds of Rs 1.833 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 10)

12.4.23 Variation in bardana account and stock position of filled bags - Rs1,078.212 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part

of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the District Food Controller, Khairpur for the financial years 2015-16 & 2016-17, variation of 122507 filled jute bags and 398,695 filled PP bags costing Rs1,078.212 million was noticed in the center wise bardana account and stock position of wheat as given below. Furthermore, the bardana account for the year 2016-17 was neither maintained nor provided to audit for verification.

(Amount in Rupees)

Particulars						Jute Bags	PP Bags
Balance as per Bardana Account dated 30-06-2016						263030	1761755
Center wise wheat stock position dated 15-07-2016							
2013-14		2014-15		2015-16			
Jute Bags	PP Bags	Jute Bags	PP Bags	Jute Bags	PP Bags		
41415	14027	69199	509427	274923	1636996	385537	2160450
Missing Bags						122507	398695
						(Amount in Rupees)	
Rate of Filled Bags Rs.3350 per 100kg bag						410,398,450	667,814,125
Total amount of Missing Bags						1,078,212,575	

Audit was of the view that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures [to avoid recurring of such lapses in future.](#)

(AIR# 07)

12.4.24 Non-recovery of shortage of wheat – Rs 113.559 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of following offices of Food Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the wheat stock valuing Rs113.559 million was found short received in comparison to stock issued from PRC to PRC.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	2015-16 to 2016-17	14	96.750
2	District Food Controller, Jacobabad	2014-15 to 2016-17	15	10.385
			16	6.424
Total				113.559

Audit was of the view that Government sustained loss of revenue due to non-recovery of shortage of wheat, which resulted into weak financial management.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of shortage of wheat bags, besides fixing responsibility against the person(s) at fault.

12.4.25 Variation in receipt – Rs92.138 million

As per Rule 34 of Sindh Financial Rules, Volume-I, the D.D.O. is responsible to conduct the reconciliation of figures of receipt/expenditure with concerned treasury so as authenticate the figures.

During audit of the District Food Controller, Khairpur for the financial years 2015-16 & 2016-17, it was observed that variation of Rs92.138 million was noticed

between SAP Data, the departmental receipt figure and deposits in District Account office as given below.

(Amount in Rupees)

Month	Figure as per PC-8 of department	Figures of DAO/SAP Data	Variation
Oct-16	285,328,100	206,507,100	78,821,000
Nov-16	286,348,000	273,249,500	13,098,500
Feb-17	3,916,070	3,697,668	218,402
Total	575,592,170	483,454,268	92,137,902

Audit was of the view that variation in receipt constituted weak financial and administrative management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR# 03)

12.4.26 Non-recovery of wheat weight issued in excess of bags capacity - Rs87.124 million

As per Rule-28 of General Financial Rules, Volume-I, "No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought.

During audit of following offices of Food Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the capacity of one P.P Bag was equal to 50 Kg wheat and Jute Bag equal to 100 Kg. It was not possible to issue more than equal capacity of wheat. Thus excess quantity of wheat over and above the quantity of P.P Bags and Jute Bags valuing Rs87.124 million was issued by the management which was doubtful.

(Rupees in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
1	District Food Controller, Khairpur	2015-16 to 2016-17	10	66.642
2	District Food Controller, Jacobabad	2014-15 to 2016-17	14	20.418
			22	0.064
			Total	87.124

Audit was of the view that issuing wheat weight in excess of bags capacity constituted weak financial and administrative management.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

12.4.27 Non-deduction of Sindh Sales Tax on services – Rs14.468 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011 states: "Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in the Schedule in which the taxable service is listed." And as per Second Schedule of the SST on Services Act, 2011, the effective rate of tax w.e.f. 01.07.2013 is 6% on services provided or rendered by professional, legal practitioner and consultants.

During audit of the District Food Controller, Dadu for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs197.319 million was paid to various contractors on account of transportation & fumigation services, but the Sindh Sales Tax on Services of Rs14.468 million was not deducted at source.

(Amount in Rupees)

Sr. #	Head of Account	Period	Expenditure	Rate of SST	Sindh Sales Tax Due
1	Transportation Services	2015-16	88,776,700	6%	5,326,602
2	Transportation Services	2016-17	74,013,137	6%	4,440,788
3	Fumigation Services	2015-16	21,244,612	14%	2,974,245
4	Fumigation Services	2016-17	13,284,537	13%	1,726,990
Total			197,318,986		14,468,625

Audit was of the view that Government sustained loss of revenue due to non-deduction Sindh sales tax, which resulted into weak financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR# 05)

12.4.28 Short payment of withholding tax - Rs 4.672 million

According to Section-9 of Sindh Sales Tax Act-2011 “Where a service is taxable by virtue of sub-section (1) of section-3, the liability to pay the tax shall be on the registered person providing the service”

During audit of the Director Food, Karachi for the financial year 2015-16, it was observed that Accountant General Sindh withhold 1/5th amount of Sale Tax of Rs1.719 million on the value exclusive sales tax up to 30-06-2016 through their memo No. CAA-IV/W.H/SALES TAX/2015-16 Dated:30.06.2016 instead of Rs6.392 million which resulted into short deduction of tax of Rs4.672 million.

(Rupees in million)		
Sr. #	Name of suppliers.	Amount of cheques
1	M/s Thal Jute Mills Jute division	263.526
2	M/s Indus Jute Mills Limited	151.929
3	M/s Madina Jute Mills Pvt. Ltd. Rs.410,986,00/-	41.099
	Total amount issued by A.G. Sindh	456.554
	Sales Tax and Addl. S. Tax @7% to be paid by supplier	319.588
	1/5 th amount withhold required to be withhold	6.392
	Actual amount withhold by A.G Sindh	1.719
	Balance amount Recoverable	4.672

Audit was of the view that Government sustained loss due to short payment of withholding tax, which resulted into weak financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR# 01)

12.4.29 Non-recovery of service charges & stamp duty - Rs1.788 million

According to Para 22-A of Stamp Act, it was the duty of the Competent Authority to recover the Stamp Duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost and as per Rule-83-A (i) of Sindh Purchase Manual, 1991 and according to condition No.11 (ii) of the amount agreement, the Service charges @ 0.25% will be paid by the contractor on the amount of contract awarded by the administrative department.

During audit of the Director Food, Karachi for the financial year 2015-16, it was observed that an amount of Rs325.153 million was paid to various contractors/suppliers but the services charges of Rs0.813 million @ 0.25% was not deducted. Furthermore, the stamp duty of Rs0.975 million was also not deducted.

Audit was of the view that Government sustained loss due to non-recovery of service charges & stamp duty, which resulted into weak financial management.

The matter was reported to the management in October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR# 02 & 03)

CHAPTER – 13 FOREST & WILDLIFE DEPARTMENT

13.1 Introduction

The Forest & Wildlife Department is responsible for preservation of existing forests of the province of Sindh and Afforestation of forest lands for climatic, commercial and local needs. It also carries out research to develop new and improved species of plants and trees, suitable to the local climate and soil. Moreover, the Department also works for preserving endangered species of wildlife and constructing sanctuaries for them.

The forests of Sindh are being managed on the universal recognized principle of multiple land use system. The Forest Department also contributes to income generation for the government. In order to fill the gap of forest cover and to increase the fuel wood/ timber, fodder and livestock, various development schemes are being implemented depending on the availability of the resources. Besides normal forestry, development operations also focus on diversified fields like coconut plantation, sericulture, apiculture etc.

Core functions of the department include:

1. To increase the forests' covered area,
2. To provide substitutes to firewood in the wooded mountains,
3. To reduce political interference in the Forestry and Wildlife Departments,
4. To provide adequate control against flooding in the riverine areas,
5. To develop Policies for fragile Eco-systems,
6. To retrieve lands under encroachment,
7. To renovate and invigorate the institutions of RNR.

13.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 72 formations (DDOs), out of which 03 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
2,194.663	-	406.791	(406.791)	(277.018)	1,917.645	1,675.547	242.098

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs242.098 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
230.000	230.000	217.245	12.755

The department was unable to collect the estimated receipts in time, as a result shortfall of an amount Rs12.755 million was observed.

13.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 18.4%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	6	1	0	1	-
2	1998-99	12	2	0	2	-
3	1999-2000	21	7	0	7	-
4	2001-02*	5	5	3	2	60
5	2004-05*	12	11	2	9	18.2
6	2005-06	17	14	2	12	14.3
7	2006-07	8	3	0	3	-
8	2007-08	17	0	0	0	-
9	2008-09	9	0	0	0	-
10	2009-10	10	5	2	3	4.0
11	2014-15	0	0	0	0	-
Total		117	48	9	39	18.4

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

13.4 AUDIT PARAS

13.4.1 Crediting of revenue through fake challans – Rs0.286 million

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and 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 certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed from the challans of the office of DFO (Afforestation) Thatta, that the lease money of Rs0.286 million was credited through challans with date of deposit falling on holidays i.e. Saturday & Sunday as detailed below:

(Amount in Rupees)

S. No.	Name of lessee	Compartment	Challan Date	Day	Bank & Branch	Amount
1	Allah Rakhio S/o Mola Bux	C.No.3 Ghaho forest	17-07-2016	Sunday	NBP Makli Branch, Thatta	10,000
2	Ali Hassan	C.No.4 Mulchand Forest	10-09-2016	Saturday	NBP Makli Branch, Thatta	12,400
3	Mohan Lal	C.No.4 Mulchand Forest	10-09-2016	Saturday	NBP Makli Branch, Thatta	72,000
4	Gul Hassan S/o WarioSathio	C.No.3 Khokhar Forest	10-09-2016	Saturday	NBP Makli Branch, Thatta	71,680
5	GhulamQadir S/o Muhammad Ismail	C.No.7 Khokhar Forest	10-09-2016	Saturday	NBP Makli Branch, Thatta	71,680
6	Talib Hussain S/o Yousif Din	C.No.21(a) Hillaya Forest	22-10-2016	Saturday	NBP Makli Branch, Thatta	35,840
7	Huzur Bux	C.No. 25 B.P.Das Forest	01-01-2017	Sunday	NBP Makli Branch, Thatta	12,400
Total						286,000

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 4.3.11)

13.4.2 Doubtful expenditure under the head B-Conservancy - Rs0.200 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community”

During audit of following offices of Forest & Wildlife Department, Government of Sindh for the financial year 2016-17, it was observed that DFO (Afforestation) Shikarpur incurred an expenditure of Rs0.200 million on account of B-Conservancy & works.

(Amount in Rupees)

Sr. No.	Particulars of Payee	Paid in Month	Amount
1	Mr. Hazoor Bux Badani, Labour Jamadar	May-17	20,000
2	Mr. Abdul Haleem S/O Nabi BuxKarioMalhi	May-17	36,000
3	Mr. Islam Shujrah S/O Nehal Khan	May-17	36,000
4	Mr. Ali Murad, Beldar	May-17	36,000
5	Mr. HazoorBux, Beldar	May-17	36,000
6	Beldar	May-17	36,000
Total			200,000

The following observations were noted:

- i. The payment was made to different persons without mentioning their identity.
- ii. Abstract Form FAC-14 and General Voucher Form 22 show variation in months paid.
- iii. No date of payment was found on voucher.
- iv. One of the vouchers of Rs36,000 was found blank without name and paid stamp.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault and taking remedial measures.

(AIR # 4.3.4)

13.4.3 Non-production of record - Rs77.035 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During the audit of following offices of Forest & Wildlife Department, Government of Sindh, for the financial year 2016-17, it was observed that the auditable record of Rs77.035 million was not produced to audit for scrutiny.

(Rupees in million)

Sr. #.	Name of office	Particulars	OM/ Para#	Amount
1	Chief Conservator	land management and various other record	1&41	0
2	DFO (A) Div Hyderabad	Lease money and other	2	20.940
3	DFO (A) Larkana	Various record of development schemes	9	44.928
4	DFO (A) Tando Muhammad Khan	Lease record	5	4.438
5	DFO (GBA) Mirpur Mathelo	Lease record	62	2.17
6	DFO (A) Sukkur	Supply of Soil from forests	24	4.223
7	Deputy Conservator, Wildlife Hyderabad	Record of work charged employees, Revenue receipts, bank statements, Target & achievements	1&3	0.336
			Total	77.035

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

(AIR # 4.3.13)

13.4.4 Loss to Forest department due to non-lease of land - Rs65.307 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community”

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that DFO (Afforestation) Sanghar @ Khipro did not cultivate/ lease out forest land of 18659 acres. Subsequently, the department sustained loss.

Sr. No	Detail	Area in Acres
1	Total Land	22,804.00 Acres
2	Total Leased Area	4056.00 Acres
3	Total Fishery Ponds	88.00 Acres
	Non cultivated Land	18,659 Acres
	Approximate revenue at Rs3,500 per acre	65,307,550

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.6.2)

13.4.5 Understatement of receipt figures in accounts –Rs27.306 million

As per Para2.3.2.2 of APPM on Accuracy, The information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omissions. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period.

During certification audit of the following offices of Chief Conservator of Forest, Forest Department, Hyderabad, for the Financial Year 2016-17, it was observed that understatement of amounting to Rs27.306 million was noticed in the figures of EMD register and in receipts of appropriation account. The details are as under:

(Rupees in million)

S.No.	Name of office	AIR Para #	Particulars	Amount
1	Chief Conservator of Forest Hyderabad	4.1.3	Understatement in appropriation account	26.609
2	DFO(A) Sukkur	4.2.2	Understatement in EMD register	0.697
Total				27.306

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends disclosure of correct position of account books to depict a true and fair view of the accounts, besides fixing responsibility on the person(s) at fault and taking remedial measures.

13.4.6 Variation of expenditure figures in account books - Rs14.878 million

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be not in order.

During certification audit of the office of Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the Financial Year 2016-17, it was observed that variation of expenditure figures of Rs14.878 million was noticed in the figures of various account books provided to audit. The details are as under:

(Rupees in million)

S. No.	Name of office	AIR Para#	Particulars	Amount
1	Chief Conservator of Forest Hyderabad	4.1.1	Variation in GP Fund in finance and appropriation accounts	12.615
		4.1.4	Variation of expenditure in appropriation and SAP account	2.263
Total				14.878

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends disclosure of correct position of account books to depict a true and fair view of the accounts, besides fixing responsibility on the person(s) at fault and taking remedial measures.

13.4.7 Loss due to extension of lease agreement without 20% Block Plantation – Rs3.719 million

As per Notification issued by the Forest & wildlife Department vide no. FT& WL (SO) 13(1)/Agro forestry/2004 dated 15-02-2004, as contained in para 11 (1) states that “lease holder shall bring 20% of the lease land under Block plantation during 1st (12) months of the lease and non-compliance of this condition shall render him liable

to the cancellation and confiscation of the crop, machinery etc. on the land without compensation, as amended vide No.FT&WL(So1)13(1)Agro Forestry/2010 dated 24-12-2010. Further, under para 11(3) & 11(4), of this Notification, the lease holder shall not raise agricultural crop until completion of Block plantation, provided that the lease holder may develop the land for this purpose during the said period of (12) months. The income from forestry crop shall be shared at the ratio of 1:1 by Forest department and lease holder.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that DFO (A) Shikarpur allowed extension to the existing lessees in lease for another five years without ensuring compliance of above notification. Neither the evidence of block plantation was authenticated nor the revenue in this regard was shown in book of account which prove that the lessees' did not brought 20% of the lease land under Block plantation.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.6.5)

13.4.8 Irregular payment on account of pay & allowances- Rs679.554 million

The CGA Office has adopted sub-modules HR module in SAP R/3 containing Payroll/Hiring, GP Fund and Pension. After the adoption of the HR module and its sub-modules by the controlling authority, any manual payment of payroll is unauthorized and may severely impact the payroll control system and According to Finance Department, Karachi letter No.FD/(Exp:IX)/767/91 (B) Prov. Dated 23rd April 1996, “no appointment of work charged establishment/ contingents paid staff be made without prior approval of Finance Department” and as per rule-88 of Sindh Financial Rules, volume-I, states that “Every public officer is expected to exercise the

same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During the audit of following offices of Forest & Wildlife Department, Government of Sindh, for the Financial Year 2016-17, it was observed that payment of Rs679.554 million was made to the employees on account of pay & allowance without observing the codal requirements.

(Rupees in million)

S.No.	Name of office	AIR Para#	Particulars	Amount
1	Chief Conservator of Forest Hyderabad	4.1.5	Manual payment of pay & allowances	669.828
2	Chief Conservator of Forest Hyderabad	4.3.1	Contingent payment of salary without approval of Finance	8.670
3	DFO (GBA) Mirpurmathelo	4.3.9	Employees of BPS-07 working against the post of BPS-16	0.731
4	DFO (SF) Sanghar	4.5.1	Double payment of salary	0.157
5	Deputy Conservator, Wildlife, Hyderabad	11	Arrears of pay & allowances	0.168
Total				679.554

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

13.4.9 Non-reconciliation of revenue figure - Rs56.043 million

As per Rule 34 of Sindh Financial Rules, Volume-I, the D.D.O is responsible to conduct the reconciliation of figures of receipt/expenditure with concerned treasury so as authenticate the figures. Further as per para 5.5.9.2 of APPM “Where entities maintain their own cashbooks, a reconciliation must be performed at the end of each

month with the relevant amounts recorded in the Sub-Ledger. For this exercise, it will be necessary for the accounting office to abstract the relevant entity-wise amounts from the Sub-ledger”.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that following offices realized revenue of **Rs56.043** million under various heads of receipts but the same was not reconciled from concerned treasury offices.

(Rupees in million)

Name of Office	Memo No.	Amount
DFO (A), Shikarpur	45	8.257
DFO (SF), Thatta	45	0.050
DFO (A) TMK	66	7.857
DFO (A) Thatta	50	36.682
DFO (GBA) MirpurMathelo	60	3.197
Total		56.043

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.3.4)

13.4.10 Irregular expenditure without inviting tender – Rs 21.228 million

According to Sindh Public Procurement Rules, 2010 17(1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear

in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.

During the audit of following offices of Forest & Wildlife Department, Government of Sindh, for the financial year 2016-17, it was observed that an expenditure of Rs21.228 million was incurred in various heads of account without invitation of tender.

(Rupees in million)

S.No	Name of office	Memo No./ Para#	Amount
1	DFO(A) Hyderabad	21	3.446
2	DFO(A) Sanghar	63	2.199
		06	0.387
3	DFO (SF) Khairpur & (GBA) Mirpur Mathelo	57	14.996
4	Deputy Conservator, Wildlife Hyderabad	05	0.200
Total			21.228

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.3.7)

13.4.11 Irregular expenditure by splitting to avoid tender – Rs9.428 million

As per Rule 12 “Limitation on Splitting or Regrouping of Proposed Procurement” of Sindh Public Procurement Rules, 2009 “(1) Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs9.428 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders.

(Rupees in million)

Sr. No.	Name of office	Particulars	Memo No.	Amount
1	DFO(A) Thatta	Development works	46	7.200
2	DFO(RM)Karachi	Conservancy works	55	2.228
Total				9.428

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures to avoid recurrence.

(AIR # 4.3.8)

13.4.12 Irregular expenditure from Green Pakistan Program - Rs6.520 million

According to Sindh Public Procurement Rules, 2010 17(1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs6.520 million was incurred from Development Scheme "Green Pakistan Program – Revival of Social Forestry resources in Pakistan."

The following observations were noted:

- i. As per PC-I, there was no provision for such expenditure during the current year.
- ii. The expenditure was incurred without inviting open tender.
- iii. The funds were released at the end of financial year in the month of June 2017 without recording any genuine reason for delay releases.
- iv. No agreement was made to contractor for work done of same nature.
- v. Copies of CNIC were not attached with the bills to verify the physical existence of payees.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.4.2)

13.4.13 Un-authorized expenditure without provision in PC-I – Rs 4.850 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community.”

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that Divisional Forest Officer (Afforestation) Thatta incurred an expenditure of Rs4.850 million from development scheme titled “Green Pakistan” on the following items without provision in PC-I for the financial year 2016-17.

(Rupees in million)

Sr. #.	Item of work	Amount	No. of bills	Amount
1	A) Land Development			
	1. Cleaning of useless growth no commercial value (Jungle clearance)	10,000	200	2.000
	2. Rough leveling			
	3. Layout			
	4 Uprooting of stumps & removal debris	8,500	100	0.850
	5. Fine Leveling			
2	B) Planting			
	1. Trial Irrigation	8,100	100	0.810
	2. Cutting/ sapling/ seeding etc including restocking			
	3. Transportation			
	4. Digging of pits and planting			
	5. Misc			
3	C) Post Planting Activities			
	1. Irrigation	10,000	100	1.000
	2. Cleaning/Pruning			
	3. Live Stock			
	4. Weeding	1,900	100	0.190
	5. Misc			
Total				4.850

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.4.5)

13.4.14 Irregular expenditure incurred on account of development scheme - Rs2.003 million

According to Rule-23 of SFR Volume-I, “Every payment including repayment of money previously lodged with Government of whatever purpose must be supported with vouchers setting forth full and clear particulars of the claims”.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs2.003 million was incurred on various development schemes by Divisional Forest Officer (Afforestation) Larkana.

(Rupees in million)

S.No	Head	Scheme	Month	Amount
1	Development Scheme	Enhancing tree over state forest land	November	1.647
		Enhancing tree over state forest land payment of POL charges to M/s. Kazi Asghar Petroleum vide ch. 111733 dt.5/12/16	December	0.206
		Generator Parts M/s.P.K Generators for Enhancing tree over state forest land	December	0.150
			Total	2.003

The following observations were noted:

- i. Approval of scheme from competent forum was not attached.
- ii. Bank statements were not produced.
- iii. Expenditure was incurred without inviting open tender.
- iv. Approved rates for expenditure were not produced.
- v. Sub vouchers/ cash memos were not attached.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.4.3)

13.4.15 Irregular procurement of physical assets - Rs1.050 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community”

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed from the monthly account that DFO (SF), Thatta procured physical assets of Rs1.050 million from development scheme “Mass Scale Tree Plantation outside forest areas to mitigate climate change effects in Sindh” without obtaining approval from Finance department.

(Rupees in million)

Sr. #	Physical Asset	To whom paid	Amount
1	Massey Ferguson MF-240 Tractor	M/s Pakistan Zarai industries, Hyderabad	0.717
2	Tools & Equipment for Massey Ferguson MF-240	M/s Pakistan Zarai industries, Hyderabad	0.029
3	Water Tanker (Bowser) for MF-240	M/s Pakistan Zarai industries, Hyderabad	0.304
Total			1.050

The following observations were also noted:

- i. PC-1 was not produced to ascertain the provision for such expenditure. Further no any detailed record was provided to check whether similar assets were already purchased under the same scheme or not.
- ii. Copy of the Purchase Order was not provided.
- iii. Copy of the Invoice from the Supplier/Manufacturer
- iv. Copy of the Delivery challans was not furnished.
- v. Copy of Sales Tax Invoice was not furnished.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.4.4)

13.4.16 Non-adjustment of advances – Rs37.977 million

As per Para 668 of Central Treasury Rules, “Advances granted under special orders of competent authority to government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

During certification audit of the following offices of Chief Conservator of Forest, Forest Department, Hyderabad, for the Financial Year 2016-17, it was observed that advance payment of Rs37.977 million was made to various staff, but the same was not adjusted till the close of financial year.

(Rupees in million)

Sr.#	Name of office	AIR Para#	Particulars	Amount
1	DFO A forestation Division. Hyderabad.	4.3.2	Paid to Head clerk	12.884
2	DFO Khairpur		Paid to Head clerk	24.930
3	DFO (A) Larkana	4.3.3	Paid to various staff	0.163
Total				37.977

Audit was of the view that due to non-adjustment of advance payment and non-provision of detail account, audit could not verify the authenticity of expenditure.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

13.4.17 Irregular crediting of security deposit into PLA account instead of EMD account - Rs2.926 million

According to Para 7 of G.F.R ,Volume-I, “Unless otherwise expressly authorized by any law or rule or order having the force of law, money may not be removed from the public account for investment or deposit elsewhere without the consent of finance, read with notification of the finance department issued vide no: B-2 (63)/78 (PT-11) dated 30-11-81 that the fund allocated for one unit of appropriation cannot be utilized for another head of accounts prior approval of the Finance Department”.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that security deposit of Rs2.926 million collected from contractors was not deposited into proper head of account. Instead of crediting security deposit into EMD account, the same was credited into PLA account without any justification.

(Rupees in million)

Sr.#.	Name of office	Memo No.	Amount
1	DFO (A), Thatta	51	1.752
2	DFO (A), Shikarpur	43	1.173
Total			2.926

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 4.3.6)

13.4.18 Un-justified retention of lease money as EMD – Rs2.178 million

As per Rule 312 of SFR, All deposits must be separately paid into the treasury with challan or other documents setting forth all the particulars necessary for the entries to be made in the register of deposit receipts.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that DFO (GBA) Mirpur Mathelo, collected lease money of Rs2.178 million and retained as EMD amount in G-10402 (Forest Remittance) head of account instead of depositing into C-033 (Forest Revenue) head of account.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends deposit of lease money into Forest revenue account, besides fixing responsibility on the person(s) at fault and taking remedial measures.

(AIR # 4.3.5)

13.4.19 Non-recovery of outstanding dues – Rs10.537 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, “the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.” and as per clause 21 of Conditions for agro-forestry lease in the forests of Sindh, “In case of belated payment of government dues the lessee will have to pay compound interest at the rate of 10% per annum. The compound interest will be calculated for delay of each month taking 15 days and above as full month”.

During certification audit of the following offices of Chief Conservator of Forest, Forest Department, Hyderabad, for the Financial Year 2016-17, it was observed that a cumulative amount of Rs10.537 million was outstanding against various lessees.

(Rupees in million)

Sr. #	Name of office	AIR Para#	Particulars	Amount
1	DFO (A) Sanghar	4.5.4	Lease money	10.433
2	DFO (A) Tando Mohammad Khan	4.6.4	Compound interest on lease money	0.104
Total				10.537

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of dues, besides fixing of responsibility on the person(s) at fault.

13.4.20 Less/Non-deduction of income tax – Rs1.926 million

As per the Income Tax Ordinance 2001, income tax is required to be deducted at source while making payment to Suppliers contractors; As per Section 12 of income tax rules every salaried person has to pay income tax at the rates defined under slabs fixed for that financial year.

During certification audit of office of the Chief Conservator, Forest Department, Government of Sindh, Hyderabad for the financial year 2016-17, it was observed that income tax of Rs1.926 million was not/less deducted.

(Rupees in million)

Sr.#	Name of office	Particulars	Memo No.	Amount
1	DFO(A) TMK	Non-deduction from various works	68	0.791
2	DFO(A) TMK	Non-deduction from salaries	72	0.071
3	DFO (SF) Sanghar	Less deduction from contractors	33	0.081
4	DFO (SF), Thatta, DFO (SF), Ghotki and DFO (A), Shikharpur	Non-deduction from salaries	40	0.226
5		Non-deduction from salaries	48	0.115
6	DFO (SF) Sanghar& DFO(A) Sukkur	do	32	0.074
7	Divisional Forest Officer (SF) Kahirpur & (GBA) Mirpur Mathelo	Less deduction from contractors	56	0.519
8	DFO (SF) Sanghar	do	34	0.049
			Total	1.926

Audit was of the view that Government sustained loss due to less/non-deduction income tax, which resulted into weak financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of dues, besides fixing of responsibility on the person(s) at fault.

(AIR # 4.5.2)

CHAPTER-14 HEALTH DEPARTMENT

14.1 Introduction

The main functions of the department under the Sindh Government Rules of Business, 1986 are:

1. To control medical drugs and dangerous drugs (Drugs Act & Rules),
2. To manage medical education, including medical schools, colleges, institutions for dentistry and medical social welfare projects,
3. Regulation of medical and other professional qualifications and standards; medical registration, including medical council; indigenous system of medicines; medical attendance on government servants; and levy of fee,
4. Pharmacy and nursing councils,
5. Prevention and control of infectious and contagious diseases; like tuberculosis, malaria, rabies, etc., Safety from adulteration of food stuffs and acquiring nutrition; vaccination and inoculation; and maternity and child welfare and primary health.

14.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 212 formations (DDOs), out of which 95 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
80,888.404	2,925.701	17,239.270	(17,239.270)	(7,406.956)	76,407.148	67,580.561	8,826.587

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs8,826.587 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
300.000	300.000	177.461	122.539

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs122.539 million was observed.

14.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 34.3%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	21	11	11	0	100
2	1998-99	16	11	0	11	-
3	1999-2000	23	3	0	3	-
4	2001-02*	13	11	7	4	-
5	2004-05*	36	36	19	17	52.8
6	2005-06	25	19	5	14	26.3
7	2006-07	8	5	0	5	-
8	2007-08	14	3	0	3	-
9	2008-09	13	7	0	7	-
10	2009-10	11	9	4	5	44.4
11	2014-15	21	19	0	19	-
Total		201	134	46	88	34.3

Note. Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

14.4 AUDIT PARAS

14.4.1 Un-authorized retention of government money – Rs151.287 million

According to Rule-290 of Central Treasury Rules Volume-I, “no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need”

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that funds of Rs151.287 million were retained un-authorized and lying in DDO account till the end of financial year.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Secretary Health Department Karachi	2016-17	01	32.629
2	MS Taluka Hospital Chachro	2016-17	11	0.430
3	DHO Shikarpur	2015-16	10	1.685
4	MS Sindh Govt. Hospital Paretabad Hyderabad	2015-16 & 2016-17	12	0.791
5	DHO Khairpur	2015-16	11	1.500
6	MS Liaquat Hospital, Hyderabad	2015-16	06	90.594
7	DHO Tando Muhammad Khan	2015-16 & 2016-17	01	3.956
8	Program Manager Hepatitis Prevention & Control Program Hyderabad	2016-17	07	18.809
		2016-17	47	0.893
Total				151.287

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.2 Irregular payment to contractual staff – Rs102.752 million

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and 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 following offices of the Health Department, Government of Sindh for the years 2015-16& 2016-17, it was observed that payment of Rs102.752 million was made to contractual staff under the head of pay and allowances.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	MS Taluka Hospital Ghotki	02	2016-17	3.319
2	MS Taluka Hospital Chachro	02	2016-17	15.815
2	MS Taluka Hospital Sakrand	01	2016-17	9.310
3	DHO Sukkur	02	2016-17	7.463
4	MS Taluka Hospital Shaheed Fazil Rahu	06	2015-16, 2016-17	4.400
5	DHO Thatta	13	2016-17	10.774
6	MS Taluka Hospital Qasimabad Hyderabad	03	2016-17	3.840
7	MS Taluka Hospital Matli	02	2016-17	2.040
8	Director Health Services Sindh Karachi	02	2016-17	5.551
9	DHO Naushahro Feroz	05	2016-17	5.351
10	DHO Umerkot	07	2015-16	12.480
11	Director Institute of Skin Disease Sindh Karachi	16	2015-16 & 2016-17	3.840
12	DHO Khairpur	08	2015-16	3.360
13	DHO Thatta	13	2016-17	10.774
14	MS Taluka Hospital Khipro	07	2015-16, 2016-17	3.490
15	Provincial Program Director National Maternal, Neonatal and Child Health Program Sindh Karachi (FAP)	4.4.4	2015-16	0.945
Total				102.752

The following observations were noted:

- i. Contract agreements was not produced.

- ii. Performance evaluation reports were not provided.
- iii. Attendance certificates/ sheets were not provided.
- iv. Appointment orders, verification of degrees from universities, Police verification & medical fitness certificates were not found attached with personal files.
- v. Sanctioned and working strength was not provided.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

14.4.3 Non-utilization of medical equipment

As per Par 13 of G.F.R Volume-I stated that“ in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied.

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad for the financial year 2016-17, it was observed that medical equipment provided by CDM SMITH / USAID were not working properly as noted in note sheet of JIMS as [reproduced](#) below:

1. Most of the equipment are below standard and chinies version and since [installation](#) creating problem for end user.
2. Furthermore, service provider are also not available in Pakistan representative of company Mediland Pvt. Ltd who provided the equipment through CDM SMITH are also not responding in time.

The following observations were also noted:

- i. Audit is of the view that instead of making any effort to make these equipment functional management made a proposal of buying new medical **equipment** from the budget available under the head “Plant and Machinery” of Rs55.000 million during the year 2016-17.
- ii. The matter of substandard medical equipment was not communicated to USAID country representative.
- iii. Efforts were not taken to black-list the company provided the equipment i.e. Mediland Pvt. Ltd.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 05)

14.4.4 Irregular expenditure on salaries in excess of sanctioned strength – Rs53.27 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that payment of Rs53.27 million was made to the officers/officials, working over and above sanctioned strength without justification.

(Rupees in million)

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	MS Sindh Govt. Hospital Korangi Karachi	Payment of salary to 02 employees working over & above the sanctioned strength	2016-17	01	1.378
		Payment of salary to 04 employees working over & above the sanctioned strength	2016-17	02	3.342
2	DHO Ghotki	04 vaccine supervisor against one post	2015-16	02	1.241
		Without sanction post of System Administrator	2015-16	08	1.498
3	Project Director, Expanded Program on Immunization (EPI), Karachi	Payment of 18 employees without sanction strength	2016-17	08	3.725
4	Civil Surgeon Civil Hospital Mirpurkhas	Various	2015-16 & 2016-17	03	25.059
5	THO Korangi Town Karachi	Officials working against the post	2015-16	03	0.611
6	DHO Tharparkat @ Mithi	Payment of 07 employees without sanction strength	2015-16	08	8.555
7	MS Liaquat Hospital, Hyderabad	Stipend excess paid to house job officers	2015-16	17	6.356
8	MS Sindh Govt. Hospital Saudabad Karachi	Working against the post	2015-16 & 2016-17	01	1.505
				Total	53.27

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.5 Imprudent purchase of short expiry medicine – Rs28.725 million

According to Para-3 of the Letter No.SO(M&I)2-1/2015-16(Main)CPC Government of Sindh Health Department (Procurement Monitoring & Inspection cell Dated:15-09-2015 “The date of manufacturing of the Drugs and Medicines Expiry thereof batches numbers must be printed in Red on labels of bottles / containers / packages / vials / ampoules / bags etc. The shelf life for National Manufacturer’s and imported Drugs / Medicines & allied items should not in any case be less than 70% at the time of supply / receipt.

During audit of office of the Program Manager Hepatitis Prevention & Control Program Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs28.725 million was incurred on purchase of short expiry medicines

Shelf Life between MFG & Exp. Date----- 35 Month
70% of shelf life time----- 24.5 Month
Shelf Life between Delivery Date & Exp. Date----- 15 Month

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

(AIR # 30)

14.4.6 Excess expenditure incurred over allocation of P.C 1 - Rs20.681 million

As per rule-88 of Sindh Financial Rules Volume-I, "Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of office of the Medical Superintendent LUMHS Hospital Hyderabad for the financial year 2015-16, it was observed that expenditure of Rs 20.681 million was incurred over and above the allocation of budget in P.C.1 The details are as under:

(Rupees in million)

Sr. #	Name of the work	Approved cost as per P.C.I	Expenditure incurred /contract awarded	Excess Amount Paid
1	R & R Pediatric ward-II, OPD Block & General Bathroom Hyderabad	10.186	12.035	1.849
2	Construction of Drug Store Jamshoro	6.185	25.017	18.832
Total		16.371	37.052	20.681

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 43)

14.4.7 Unauthorized retention of vehicles – Rs13.80 million

According to rule-88 of Sindh Financial Rules, volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of following offices of Health Department, Government of Sindh, Karachi, for the financial years 2015-16 & 2016-17, it was observed that number of official vehicles were in the custody of ex-officers / private persons. In this regard the management did not take any step to return of the same. Thus, possibility of loss to Government of Rs13.800 million could not be ruled out.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particular	Amount
1	Secretary Health Department Karachi	2016-17	02	08 vehicles	7.400
2	PD GMMMC Sukkur	2015-16	15	01 vehicle	0
		2016-17	04	02 vehicles	2.400
3	Program Manager Hepatitis Prevention & Control Program Hyderabad	2016-17	35	03 vehicles to private persons	4.00
Total					13.800

Audit was of the view that unauthorized retention of official vehicles resulted into misuse of official vehicles at the cost of public exchequer and constitutes weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of vehicles from ex-officers / private persons, besides fixing responsibility on the person(s) at fault.

14.4.8 Non disposal of condemned vehicles/machinery & equipment - Rs11.500 million

According to Para 96 of General Financial Rule Volume-I, "It is contrary to the interest of the State that money should be spent hastily or in as ill-considered manner merely because it is available or that the lapse of grant could be avoided. In the public interest, grants that cannot be predictably utilized could be surrendered"

During audit of the following offices of the Health Department, Government of Sindh for the years 2015-16 & 2016-17, it was observed that various assets like vehicles/furniture/machinery & equipment were condemned, but the same were not disposed off by the concerned authorities.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particular	Amount
1	PD Control of Diarrhea Disease Hyderabad	2016-17	08	Toyota Lite-Ace (Van) & Toyota Hi-ace un-registered	1.500
2	Director Institute of Medical Sciences Shahdadpur	2015-16	02	Ambulance / vehicle	0
3	MS Liaquat Hospital, Hyderabad	2015-16	16	20 condemned vehicles	10.000
Total					11.500

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends disposal of the various assets under intimation to audit.

14.4.9 Irregular payment of salary to employees working on detailment – Rs11.266 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis.

During audit of the office of Director Health Services Sindh Karachi, for the financial year 2015-16, it was observed that payment of Rs11.266 million was made to employees appointed/working against the various posts on detailment basis to other institutions in violation of orders of the Supreme Court of Pakistan / Government instructions.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR # 04)

14.4.10 Excess payment on account of monthly stipend - Rs2.000 million

Appendix 18 (a) Section-I of Sindh Financial Rules, Volume-II, states that, “means should be devised to ensure that every Government servant realizes 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 be also held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action of culpable negligence”.

During audit of the office of Civil Surgeon, Civil Hospital, Mirpurkhas for the financial years 2015-16 & 2016-17, it was observed that monthly stipend of Rs 0.70 to 0.80 million paid to students of general nursing course in School of Nursing Mirpurkhas. But as per SAP data an amount Rs2.863 million was paid in the month of June 2017 without giving substantial reasons. Thus excess payment of Rs2.000 million stands irregular. Further, the auditable record in the head of stipend was also not produced.

Sr.#	Month	Stipend paid	Cheque issued in favuor of
1	July 2016	0	
2	August 2016	0	
3	September 2016	0	
4	October 2016	3,122,709	Manager NBP, Mirpurkhas
5	November 2016	843,780	
6	December 2016	812,224	
7	January 2017	813,463	
8	February 2017	797,088	
9	March 2017	685,510	Manager Bank Al-Habib Ltd. Mirpurkhas
10	April 2017	730,258	
11	May 2017	755,057	
12	June 2017	2,863,078	
	Average monthly stipend	800,000	
	Excess Stipend paid in June 2017	2,000,000	
	Expenditure incurred on contingency	2,967,122	

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of excess amount of stipend and production of record, besides fixing responsibility on the person(s) at fault.

(AIR # 04)

14.4.11 Irregular purchase of medical supplies on higher rates – Rs 1.117 million

According to Rule-88 of Sindh Financial Rules Volume-I, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and the expenditure should not be prima facie more than the occasion demands.

During audit of following offices of the Health Department, Government of Sindh, for the financial year 2015-16, it was observed that an excess expenditure of

Rs1.117 million was incurred on purchase of medicines on higher rates as compared to approved rates without justification and approval of competent authority.

(Rupees in million)

Sr. #	Name of Office	Particulars	AIR Para #	Financial Year	Amount
1	DHO Naushero Feroz	ARV	01	2015-16	0.721
2	MS Sindh Govt. Hospital Korangi Karachi	X-Ray	08	2015-16	0.396
Total					1.117

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter regarding excess expenditure on purchase of drugs, besides taking remedial measures.

14.4.12 Non-achievement of targets on Immunization

According to targeted coverage for immunization, as per information of National Institute of Population Studies, certain targets were fixed for various categories.

During audit of the office of the Project Director, Expanded Program on Immunization, Karachi for the year 2016-17, it was observed that set coverage targets for immunization against various diseases were not achieved by the field offices. The percentage of achievement / coverage was as under:

Sr.#	Age Group	Target	Achievement	Coverage %
1	CBAs	7.7729	0.2331	3%
2	12-23 months children	0.1814	0.0219	12%
3	Pregnant Women	1.5163	0.6041	40%
4	0-11 months children	1.3766	1.2595	91%

Audit was of the view that management failed to take necessary steps for achievement of targeted immunization, which constituted weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 02)

14.4.13 Illegal posting of Officers on Ex-Cadre

It further said on page 47 of Crl.Org.P.No.89/11 etc., “by posting outsiders on the basis of Deputation in various Departments of provincial Government, the changing cadres and inducting/absorbing them in various departments of provincial governments, created unrest and sense of deprivation amongst employees already working there.

“Law of such nature which is violation of the recruitment rules will encourage corruption and bad governance and the public at large will lose confidence in the officials who are being absorbed under the garb of the aforesaid impugned instruments.”

During audit of office of the Secretary, Health Department Government of Sindh, for the financial year 2016-17, it was observed that the various officers of Health Department were posted against ex-cadres in violation of court orders

Pers.no.	Name of Employee	Grade	Designation
10068943	Dr. Abdul Jabbar Memon	Grade 18	Deputy Director
10156352	Dr. Aftab Ahmed Mallah	Grade 18	Deputy Secretary
10102428	Dr.Abdul Karim Jamali	Grade 19	Deputy District Officer
10014171	Dr.Masood Ahmed	Grade 19	Additional Secretary
10088301	Dr.Mohammad Aslam Pechuho	Grade 19	Additional Secretary
10067064	Dr.Sanjay Kumar	Grade 18	Section Officer
10310259	Dr. Mariam Majeed Chutto	Grade 19	Project Director
10238114	Dr. Nawab Khan Mangrio	Grade 17	Planning Officer
10359924	Dr. Syed Zafar Mehdi Zaidi	Grade 17	Section Officer

Audit was of the view that lapse on the part of management indicates improper watch, and administrative and financial management **indiscipline and deliberate violation of court order**.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

14.4.14 Non-production of record – Rs10,935.360 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the various offices of Health Department, Government of Sindh, for the financial years 2015-16 & 2016-17, auditable record involving financial impact of Rs10,935.360 million was not produced to audit. Details are given at **Annex-1** of Chapter-14.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of auditable record, besides fixing responsibility on the person(s) at fault.

14.4.15 Purchase of medicines without drug test laboratory/Inspection reports – Rs2440.668 million

As per Sindh Drug Act 2012, “Supplier of Medicines are required to pay the fees at the rate of Rs1,000/- per batch for the drugs to be tested at P.D.L. and pay directly to C.D.L. as per their schedule and are also required to supply an additional quantity of the supplier required for analytical test.”

During audit of following offices of the Health Department, Government of Sindh for the years 2015-16& 2016-17, it was observed that an expenditure of Rs2440.668 million was incurred on account of purchase of medicines without getting tested by Drug Testing Laboratory, in absence of the test reports, purchase of sub-standard/poor quality of medicines could not be ruled out. Details are given at **Annex-2** of Chapter-14.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

14.4.16 Excess expenditure incurred on extra items/work– Rs699.317 million

Para-711 of Public Works Department Manual, volume-I, states that, “the officer competent to sanction tender can also accord sanction to the execution of extra item of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed amount of sanctioned estimate plus such excess as the officers concerned competent to sanction.”

During audit of the following offices of Health Department, Government of Sindh, it was observed that excess expenditure of Rs 699.317 million was incurred on the extra item of work, without approval and sanction of competent authority.

(Rupees in million)

Sr.#	Particulars	Financial Year	AIR Para #	Amount
1	PD GMMMC Sukkur	2015-16	06	15.010
		2016-17	03	26.728
2	PD SMBB Accident & Emergency Centre & Ancillary Services Complex Karachi	2015-16	04	596.252
3	MS Liaquat Hospital, Hyderabad	2015-16	07	2.287
		2015-16	18	42.428
		2015-16	40	5.618
		2015-16	47	2.564
4	Director TB Control Sindh Hyderabad	2015-16	10	8.430
			Total	699.317

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matters, besides fixing responsibility for excess payment to the contractors.

14.4.17 Irregular expenditure without calling tender – Rs620.289 million

As per Rule-17 (1) & (2) of Sindh Public Procurement Rules, 2010, Procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of following offices of Health Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs

620.289 million was incurred for purchase of goods/services under different heads of accounts without invitation of tender. Details are given at **Annex-3** of Chapter-14.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

14.4.18 Irregular drawal by DDO instead of actual payee – Rs567.510 million

Rule-28 (2) of Central Treasury Rules volume-I, “A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them”.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs 567.510 million was incurred on various head of accounts DDO instead of direct beneficiaries. Thus, the misuse of public funds could not be ruled out. Details are given at **Annex-4** of Chapter-14.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends enquiry into the matter, besides fixing responsibility on the person(s) at fault.

14.4.19 Unjustified slow progress of schemes - Rs467.634 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, states that “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Project Director, Establishment of Medical colleges in Sindh Karachi for the financial year 2015-16, it was observed that an amount of Rs 533.966 million was allocated and an expenditure of Rs.467.634 million was incurred on college at Mirpurkhas after lapse of four years. The project was to be completed within the period of three years, but physical progress report shows clearly that only 30% of execution carried so far. Thus audit could not ascertain any substantial reason for such delay in completion of work and the reason behind the slow progress of work.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 10)

14.4.20 Non-hoisting of bid evaluation report on SPPRA website - Rs351.869 million

According to Rule 45 of SPPRA Rules, 2010, “Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract”.

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16& 2016-17 it was observed that NITs involving tender of Rs351.869 million were published, but the bid evaluation reports showing reasons for acceptance or rejection of bids, were not hoisted on SPPRA website.

(Rupees in million)

Sr. #	Name of office	Particular	AIR Para #	Amount
1	PD Benazir Institute of Urology and Transplant, Benazirabad	Civil Work	01& 20	331.859
2	Director Institute of Medical Sciences Shahdadpur	Purchases	05	2.491
3	PD SMBB Accident & Emergency Centre & Ancillary Services Complex Karachi	Civil work	19	0
		Civil work	21	9.994
		Machinery & Equipment	23	7.525
			Total	351.869

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.21 Unjustified payment to contractors - Rs241.871 million

As per rule-42 Sindh Public Procurement Rules,2010 read with Rule 2 (x) "All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents." and "Mis-procurement means public procurement in contravention of any provision of Sindh Public Procurement Act, 2010, any rule, regulation, order or instruction made thereunder or any other law in respect thereof, or relating to, public procurement."

During audit of the accounts of Medical Superintendent LUMHS Hospital Hyderabad for the financial year 2015-16, it was observed that works of Rs241.871

million were awarded to the contractors, in this regard following observations were pointed out:

- i. Bidding document was not approved by the Procurement Committee before issuance of the Bid Documents.
- ii. Sindh Revenue Board registration certificate was not available on record.
- iii. Registration along with category requirement was not produced to audit.
- iv. Documentary evidence of works executed, works in progress and satisfactory completion of works were not available. Moreover, number of works / threshold was not fixed for selection.
- v. Minutes of the meeting regarding technical qualification of the contractors was not available.
- vi. Letter of Acceptance was not issued to the contractors
- vii. Contract Evaluation Reports along with contract agreements were not sent to SPPRA authorities for hoisting.
- viii. Information to NAB under NAB ordinance 1999 for the contracts costing Rs50.00 million and above was not sent.

The details of contracts are as under:

Sr. #	Name of the work Awarded	Name of the Contractors	Cost of Contracts
1	Special Care Nursery & Kidney Center 4th Floor Jamshoro	M/s Mukhtiar & Co	10.200
2	Renovation of Pediatric ward-II, OPD & General Bath room	M/s SAK Enterprises	12.035
3	R & R of Pediatric ward at Jamshoro (Misc work)	M/s I.H Construction company	3.726
4	R & R of existing Pediatric ward-I & II at Jamshoro	Same	12.123
5	A Nutrition ward over Roof ward No. 17 Jamshoro children	M/s HNJ Baloch	24.945
6	Construction of Drug Store Jamshoro	M/s Lucky Lovish Traders	7.100
7	Establishment of 50 bedded medical and surgical ICU	M/s Rehman Builders	131.835
8	Payment to various M & R for hospital building	Various	39.907
Total			241.871

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends enquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 10)

14.4.22 Irregular expenditure on purchases of various items – Rs174.367 million

According to Rule-88 of Sindh Financial Rules, Volume-I, “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs174.367 million was incurred on purchase of machinery & equipment and other items.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Head of account	Financial Year	Amount
01	PD SMBB Accident & Emergency Centre & Ancillary Services Complex Karachi	20	Furniture & Fixture	2015-16	9.940
		26	Supplies	2015-16	58.398
		15	Medicine	2016-17	35.580
02	Director Malaria Control Program Hyderabad	03	Bed net	2016-17	26.000
		04	ULV machine	2016-17	9.300
		05	Spray pump	2016-17	6.024
03	Director, Jacobabad Institute of Medical & Sciences (JIMS), Jacobabad	17	Machinery & Equipment	2016-17	28.274
04	DHO Tando Muhammad Khan	02	Furniture & Machinery	2015-16, 2016-17	0.851
Total					174.367

The following observation were noted:

- i. Inspection reports were not provided.
- ii. Performance security / stamp duty was not recovered.

- iii. Stock register was not provided.
- iv. Income tax / Sales tax / Sales tax on services was not deducted.
- v. Delivery challans were not produced.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

14.4.23 Irregular purchase of medicine - Rs1,211.586 million

As per rule 88 of Sindh Financial Rules, Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of following offices of the Health Department, Government of Sindh for the years 2015-16 & 2016-17, expenditure of Rs1211.586 million was incurred on purchase of other store medicine. Details are given at **Annex-5** of Chapter-14.

The following observations were noticed;

- i. Medicine was purchased from general order supplier instead of distributor or manufacturer.
- ii. Laboratory report was not obtained.
- iii. Authorization certificate as not obtained.
- iv. Joint Inspection Report was not produced.
- v. Expenditure incurred without constitution of procurement / monitoring committee.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends enquiry into the matter, besides fixing responsibility on the person(s) at fault.

14.4.24 Irregular payment of escalation charges – Rs110.201 million

According to Para 6 of Schedule of Rates, Volume-(Part-II) 5th Edition, 2004 “if any national Education Works / Agency wants to allow the difference in cost of material such as cement, steel or bricks, they have to refer the matter to the Standing Rates Committee Sindh for its consideration / approval.

During audit of following offices of the Health Department, Government of Sindh, for the year 2015-16 and 2016-17, it was observed that various works of Rs 110.201 million were awarded to contractors in which difference of cost of various items was paid without making escalation chart and approval thereon from the competent authority.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	PD Rehabilitation of DHQ/THQ in Sindh Karachi	12	2016-17	Difference Cost of Steel & Cement	27.846
		08	2015-16	Skilled and un skilled labour	6.19
2	PD Benazir Institute of Urology & Transplantation Shaheed Benazirabad	22	2015-16	Steel	76.165
Total					110.201

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility at the person(s) at fault, besides taking remedial measures.

14.4.25 Irregular expenditure on POL – Rs99.533 million

As per Services and General Administration Department Circular No.CTC (SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle:

1. Log book and form A should remain in the custody of the driver of vehicle.
2. History sheet of the vehicle should remain in the custody of officer in charge of the vehicle showing its movement.
3. Consumption account of POL on form-C.

During audit of the following offices of Health Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs 99.533 million was incurred on POL of vehicles, but log books, history sheets and petrol consumption account were not maintained. Details are given at **Annex-6** of Chapter-14.

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.26 Unauthorized purchase of transport - Rs96.188 million

As per notification of finance department Govt. of Sindh Karachi vide No. FD/B & E-1/2(360)/BAN/2012-13 dated 17.05.2013 and letter No. CTC(SGA&CD)13(27)09 dated 29.03.2013 of Services General Administration and Coordination Department Govt. of Sindh, Karachi:

1. There shall be a complete ban on procurement of vehicles of all categories and luxury items like Air Conditioner etc.

2. There shall be a complete ban on procurement of furniture, computers etc. from non-development budget.

The above ban shall only be relaxed by orders of the Chief Minister.

During audit of office of the Secretary, Health Department Government of Sindh Karachi for the financial year 2016-17, it was observed that an expenditure of Rs 96.188 million was incurred on account of purchase of vehicles.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Secretary Health Department Karachi	21	2016-17	67.890
2	PD Expanded Program on Immunization (EPI) Karachi	04	2016-17	28.298
Total				96.188

The following observations were noted:

- i. Procurement of transport was made during ban period.
- ii. Permission obtained from finance department for M/s Toyota Central Motors whereas payment was made to Indus Motors Co. Ltd.
- iii. Sales tax invoice was not attached with the payment.
- iv. 1/5th of sales tax was not withheld at source.
- v. Exemption certificate from tax authorities was not produced.
- vi. Delivery challans of vehicles with allotment as per finance department were not produced.
- vii. Motorcycles Registration papers / distribution list and allotment orders to vaccinator / affidavit were not produced.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR #21)

14.4.27 Un-authorized and illegal appointment of staff - Rs87.423 million

According to “The Jacobabad Institute of Medical Sciences Act 2013. Sindh Act No. XIX of 2013.”, Powers and Function of the board (9) 1. The Board Shall exercise administrative and financial powers in respect of the institute as may be necessary for its proper and efficient functioning.(2) In particular and without prejudice to the generality of the foregoing provisions, the board shall have the powers. (v) to appoint and prescribe terms and Conditions of the services of the teaching and non-teaching staff of the institute.

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad for the financial year 2016-17, it was observed that expenditure of Rs87.423 million was incurred on account of salaries paid to different staff (administration & medical staff), but the departmental authorities appointed various staff by by-passing of BOG and approached C.M by for getting approval of appointment during ban period in 5th meeting of BOG held on 23 Dec-2016, Mr. Aijaz Hussain Jakhrani MNA [Jacobabad](#)/Member instructed to ignore the C.M Summary as it was not routed/pre-approved through the BOG, and Chairman of BOG upheld the same and gave decision that post of Director & other 19 staff be re-advertised, but in contravention to decisions of BOG, the departmental authorities appointed various staff on contract basis.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 13)

14.4.28 Irregular expenditure incurred on PCR Kits/HCV Rapid devices – Rs80.354 million

Rule 10 (i) and (iv) of General Financial Rules, volume-I, states that, “every public officer is expected to exercise the same vigilance in respect of expenditure

incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During the audit of accounts record of Program Manager, Hepatitis Prevention & Control Program (Chief Minister's Initiative) Hyderabad, for the year 2016-17, it was observed that an amount of Rs80.354 million was paid on account of PCR Kits/HCV Rapid derive.

(Rupees in million)

Sr. #	Financial Year	AIR Para #	Amount
1	2016-17	29	8.295
2	2016-17	31	18.279
3	2016-17	39	4.875
4	2016-17	05	19.575
5	2016-17	32	7.443
6	2016-17	40	2.312
7	2016-17	28	19.575
Total			80.354

The following observation were noted:

- i. Joint inspection report was not attached with the bill.
- ii. Delivery report was not available.
- iii. Contract agreement was not produced.
- iv. Authorization of origin of country was not produced.
- v. The items were not accounted for in relevant stock register.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the department in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

14.4.29 Non-utilization of public assets - Rs82.762 million

Rule 13 of General Financial Rules, volume-I, states that “it is required that internal audit to be conducted of the office record by the head of office or his representative at the each financial year in order to detect errors and irregularities and safeguard against misappropriation and fraud of store, stock and public money”.

During audit of following offices of Health Department, Government of Sindh, for the financial year 2015-16, it was observed that expenditure of Rs82.762 million was incurred on purchase of medical equipment and machinery, but the same were could not installed / utilized to facilitate the public/patients. The details are as under:

(Rupees in million)

Sr. #	Name of the Offices	AIR Para #	Financial Year	Particulars	Amount
1	Medical Superintendent Liaquat Hospital, Hyderabad	30	2015-16	Angiography Machine	30.000
		50	2015-16	Toshiba fully digital single plane flat detector cardiac angiography	52.762
Total					82.762

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

14.4.30 Non-obtaining of security deposit - Rs64.376 million

According to Health Department Government of Sindh Karachi letter No. SO(M&I)2-1/2015-16(Main)/CPC dated 15-09-15, read clause 6 Security deposit (Performance security) all the heads of Health institutions/hospitals should ensure to obtain the performance security in shape of pay order/demand @ 2% of value of the orders awarded to them. The same will be released after successful completion of stores against purchase orders issued during the financial year 2015-16.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2015-16& 2016-17, it was observed that expenditure of Rs1502.116 million was incurred on purchase of medicines, but 2% security deposit Rs64.376 million was not obtained from the suppliers.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Total Purchases	Amount
1	Director Tuberculosis Control Sindh Hyderabad	2016-17	08	151.568	1.327
2	MS Taluka Hospital Qasimabad Hyderabad	2016-17	17	40.519	0.810
3	Provincial Co-ordinator, National Program of Family Planning & Primary Health Care Sindh, Hyderabad	2016-17	05	283.832	5.677
4	MS Services Hospital Hyderabad	2015 to 2017	06	11.236	0.899
5	DHO Mithi	2016-17	10	31.367	0.294
6	CS Civil Hospital Mirpurkhas	2015 to 2017	12	68.894	1.378
7	DHO Khairpur	2015-16	03	148.799	14.879
8	MS Liaquat Medical University Hospital, Hyderabad	2015-16	27	241.871	12.093
9	PD GMMMC Sukkur	2016-17	12	37.927	3.792
10	Program Manager, Hepatitis Prevention & Control Program Hyderabad	2016-17	50	32.333	0.538
		2016-17	27	453.77	22.689
Total				1502.116	64.376

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depict weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

14.4.31 Irregular withheld of payment– Rs64.00 million

According to Para 96 of GFR Volume-I “it is contrary to the interest of the State that money should not be spent hastily or in as ill-considered manner merely because it is available or that the lapse of the grant could be avoided. In the public interest, grants that cannot be predictably be utilized should be surrendered.”

During audit of the office of PD DHQ/THQ Hospital in Sindh Karachi, for the years 2016-17, it was observed that amount of Rs64.00 million was withheld from the running bills of the contractors without giving any substantial reason.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 12)

14.4.32 Non transparency in tendering process – Rs60.454 million

According to Rule-61 of SPPR 2010, “the selection shall be guided by the following considerations:

- (1) Best quality of services available;
- (2) Need for economy and efficiency;
- (3) Need to give all qualified consultants an equal opportunity to compete;
- (4) Encouragement of local consultants without any unfair competitive advantage;
- (5) Transparency in the selection process.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that expenditure of Rs60.454 million was incurred on various head of accounts without observing transparency in tendering process.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Head of Account	Financial Year	Amount
1	MS Sindh Govt Hospital Korangi Karachi	08	Transport	2016-17	0.650
		09	Others	2016-17	2.636
2	Director TB Control Hyderabad	11	Medicine	2015-16	0
3	DHO Naushahro Feroz	07	Medicine	2016-17	1.961
4	MS Liaquat Medical University Hospital, Hyderabad	21	Medical equipment	2015-16	52.762
		29	Ventilator	2015-16	2.445
Total					60.454

The following observations were noted:

- i. Bid was accepted on single quoted basis without having rate analysis from the open market.
- ii. Payment was made though SPPRA withheld the ID of Office concerned due to non-furnishing of required document.
- iii. Agency authorization letter of technical profile not submitted.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.33 Irregular expenditure in violation of procurement plan for purchase - Rs55.000 million

Under Jacobabad Institute of Medical Sciences JIMS Public Procurement Plant for the Financial Year 2016-17, at Serial No. 2. (Provision of Local purchase Medicines) Rs. 15.000 million as Estimated Cost was required to be tendered on National Bidding as Single Stage two envelope method of Procurement.

As per Para 11 of SPPRA Rules 2010, amended from time to time, (1) All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its

available resources, and prepare an annual or a longer term rolling plan, detailing the procurement methods applicable for specific procurements; AND 12. (2) The annual or longer rolling plan, as the case may be, thus prepared, will be posted in advance on the Authority's website as well as on website of the procuring agency, in case the procuring agency has its own website.

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad for the financial year 2016-17, it was observed an estimated cost of Rs15.000 million was placed at Public Procurement Plan of JIMS.

(Rupees in million)

Sr. #	Name of the Offices	AIR Para #	Particulars	Amount
1	Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad	25	General item supplies	10.000
		29	Outsourcing of security staff	15.000
		35	Local purchase of medicine	15.000
		39	Outsourcing of maintenance skilled staff	15.000
Total				55.000

The following observations were noted:

- i. Tender was not called to get the most economical rate.
- ii. Medicines were purchased from private suppliers at high rates.
- iii. Approval from Board of Governors was not produced.
- iv. Public Procurement Plan was not hoisted at authority's website.
- v. Hiring of services of outsourcing of maintenance of skilled staff may be justified.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter besides, fixing responsibility on the person(s) at fault.

14.4.34 Mis-procurement from various disqualified companies / contractors - Rs53.837 million

As per rule-42 Sindh Public Procurement Rules,2010 read with Rule 2 (x) "All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents." and "Mis-procurement means public procurement in contravention of any provision of Sindh Public Procurement Act, 2010, any rule, regulation, order or instruction made thereunder or any other law in respect thereof, or relating to, public procurement."

During audit of the accounts of the Medical Superintendent LUMS Hospital Hyderabad during the financial year 2015-16, it was observed that expenditure of Rs53.837 million was incurred on purchase of medical, surgical items and others from various disqualified contractors / companies as per their technical proposals, Details are given at **Annex-7** of Chapter-14.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 03)

14.4.35 Defective process of procurement of medicines – Rs43.622 million

As per Sindh Public Procurement Rules, 2010, "while procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical."

During audit of the office of District Health Officer, Noushero Feroze for the year 2015-16, it was observed that expenditure of Rs43.622 million was incurred on purchase of medicines/drugs.

The following observations were noted:

- i. Procurement plan was not prepared.
- ii. Bidding document as per rule 08 of SPP Rules 2010 was not prepared.
- iii. Compliance of rule 50 was not made.
- iv. Approval and rate list of medicine was not available.
- v. Terms and condition of Centralized Rate Contract list approved by health department was not available.
- vi. Contract agreement was not executed.
- vii. Security deposit was not obtained.
- viii. Drug test report was not available.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 04)

14.4.36 Irregular refund of security deposit - Rs40.398 million

Para 63(3) of CPWA Code states that “When money is received by Government officers on behalf of the Government, it should be at once brought to account in the cash book and a receipt in Form 3 should invariably be granted to the payer. Furthermore, earnest money which is received prior to the date fixed for opening the tenders, if for any reason cannot be refunded on that date, should be brought to account in the cash book and returned subsequently to the contractors under the ordinary rules”.

During audit of office of the Program Manager, Hepatitis Prevention & Control Program (Chief Minister’s Initiative) Hyderabad, for the financial year 2016-17, it was observed that call deposits of Rs 40.398 million were refunded without obtaining the application and completion certificate from the contractors/ suppliers.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 33)

14.4.37 Irregular expenditure by splitting up to avoid tender – Rs37.730 million

According to Rule 12 (1) of SPPRA 2010, Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs37.730 million was incurred on purchase of various items through splitting to avoid invitation of open tenders. Details are given at **Annex-8** of Chapter-14.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

14.4.38 Excess consumption of steel – Rs32.201 million

As per Para 528 of Public Works Departmental Manual, “No material alteration in sanctioned, still less in standards, design may be made by a divisional officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction”.

During audit of the following offices of Health Department, Government of Sindh, it was observed that payments was allowed for excess quantities and cost of steel as provided in the technical estimates without any change in design and specifications. Thus, excess amount of Rs 32.201 million was paid to the contractors. The details are as under;

(Rupees in million)

Sr.#	Name of Office	Financial Year	Particular	AIR Para #	Amount
01	PD GMMMC Sukkur	2015-16	Excess quantity	04	12.072
02	PD Rehabilitation of DHQ/THQ in Sindh Karachi	2015-16	Excess Cost	02	20.129
Total					32.201

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that responsibility be fixed against the person(s) at fault, besides taking remedial measures.

14.4.39 Unauthorized expenditure on non-scheduled items – Rs30.021 million

According to Sr # 4 of the Schedule of Rate (Composite) for finished items of works, 2004, the non-schedule item costing upto Rs1000 should be got sanctioned by the concerned Superintending Engineer and the items exceeding Rs1000 must be got approved and sanctioned by the Chief Engineer.

During audit of the following offices of Health Department, Government of Sindh for the financial year 2015-16, it was observed that an expenditure of Rs 30.021 million was incurred on items other than the items shown in the schedule-B for various works without approval from competent authority.

(Rupees in million)

Sr.#	Particulars	Financial Year	AIR Para #	Amount
01	PD GMMMC Sukkur	2015-16	11	17.151
02	Director Gambat Institute of Medical Sciences Khairpur	2015-16	14	12.870
Total				30.021

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that responsibility be fixed against the person(s) at fault, besides taking remedial measures.

14.4.40 Un-justified award of supply orders - Rs19.901 million

According to Rule 45 of SPPRA Rules, 2010, "Procuring agencies shall announce the results of bid evaluation in the form of a report giving reasons for acceptance or rejection of bids. The report shall be hoisted on website of the Authority and that of the procuring agency if its website exists and intimated to all the bidders at least seven (07) days prior to the award of contract".

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad for the financial year 2016-17, it was observed that tender of Rs19.901 million was called for "Supply and Installation of Medical Equipment/instrument/Generator Set & Air-conditions" but tender ID was withheld at SPPRA website for compliance. The local office authorities issued supply orders to various suppliers without making compliance of requirement of SPPRA and without giving substantial reasons.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 38)

14.4.41 Unjustified payment of secured advance – Rs16.707 million

As per para228 (a) central public works account code stated cases in which a contractor whose contract if four furnished work, require as advance on the security of material brought to sight. Divisional officer may in such case sanction advance up to 75% the value of such material provided that they are of imperishable in nature and that the formal agreement is drawn with the contractor under which government secures a line on materials.

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16 &2016-17, it was observed that payment of Rs16.707 million was made to the contractor on account of secured advance against material brought to site without having steel work. Further secured advance of steel was paid against the wood work unjustified. The advance register and the monthly account on Form (70) were also not maintained.

(Rupees in million)

Sr.#	Particulars	Financial Year	AIR Para #	Amount
01	PD Rehabilitation of DHQ/THQ in Sindh Karachi	2016-17	09	6.217
		2015-16	10	7.19
02	PD SMBB Accident & Emergency Centre & Ancillary Services Complex Karachi	2015-16	03	3.300
Total				16.707

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility for unjustified payment of secured advance.

14.4.42 Manual payment of salaries – Rs12.363 million

Government of Sindh through Finance Department issued instruction vide letter No.FD/B&E-I/Manual Salary/2014 dated 6th January, 2014 that the salary in respect of Government of Sindh employees may be routed through SAP R/3 system and no salary bill is passed manually.

During audit of following offices of the Health Department, Government of Sindh, for the year 2016-17, it was observed that payment of Rs12.363 million was made through manual bills instead of computerized pay bills through SAP ECC-6. Thus the chance of misappropriation could not be ruled out.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	DHO Kamber	13	2016-17	0.660
2	Director Tuberculosis Control Sindh Hyderabad	07	2016-17	10.550
3	Program Manager Hepatitis Prevention & Control Program Hyderabad	22	2016-17	1.153
Total				12.363

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

14.4.43 Irregular payment without signing integrity pact-Rs10.050 million

As per rule 89 of SPP Rule 2010, Procurements exceeding Rs10 million for goods and works, and Rs2.5 million for services shall be subject to an integrity pact, as specified by regulations, between the procuring agency and the suppliers or contractors or consultants.

During audit of the office of Project Director, Expanded Program on Immunization (EPI), Karachi for the financial year 2016-17, it was observed that social mobilization items of Rs 10.050 million was purchased from M/s Y. K. International, but in this regard integrity pact was not signed and the stock register was also not produced to audit.

(Amount in Rupees)

Cost Center	Sanction No	Sanction Date	G/L Descp	Vendor Name	Quantity	Rate	Amount
KQ5208	6494-96	26.05.2017	Advertisement	M/S Y K International	1000	6000	6,000,000
KQ5208					2000	1300	2,600,000
KQ5208					2000	475	950,000
KQ5208					100000	5	500,000
Total							10,050,000

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

(AIR # 06)

14.4.44 Doubtful drawal by DDO - Rs8.528 million

According to Para 23 of GFR Volume-I "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 be 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 contribution to the loss by his own action or negligence".

During audit of office of the Civil Surgeon, Civil Hospital, Naushahro Feroze for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs 8.528 million was drawn by the DDO.

The following observations were noted:

- i. Signature on different vendor bills at column of proprietary and signature of DDO is same which indicates that same person signed at vendor bills and DDO column.
- ii. Writing on all documents are same i.e bills, vendor's bill and sanction order.
- iii. Vendor bills are computer generated and without serial number.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR #19)

14.4.45 Un-authorized expenditure incurred on purchase of machine - Rs6.980 million

According to Rule-23 of General Financial Rules, Volume-I, every Government officer should realized 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 office of the Program Manager, Hepatitis Prevention & Control Program (Chief Minister's Initiative) Hyderabad, for the financial year 2016-17, it was

observed that an expenditure of Rs6.980 million was incurred on purchase of Elisa test machine having no provision in PC-I.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

(AIR # 38)

14.4.46 Irregular payment on account of mobilization advance – Rs6.435 million

Rule-20 of Sindh financial Rules, Volume-I, states “In respect of work above Rs2.5 million, the contractor may be allowed by the authority competent to accept the tender, a mobilization advance up to 15% of the tendered amount, subject to the following conditions:

- The contractor shall, before obtaining the advance, furnish a guarantee in Form 20-A.
- The contractor shall pay interest at the rate of 10% per annum on the advance”.
- The advance is required to be allowed in case of purchase of heavy machinery from abroad.

During audit of the office of Project Director, Shaheed Mohtarma Benazir Bhutto, Accident & Emergency Centre & Ancillary Services Complex Karachi for the year 2015-16, it was observed that mobilization advance of Rs6.435 million was paid to contractor without contract agreement and bank guarantee.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility at the person(s) at fault, besides taking remedial measures.

(AIR # 05)

14.4.47 Non-renewal of bid security / pay orders - Rs4.039 million

As per Bidding document and NIT published in the newspapers 2% bid security was to be obtained.

During audit of the office of Medical Superintendent LUMHS Hospital Hyderabad for the financial year 2015-16, it was observed that works of Rs201.964 was awarded to various contractors and security deposit @ 2% Rs4.039 million was obtained in the shape of pay orders, but the same were found expired. Further, the bid security / pay orders were not renewed.

(Rupees in million)

Sr.#	Name of the work Awarded	Name of Contractors	Amount
1	Special Care Nursery & Kidney Center 4th Floor Jamshoro	M/s Mukhtiar & Co	10.200
2	Renovation of Pediatric ward-II, OPD & General Bath room	M/s SAK Enterprises	12.035
3	R & R of Pediatric ward at Jamshoro (Misc work)	M/s I.H Construction company	3.726
4	R & R of existing Pediatric ward-I & II at Jamshoro	Same	12.123
5	A Nutrition ward over Roof ward No. 17 Jamshoro children	M/s HNJ Baloch	24.945
6	Construction of Drug Store Jamshoro	M/s Lucky Lovish Traders	7.100
7	Establishment of 50 bedded medical & surgical ICU	M/s Rehman Builders	131.835
Total			201.964
2% bid security /retention money			4.039

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility at the person(s) at fault, besides taking remedial measures.

(AIR # 19)

14.4.48 Unauthorized cash payments through DDO account – Rs3.524 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the following offices of Health Department, Government of Sindh for the financial years 2015-16& 2016-17, it was observed that payment of Rs3.524 million was made form DDO account through open cheques instead of cross cheques. Thus, the chances of miss-appropriation could not be ruled out.

(Rupees in million)

Sr.#	Name of office	Financial Year	AIR Para #	Amount
1	District Health Officer Khairpur	2015-16	10	1.905
2	Program Manager Hepatitis Prevention & Control Program Hyderabad	2016-17	24	1.619
Total				3.524

The following observations were noted:

- i. Payment was made to supplier through open cheque instead of cross cheque.
- ii. Acknowledgement not produced.
- iii. Fidelity bond of persons drawn money from bank was not produced.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

14.4.49 Irregular expenditure on awareness campaign – Rs1.595 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan;

Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and upto one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During the audit of office of Program Manager, Hepatitis Prevention & Control Program (Chief Minister's Initiative) Hyderabad, for the financial year 2016-17, it was observed that an expenditure of Rs1.595 million was incurred on awareness rising through walks and mohalla meetings at various places and payment was made to contractor M/s Shaziab and M/s Rahman Enterprises, Hyderabad.

The following observations were noted:

- i. The expenditure was incurred in the month of July 2016 and February 2017 by split up of sanction orders in order to avoid open tender.
- ii. Income tax of Rs159,500/- not deducted from the contractor's bill
- iii. Minutes & pictures of the program activity not attached with bill
- iv. The invoices were without details/ description and amount was same sequence.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility at the person(s) at fault.

(AIR # 36)

14.4.50 Non-reimbursement of medical charges by PIA - Rs1.518 million

According to Rule-88 of Sindh Financial Rules Volume-I, every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of office of the Secretary, Health Department Government of Sindh Karachi, for the year 2016-17, it was observed that an amount of Rs1.518 million was paid by the local office to South City Hospital vide chq# 2585593 dated 06-02-2017 on account of medical treatment of PIA (Pakistan International Airlines) employee Mr. Muhammad Faisal holding no. 53868 & CNIC 42201-2626741-7 sanctioned by Chief Minister Sindh with instructions that claimed amount should be reimbursed by PIA to Finance Department Govt. of Sindh.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 20)

14.4.51 Unauthorized expenditure from receipts - Rs1.493 million

As per Par 13 of G.F.R Volume-I stated that “ in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied.

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS), Jacobabad for the financial year 2016-17, it was observed that expenditure of Rs 1.493 million was incurred from the receipts accounts. Whereas, the receipts of Rs9.432 million were to be deposited in Government Account-I through TR.

Expenditure	Income closing balance 30 june-2016	Expenditure 2016-17 in income account
299,665,389	4,712,313	1,492,942

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility at the person(s) at fault.

(AIR # 27)

14.4.52 Un-authorized acceptance of rates against tender specification - Rs1.302 million

As per Par 13 of G.F.R Volume-I stated that“ in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied.

During audit of office of the Director Jacobabad Institute of Medical & Health Sciences (JIMS) Jacobabad for the financial year 2016-17, it was observed that expenditure of Rs1.302 million incurred on various medical equipment / instruments (\$6080 @ 104=632320+670000) tenders/bids were accepted against tender specification as mentioned/required in bidding documents.

Sr. #	Name of Item & No.	Specification required as Per Bidding document	Specifications of items of tender accepted	Qty	Rate	Amount
1	33.Blood Collection Mixer with Tube clamp	USA, Europe, Germany or Japan	CM745 Korea	1	\$ 2670	\$ 2670
2	34.Tube Sealer	USA, Europe, Germany or Japan	SE250 Korea	1	\$ 2670	\$ 2670
3	35.Plasma Extractor with Sensor	USA, Europe, Germany or Japan	ES315 Korea	1	\$ 740	\$ 740
4	15.Autoclave Class-B	USA, Europe, Germany or Japan	Taiwan	1	670000	670000
Total						1.302

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 24)

14.4.53 Unauthorized payment of inadmissible allowances – Rs2,168.100 million

According to Rule-88 of Sindh Financial Rules, volume-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of following offices of the Secretary Health, Government of Sindh, Karachi, for the year financial years 2015-16& 2016-17, it was observed an amount of Rs 2168.100 million was paid to the officers & staff on account of inadmissible allowances. Details are given at **Annex-9** of Chapter-14.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

14.4.54 Non/less recovery of taxes and duties – Rs758.944 million

According to Section 153 (1) of Income Tax Ordinance 2001, Every prescribed person, making payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person, shall deduct income tax at source on supplies of goods and services at the rate of 4% and 6.5% respectively.

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 16% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) *ibid* “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011 states: “Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in the Schedule in which the taxable service is listed.” Further section 9 (2) chapter II states: “Where a service is taxable by virtue of sub-section (2) of section 3, the liability to pay the tax shall be on the person receiving the service.” And as per Second Schedule of The Sindh Sales Tax on Services Act, 2011, the rate of tax is 17% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2015-16& 2016-17, it was observed that an amount of Rs758.944 million on account of various taxes and duties were not deducted or less deducted at the time of making payments resulting in loss of revenue to the government. Details are given at **Annex-10** of Chapter-14.

Audit was of the view that Government sustained loss due to non-deduction taxes, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

14.4.55 Non-imposition of penalty – Rs382.907 million

According to the Clause-2 Liquidated Damages of agreement, the contractor shall pay liquidated damages to the Agency at the rate per day stated in the bidding data for each day that the completion date is later than the intended completion date; the amount of liquidated damage paid by the contractor to the agency shall not exceed 10 per cent of the contract price. Agency may deduct liquidated damages from payments due to the contractor. Payment of liquidated damages does not affect the contractor's liabilities.

During audit of following offices of the Health Department, Government of Sindh, it was observed that various supplies and works of Rs382.907 million were purchased / executed, but the same were not delivered / completed within stipulated time period. Details are given at **Annex-11** of Chapter-14.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	PD Rehabilitation of DHQ/THQ Hospital in Sindh	05	2016-17	111.115
2	PD SMBB Accident & Emergency Centre & Ancillary Services Complex Karachi	02	2015-16	164.135
3	MS Liaquat Medical University Hospital, Hyderabad	38	2015-16	21.309
		42	2015-16	6.962
4	PD GMMMC Sukkur	07	2016-17	65.455
5	DHO Tando Muhammad Khan	11	2015-16, 2016-17	1.559
6	Program Manager Hepatitis Prevention & Control Program Hyderabad	11	2016-17	12.013
		15	2016-17	0.359
Total				382.907

The following observations were noted:

- i. Medicine and drugs were not delivered within stipulated time period by the suppliers.
- ii. Penalty was not imposed while making payment.
- iii. Undue favour was given to vendors at cost of public exchequer.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that penalty may be imposed on supplier and the same may be deposited into Govt. treasury under intimation to audit.

14.4.56 Non-imposition of penalty for delayed works - Rs186.999 million

As per clause 2 of the agreement, time is the essence of work, if the work was not completed within stipulated period a penalty of 10 % of the estimate cost of compensation to the government may be imposed upon the contractor.

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2014-15, 2015-16 & 2016-17, it was observed that various works which were not completed within the stipulated period of time by the contractor. Despite delay of work the 10% penalty was not imposed upon the contractor. Thus government sustained a loss of Rs186.999 million due to non-imposition of penalty

(Rupees in million)

Sr.#	Particulars	Financial Year	AIR Para #	Amount
1	PD DHQ/THQ Hospital in Sindh Karachi	2014-15	08	15.199
		2015-16	03	148.00
2	Director Gambat Institute of Medical Sciences Gambat	2016-17	03	23.800
Total				186.999

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends imposition of penalty, besides fixing responsibility on the person(s) at fault.

14.4.57 Non-recovery of government dues – Rs96.427 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.

According to Para-22-A of Stamp Act, “it is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of the following offices of Health Department, Government of Sindh, for the financial years 2015-16& 2016-17, it was observed that an amount of Rs96.427million was not recovered on account of inadmissible allowances, laboratory charges, rent, penalty, stamp duty, etc. Details are given at **Annex-12** of Chapter-14.

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in August 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

14.4.58 Non-deduction of shrinkage allowance on work – Rs3.252 million

As per the condition specified in Note 3 of the schedule B of the contract, “Deduction of shrinkage from the bank will be made @ 3 % to 6 % if earthwork is done through machine (tractors & scrappers)”.

During audit of the following offices of Health Department, Government of Sindh, it was observed an amount of Rs3.252 million was not deducted on account of shrinkage allowance @ 6 % on earthwork done through machines by various contractors.

(Rupees in million)				
Sr.#	Particulars	Financial Year	AIR Para #	Amount
1	PD GMMMC Sukkur	2015-16	03	1.990
2	PD Rehabilitation of DHQ/THQ in Sindh Karachi	2016-17	11	0.764
		2015-16	05	0.498
Total				3.252

Audit was of the view that Government sustained loss due to non-deduction shrinkage allowance, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that shrinkage allowance on work may be deducted, besides taking remedial measures and amount may be recovered from the person(s) at fault.

CHAPTER – 15

HOME DEPARTMENT

15.1 Introduction

Home Department plays a pivotal role in devising the policy leading towards the maintenance of law and order and internal security of the province.

The departments attached with the Home Department are:

- (i). Police
- (ii). Civil Defence
- (iii). Prisons

Core functions of the department include:

1. All matters relating to eradication, prevention and control of crime,
2. Administration of justice, constitution and organization of courts, except the high courts, civil courts and special tribunals,
3. Procurement of arms, ammunition and military stores,
4. All matters of police establishment and administration,
5. Powers and functions as provided for in the Police Order-2002,
6. Civil Defence and air raid precaution,
7. Compensation for loss of property or life due to civil commotion or while on duty,
8. To collect fines,
9. Civil security schemes,
10. Liaison with civil armed forces, including Pakistan Rangers,
11. Provide evidence and oaths,
12. Extraditing and deportation,
13. Enforcement of provision of Provincial Motor Vehicles Ordinance, 1965, and the rules there under relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control,
14. Liaison with defence authorities,
15. Matters related to public order and internal security,
16. Political intelligence and censorship,
17. Public amusement control over places, performances and exhibitions
18. Preventive detention and administration of press laws except regularity of publication of newspapers, periodicals and magazines,
19. Prosecution in respect of newspapers and other publications,
20. Registration of foreigners,

21. Recovery of missing persons,
22. Smuggling,
23. Daily situation report on crime, political and general situation.

15.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 153 formations (DDOs), out of which 30 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
84,268.19 6	273.82 1	14,556.76 5	(14,556.765)	(8,438.239)	76,103.77 7	70,162.832	5,940.945

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs5,940.945 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
1,710.000	1,910.000	1,928.249	(18.249)

15.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 13.0%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	34	12	6	6	-
2	1998-99	20	4	0	4	-
3	1999-2000	23	11	0	11	-
4	2001-02*	7	7	2	5	28.6
5	2004-05*	11	6	2	4	33.3
6	2005-06	0	0	0	0	-

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
7	2006-07	12	8	0	8	-
8	2007-08	23	16	0	16	-
9	2008-09	24	14	0	14	-
10	2009-10	25	14	2	12	14.3
11	2014-15	0	0	0	0	-
Total		179	92	12	80	13.0

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

15.4 AUDIT PARAS

15.4.1 Irregular payment through DDOs account – Rs204.987 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc., which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash”.

During audit of various offices of Home Department, Govt. of Sindh, for the years 2012-13 to 2016-17, it was observed that funds of Rs204.987 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors. The detail is given at **Annex-1** of Chapter-15.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

15.4.2 Unauthorized retention of funds in DDO’s account – Rs16.291 million

According to Rule-290 of Central Treasury Rules Volume-I, “No money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant.”

During audit of following offices of Home Department, Govt. of Sindh, for the financial years 2014-15 to 2015-16, it was observed that an amount of Rs16.291 million was drawn and unauthorized retained in DDO account.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Description	Financial Year	Amount
1	SSP, Kamber Shahdaktot @ Kamber	11	DDO account	2015-16	1.169
2	SSP Central Prison, Karachi	11	DDO account	2014-15, 2015-16	0.432
3	SSP Investigation-I, South Zone, Karachi	03	DDO account	2014-15, 2015-16	6.100
4	SSP Investigation-II, South Zone, Karachi	03	DDO account	2014-15, 2015-16	4.344
5	SSP Investigation-I, East Zone, Karachi	06	DDO account	2014-15, 2015-16	2.038
6	SSP Investigation-II, East Zone, Karachi	05	DDO account	2014-15, 2015-16	2.208
Total					16.291

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in January to June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on person(s) at fault.

15.4.3 Non-production of record – Rs851.817 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for

information in as complete a form as possible and with reasonable expedition.

- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of various offices of Home Department, Govt. of Sindh, for the financial years 2012-13 to 2016-17, the auditable record of Rs851.817 million was not produced to audit for audit scrutiny. The detail is given at **Annex-2** of Chapter-15.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in June 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides fixing responsibility on the person(s) at fault.

15.4.4 Irregular expenditure in excess of budget allocation – Rs494.227 million

As per Section-133 of Sindh Budget Manual, “no government servant should, however, without previously obtaining an extra appropriation, incur expenditure in excess of the amounts provided under the heads concerned. When a government servant exceeds the annual appropriation he runs the risk of being held responsible for the excess”.

During audit of various offices of Home Department for the financial years 2012-13 to 2016-17, it was observed that expenditure of Rs494.227 million was incurred in excess of budget grant on account of pay and allowances. The detail is given at **Annex-3** of Chapter-15.

Audit was of the view that expenditure in excess of budget allocation constituted weak financial and administrative management.

The matter was reported to the management in January, June, September and October 2017, but no reply was received.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

15.4.5 Irregular expenditure on salaries in excess of sanctioned strength – Rs21.048 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of following offices of Home Department, Govt. of Sindh, for the financial years 2015-16 & 2016-17, it was observed that employees were appointed/posted/working in excess of sanctioned strength and drawing pay and allowances of Rs21.048 million.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Description	Financial Year	Amount
1	SSP Jamshoro	06	Excess salaries of 26 officers/ officials	2016-17	-
2	SSP, Tando Allahyar	05	Excess salaries of 258 officers/officials	2016-17	-
3	Commandant SBB Elite Police Training Centre Razakabad, Karachi	03	Employees on lien	2015-16	19.488
		07	Excess allowance paid to 09 officers/officials		1.560
4	SSP, Kamber Shahdadkot @ Kamber	04	Excess salaries of 2635 officers/officials	2015-16	-
5	SSP East Karachi	07	Excess salaries of 102 officers/officials	2015-16	-
Total					21.048

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management in June to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

15.4.6 Recovery of inadmissible allowances – Rs26.996 million

According to Rule-88 of Sindh Financial Rules, volume-I, Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of various offices of Home Department, Govt. of Sindh, for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs26.996 million was paid to various employees on account of various allowances which were not admissible to them. The detail is given at **Annex-4** of Chapter-15.

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to the management in April to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

15.4.7 Irregular expenditure on POL – Rs616.157 million

According to Services and General Administration Department Circular No.CTC(SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle.

1. Log Book of the Vehicles in Form-A.
2. History Sheet of the vehicle in Form-B.
3. Petrol consumption account in Form-C.

During audit of various offices of Home Department, Govt. of Sindh, for the financial years 2013-14 to 2016-17, it was observed that an expenditure of Rs616.157 million was incurred on POL charges without maintenance of log book, history sheet and petrol consumption account. The detail is given at **Annex-5** of Chapter-15.

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management in January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

15.4.8 Non-imposition of penalty / fine on violation traffic rules – Rs173.861 million

According to rule-41(a) of Sindh Financial Rules, volume-I, "The departmental controlling officer should see that all sums due to government are regularly received and checked against demands and that they are paid into treasury",

During the audit of Deputy Inspector General of Police Traffic, Karachi, Home Department, Govt. of Sindh, for the financial year 2015-16, it was observed that an amount of Rs173.861 million have not been recovered by imposition on traffic violators.

(Rupees in million)

Name of Office	AIR Para #	Description/violation	Financial Year	Amount
DIGP Traffic, Karachi	01	No challans imposed against vehicles without 1.Taxi meters – 124 rule (No. of Buses 46923 x 500) = Rs23.462 million 2.Conductor license – 103 rule (No. of Buses 23658 x 500) = Rs11.829 million 3.PSV Badge of Driver -104 rule (23658 x 500= Rs11.829 million 4.Rikshaw Meters – 124 rule (No of buses 229826 x 500= Rs114.913 million) 5. PSV Badge of Conductor- 105 rule (No of buses 23658 x 500= Rs11.829 million)	2015-16	173.861

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit require recovery, besides fixing on the person(s) at fault.

15.4.9 Irregular payment of salary to unauthorized person – Rs2.208 million

As per rule 88 of Sindh Financial Rules, Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of following offices of Home Department, Govt. of Sindh, for the financial year 2015-16 & 2016-17, it was observed that expenditure of Rs2.208 million was incurred on payment of salaries to the staff that were posted elsewhere.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Particulars	Financial Year	Amount
1	SSP, Jamshoro	07	Salaries paid to staff of other offices at District Hyderabad	2016-17	1.990
2	SSP East, Karachi	05	Salary to Mr. Imran without designation	2015-16	0.218
				Total	2.208

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in June to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

15.4.10 Irregular expenditure on cost of investigation – Rs55.552 million

According to circular issued by the AIG Finance & welfare the procedure for the expenditure of funds for cost of investigation will be as under

- (i) Investigation team will submit detail expenditure bills to their DSP
- (ii) DSP will verify the bills and concerned DPO/SSP investigation will validate those bills after re-verification.
- (iii) SSP/DPO Investigation sanction with will issue the sanction order with a copy to the Regional Police Officer

During audit of following offices of Home Department, Govt. of Sindh, for the financial years 2014-15 & 2015-16, it was observed that Rs55.552 million have been made on account of investigation cost without justification of payment.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Particulars	Financial Year	Amount
1	SSP Investigation-I South Zone, Karachi	02	Without adopting procedure of approval by Competent authority, case diary	2014-15, 2015-16	14.125
2	SSP Investigation-II South Zone, Karachi	02	-do-	2014-15, 2015-16	13.590
3	SSP Investigation-I East Zone, Karachi	02	-do-	2014-15, 2015-16	13.000
4	SSP Investigation-II East Zone, Karachi	02	-do-	2014-15, 2015-16	14.837
Total					55.552

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on person(s) at fault.

15.4.11 Less/non deduction of taxes – Rs61.533 million

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 17% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) ibid “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

As per notification of FBR as amended up to July 2012, Income Tax on Salary ranged between 0.75% to 18.50% on Taxable Income ranging from Rs350,000 to Rs2,250,000, respectively.

During audit of various offices of Home Department, Govt. of Sindh, for the financial years 2015-16 to 2016-17, it was observed that an amount of Rs61.533 million, on account of various taxes was not deducted. The detail is given at **Annex-6** of Chapter-15.

Audit was of the view that Government sustained loss of revenue due to non-deduction taxes, which resulted into weak financial management.

The matter was reported to the management in January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixation of responsibility on the person at fault.

15.4.12 Irregular expenditure without inviting tender – Rs33.188 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of various offices of Home Department, Govt. of Sindh, for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs33.188 million was incurred on procurement without calling tender.. The detail is given at **Annex-7** of Chapter-15.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

15.4.13 Irregular drawal of pay and allowances through manual bills – Rs4.445 million

As per directive No.B&E-I/Manual Salary/2014 dated 6th January 2014 issued by Finance Department, Government of Sindh provides that “Salary in respect of Government of Sindh employees may be routed through SAP system & no salary bill is passed manually”.

During audit of Senior Superintendent of Police, Investigation-I East Zone, Karachi, Home Department, Govt. of Sindh, for the financial years 2014-15 to 2015-16, it was observed that salaries of officials of Rs4.445 million were drawn through manual bills instead of computerized pay roll.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR# 03)

15.4.14 Unauthorized fixation of pay in higher grade instead of lower grade - Rs1.238 million

As per Rule-13 of General Financial Rules, Volume-I, states that “every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During the audit of Senior Superintendent of Police, Sukkur, Home Department, Govt. of Sindh, for the financial year 2016-17, it was observed that expenditure of Rs1.238 million was incurred on pay & allowances on the basis of unauthorized pay fixation in higher grade as BPS-16 instead of lower grade (BPS-14) without justification.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR# 01)

15.4.15 Non-recovery of outstanding dues – Rs14.544 million

As per Para 28 of General Financial Rules, “no amount due to Government needs to be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought”.

During audit of following offices of Home Department, Govt. of Sindh, for the financial years 2015-16 to 2016-17, it was observed that an amount of Rs14.544 million was outstanding which was not recovered.

(Rupees in million)

Sr.#	Name of Office	AIR Para #	Description	Financial Year	Amount
1	SSP, Jamshoro	08	Dues against lending guards to various agencies	2016-17	9.802
2	DSP, Driving License Korangi & Nazimabad, Karachi	17	Rent from canteen shop	2016-17	0.960
3	Commandant SBB Elite Police Training Centre Razakabad, Karachi	01	Conveyance Allowance	2015-16	0.094
4	SSP, Tharparkar @ Mithi	13	Double payment of GP Fund	2015-16	0.256
5	SSP, Kamber Shahdadt Kot @ Kamber	21	Recovery of conveyance allowance	2015-16	0.140
6	SSP East, Karachi	08	House rent allowance	2015-16	0.654
7	SSP Dadu	01	Police guards posted	2016-17	2.638
Total					14.544

Audit was of the view that management failed to recover the outstanding dues from concerned which constituted weak administrative and financial management.

The matter was reported to the management in January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing responsibility on the person at fault.

15.4.16 Unauthorized issuance of government vehicles to the Minister

As per Rule-13 of General Financial Rules, Volume-I, states that “every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During the audit of Senior Superintendent of Police, Kamber-Shahdadt Kot, Home Department, Govt. of Sindh, for the financial year 2016-17, it was observed that

four government vehicles were allotted to the MNA/ MPAs without admissibility and their availing of same facility from other sources.

Make	Vehicle #	Financial Year	Whom Allotted
Toyota Hi Lux 4x2	SPC-957	2014	MNA Mr Amir Ali Magsi
Toyota Hi Lux 4x4	SPE-857	2016	MNA Mr Ramesh Lal
Toyota Hi Lux 4x2	SPE-651	2014	MPA Mir Nadir Khan
Toyota Hi Lux 4x4	SPE-859	2016	MPA Mr Sardar Ahmed Khan Chandio

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR# 01)

CHAPTER – 16 INDUSTRIES & COMMERCE DEPARTMENT

16.1 Introduction

The Industries and Commerce Department was created for control and monitoring of industry sector in Sindh Province. The department is responsible for issuance of trade licences, collection of fees, registration of trademarks and ancillary matters. This department also monitors and controls the following:

1. All cases relating to Boilers Act, Patents and Design Act, Explosives Act and Companies Ordinance 1984,
2. Distribution of iron and steel; and also to conduct industrial researches.

The functions of Industries and Commerce Department also include:

1. Registration of Joint Stock Companies, firms and societies under their respective Ordinances and Acts,
2. Inspection and registration of Boilers under the Boiler Ordinance, 2002 and Rules, 1941 to administer and control the working of boilers,
3. Conduct examination of boiler engineers and attendants,
4. Purchase of stores for Government Printing Press and Stationery Department,
5. Provide assistance to procurement committees of various provincial Departments,
6. To conduct the census of manufacturing industries as per instructions of Bureau of Statistics, Government of Pakistan, Islamabad,
7. To collect information from the companies/industries as and when required by the Federal or Provincial Government.

16.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 12 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
3,605.226	113.354	1,017.706	(1,017.706)	(1,040.073)	2,678.507	2,410.203	268.304

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs265.304 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
530.000	530.000	281.235	248.765

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs248.765 million was observed.

16.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	7	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	1	1	0	1	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		8	1	0	1	-

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

16.4 AUDIT PARAS

16.4.1 Un-justified advance payment - Rs 100.000 million

Rule-10 of SPPRA 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 office of the Secretary, Industries & Commerce Department, Government of Sindh for the financial year 2016-17, it was observed that the advance payment of Rs 100.00 million was made to DMCs on account of Development and Rehabilitation of Infrastructure of industrial areas, Karachi without preparation of development Plan for schemes and submission of the same to Sindh Industrial Infrastructure Development Board (SIIDB) for approval.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01&03)

16.4.2 Irregular expenditure by splitting up purchases to avoid tender - Rs1.812 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan; Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and up to

one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of office of the Secretary, Industries & Commerce Department, Government of Sindh for the financial year 2016-17, it was observed that expenditure of Rs1.812 million was incurred without calling tender.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#06)

16.4.3 Irregular payment through DDOs account – Rs2.428 million

As per Rule-303 of Central Treasury Rules, "A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash."

During audit of the office of the Secretary, Industries & Commerce Department, Government of Sindh for the financial year 2016-17, it was observed that funds of Rs2.428 million were deposited into DDO's accounts instead of crediting into accounts of actual vendors.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#05)

16.4.4 Unjustified payment to Development Management Companies - Rs2,906.000 million

Rule 10(i) of General Financial Rule volume-I states that, every Government officer expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person of community.

During audit of development scheme executed by Secretary, Industries & Commerce Department, Government of Sindh for the financial year 2016-17, it was observed that estimate of Rs2,906.000 million was made for the work “Development and Rehabilitation of Infra Structure of industrial areas of Karachi”.

The following observation was noted:

- i. The tender of procurement of scheme for the work Development and Rehabilitation of Infra Structure of industrial areas of Karachi was not called for fair competition.
- ii. Total expenditure of Rs2,906.00 million was incurred in closing month of June 2017, thus the claim of Rs27.674 million as Third Party Monitoring was unjustified & doubtful.
- iii. DMCs (Development Management Companies) are itself private firms. The private consultants were already hired third party monitoring to monitor the work so separate unjustified TPM cost of Rs27.674 million.
- iv. Monthly Progress report was not produced.
- v. Third Party Monitoring report was not provided.
- vi. Revised PC-1 was also not produced.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#02&04)

16.4.5 Non recovery of income tax - Rs0.057 million

According to sub section (1) of section 153 of Income Ordinance, 2001,” prescribed person making a payment in full or part including a payment by way of advance to a resident person(a) For the sale of goods; (b) For the rendering of or providing of services; (c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

During audit of the office of the Secretary, Industries & Commerce Department, and Government of Sindh for the financial year 2016-17, it was observed that payment of Rs1.286 million was made to various suppliers, but income tax @ 4.5% was not deducted at source. Thus the Government sustained a loss of amount Rs0.057 million.

Audit was of the view that Government sustained loss due to non-deduction income tax, which resulted into weak financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#08)

CHAPTER – 17 INFORMATION & ARCHIVES DEPARTMENT

17.1 Introduction

The department of Information and Archives was created for projection of Sindh Government activities, public relation and relations with press. The department is also responsible for checking/monitoring the regularity of publication of newspapers, periodicals, magazines and building up working relationship with television/broadcasting networks, including PTV, Private TV Channels and Radio Pakistan for publicity of Government activities in different spheres of social uplift.

17.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 12 formations (DDOs), out of which 02 formations were selected audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
4,861.238	2,107.430	324.940	(324.940)	(117.303)	6,851.365	6,810.524	40.840

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs40.840 million was observed, which was not surrendered in time.

17.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 33.3%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	1	1	1		-
2	1998-99	0	0	0	0	-
3	1999-2000	5	2	0	2	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		6	3	1	2	33.3

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

17.4 AUDIT PARAS

17.4.1 Irregular expenditure without inviting tender – Rs4.933 million

According to Rule 17(1) of SPPRA Rules 2010 “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules”. Further according to Para 146 of GFR Volume-I “Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority”

During audit of office of the Director Archives, Information & Archives Department Karachi for the financial year 2016-17, it was observed that expenditure of Rs4.933 million was incurred without calling tenders in violation of SPPRA Rules.

(Rupees in million)

Name of Office	Financial year	AIR Para #	Amount
Director Archives, Karachi	2016-17	1	0.450
		2	1.597
		3	0.845
		4	1.782
		6	0.259
Total			4.933

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

17.4.2 Un-justified expenditure due to non-maintenance of record – Rs3.299 million

As per Rule-113 and 114 of Sindh Financial Rules, volume-I, “All materials received should be examined, counted, measured or weighed, as the case may be, when

delivery is taken and when materials are issued from stock the incharge of the store should see that proper indent has been made by authorized person and record under his dated initial the description and quantity of material issued.”

During audit of office of the Director Archives, Information & Archives Department Karachi for the financial year 2016-17, it was observed that an amount of Rs3.299 million was incurred without maintaining the following mentioned record.

- i. Indent for receipt and issuance of materials was not maintained properly.
- ii. Entries of purchased materials were not maintained in relevant registers.
- iii. Stock Registers were not maintained.
- iv. Work Register was not maintained.

(Rupees in million)

Name of Office	Financial year	AIR Para #	Amount
Director Archives, Karachi	2016-17	5	0.560
		7	2.000
		8	0.143
		9	0.596
		Total	3.299

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

CHAPTER – 18 INFORMATION, SCIENCE & TECHNOLOGY

18.1 Introduction

The Information, Science & Technology Department, Government of Sindh, is working with a vision “The rapid development of a Knowledge-based Society is vital to the success and progress of the province.” and with the mission for:

- Optimal attainment of e-Governance culture in the Government Departments for attaining required integrated efficiency and effectiveness by promoting paperless environment,
- Promoting the number of users impliedly increasing demand of e-Governance,
- Implementation of e-Projects.
- Capacity enhancement of government agencies for public service delivery benefiting common citizens,
- Information Sharing,
- e-Democracy i.e. Promotion of e-election system, and
- Sustainability – Enabling government departments to initiate and sustain the I.T projects in Education, Health, Police, Security, Judiciary, Land Records, and Agriculture.

18.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 12 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
697.695	-	23.581	(23.581)	(482.734)	214.961	183.742	31.219

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs31.219 million was observed, which was not surrendered in time.

18.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	0	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	5	3	0	3	-
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		5	3	0	3	-

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

18.4 AUDIT PARAS

18.4.1 Non-production of record – Rs12.751 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the office of Secretary, Information Science & Technology, Government of Sindh Karachi, for the year 2016-17, following auditable record of Rs12.751 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Detail	Description	Amount
1	Secretary Information Science & Technology	05	E-Portal ADP-841 & Biological Lab ADP-841	Non Production of Record	12.751
Total					12.751

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to management in the month of August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

18.4.2 Irregularities noticed in the appointment of government employees

As per notification of Supreme Court strictly issued orders for all officers/officials absorbed, working on deputation instructed to join their parent department immediately without any discrepancies.

According to rule-88 of Sindh Financial Rules, volume-I, Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of office of the Secretary, Information, Science & Technology Department, Government of Sindh Karachi, for the year 2016-17, it was observed that un due favour was extended to Government employees as detail below:

- i. Mr Athar **Baloch** was initially appointed as computer Operator (BS-16) in Livestock & Fisheries, Department Government of Sindh, through SPSC and then joined Computer Programmer (BS-17) in Sindh Agriculture Supplies Organisation (SASO) on temporary basis, confirmation letter of Mr Athar **Baloch** from SPSC was not produced. Secondly, he was not repatriated to his parent department despite clear verdict of Honourable Supreme Court and his absorption orders were not intimated to S&GAD. Whereas Mr Aftab Alam was relieved in the light of same Supreme Court Orders, Furthermore Hardware Engineer (BS_18) required Bachelors of Engineering B.E in (Computer System) or in Hard ware Engineering or equivalent degree which he did not possess and the same was not produced.
- ii. Mr Sajid Sehar was appointed as Assistant Director (M&E) on basis of Masters in Sociology, when checked requirement rules for said post required Masters in Economics, or in Public administration, but whereas advertised required qualification was Masters in Economics/Public Administration or in Social Sciences.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in the month of August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 13,14,15.16)

18.4.3 Irregular expenditure on electronic communications – Rs14.811 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of office of the Secretary, Information Science & Technology, Government of Sindh Karachi, for the year 2016-17, it was observed that payment of Rs14.811 million was made to M/S SATCOMM (Pvt) on account of internet services provider in the Sindh Secretariat, but bills forwarded through admin section without verifying through IT professionals or person responsible for networking.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to management in the month of August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR # 02)

18.4.4 Irregular expenditure without inviting tenders – Rs3.776 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s websites and in print media in the

manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of office of the Secretary, Information, Science & Technology Department, Government of Sindh Karachi, for the year 2016-17, it was observed that expenditure of Rs3.776 million was incurred without calling tenders in violation of SPPRA Rules.

(Amount in Rupees)

Document No	Date	Particulars		Amount
1900550849	08.06.2017	Furniture and fixtures	Invortex Technologies	310,000
5100018063	12.04.2017	Hardware	Invortex Technologies	850,000
5100018065	12.04.2017	Software	Invortex Technologies	2,616,000
Total				3,776,000

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to management in the month of August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR # 11)

18.4.5 Non-deduction of income tax on services - Rs5.251 million

According to Section 153(a) & (b) of the Income Tax ordinance, 2015, "Income Tax @ 10% for rendering professional Services is required to be deducted at source and deposited into Government account".

During audit of the office of Secretary, Information Science & Technology, Government of Sindh Karachi, for the year 2016-17, it was observed that payment of Rs 36.774 million was made, but income tax on services @ 10pc of Rs5.251 million was not deducted.

(Amount in million)

Sr. #	Name of Office	AIR Para #	Name of Service Provider	Contract Amount	10% I.Tax
1	Secretary, Information Science & Technology	03	M/s Satcomm	14.811	1.481
		07	M/s Commtel Co.	36.774	3.77
Total					5.251

Audit was of the view that Government sustained loss due to non-deduction of income tax, which resulted into weak financial management.

The matter was reported to management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 03)

CHAPTER – 19 IRRIGATION DEPARTMENT

19.1 Introduction

Irrigation Department came into being in 1970 with the dissolution of One Unit. Major tasks performed by the Irrigation Department are operation and maintenance of the irrigation and flood protection system, regulation of flows of River Indus and canal systems, covering Inter-Provincial and Intra-Provincial Systems. Execution of development schemes and mega projects is also one of the major responsibilities. Major objectives and functions of the department are:

- a) Operation and maintenance of the irrigation and flood protection system,
- b) Regulation of flows of River Indus and canal systems, covering Inter Provincial and Intra Provincial Systems,
- c) Execution of development schemes and mega projects,
- d) Dealing with the administrative matters, financial matters, Public Accounts Committee's issues irrigation cases, court cases and assembly business etc,
- e) Operation, maintenance, development and management of irrigation network,
- f) Operation, maintenance, development and management of surface drainage system and tube-wells,
- g) Flood control along River Indus and hill torrents.

19.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 197 formations (DDOs), out of which 58 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
44,672.653	18,871.261	28,250.489	(28,250.489)	(3,242.945)	60,300.969	59,158.503	1,142.465

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,142.465 million was observed, which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
600.000	600.000	456.537	143.463

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs143.463 million was observed.

19.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 30.4%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	79	28	11	17	
2	1998-99	21	20	4	16	
3	1999-2000	43	20	0	20	-
4	2001-02*	14	12	2	10	16.7
5	2004-05*	40	22	19	3	79.2
6	2005-06	22	14	0	14	-
7	2006-07	14	4	0	4	-
8	2007-08	17	5	0	5	-
9	2008-09	27	0	0	0	-
10	2009-10	19	13	6	7	
11	2014-15	0	0	0	0	-
Total		296	138	42	96	30.4

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

19.4 AUDIT PARAS

19.4.1 Irregular release of funds through PAO instead of respective cost center - Rs777.988 million

According to Para-146 of General Financial Rules Volume-I, ‘‘Purchase/work orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders/’’ Every development scheme prior to financing through release of funds by Finance Department is approved at competent forum with respect to cost centre and allocation of yearly budget.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial Years 2015-16 & 2016-17, it was observed that funds amounting to Rs777.988 million were released by finance department through PAO instead of respective cost centers of development schemes. This leads to unnecessary retention of funds with PAO which may result into undue delay in execution of schemes.

Audit is of the view that the system of releasing of funds for approved Development Schemes need to be improved by direct releases to respective cost centre.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN Saifullah Magsi Division Shahdadkot	13	2015-16 to 2016-17	Development and Non-development scheme	551.488
2	XEN Sukkur Barrage Division Sukkur	03	2015-16	Development and Non-development scheme	226.50
Total					777.988

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that the system of releasing funds for development schemes need to be improved by direct releases to concerned cost centers.

19.4.2 Variation in figures – Rs354.392 million

According to Rule-77 of Sub-Rule (IV) of Treasury Rule Volume-I, “at the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate. The certificate should also be recorded on the monthly cash account, primary abstract or account current, where such account, abstract or account current is required to be submitted to the Accountant General such certificate must be signed by the head of the office who should invariably date the signature.”

As per Para 11 of GFR 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 sub-ordinate disbursing officer.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that variation of amount of Rs354.392 million was found in figures of the expenditures/rates.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN, Saifullah Magsi Division Shahdadkot	15	2015-16 to 2016-17	Variation in figure	108.000
2	XEN Discharge Observation Cell Lahore	05	2016-17	Wrong booking of expenditure	0.898
		07		Variation in development expenditure	0.440
3	XEN Guddu Barrage Division Kashmore	05	2015-16	Variation in the rate of items in the bill of quantity	172.745
		06		Variation in the cost of work without preparation of revised estimate & PC-I	71.230
4	XEN Upper Pinyari Division Hyderabad	01	2015-16 to 2016-17	Variation between SAP and Form-64	1.079
Total					354.392

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends justification for variation in figures, besides fixing responsibility on the person(s) at fault.

19.4.3 Doubtful payment - Rs5,953.962 million

As per Rule 88 of Sindh Financial Rules, Volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

As per Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs5,953.962 million was incurred on various work, the expenditure are doubtful. The detail is given at **Annex-1** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing of responsibility on the persons(s) at fault.

19.4.4 Misappropriation of Government money – Rs2.721 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of following offices of Irrigation Department, Government of Sindh for the financial year 2015-16 & 2016-17, it was observed that an expenditure of Rs2.721 million was incurred by misappropriating of Government money.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of Matter	Expenditure
1	XEN Rohri Canal Division Hyderabad	01	2015-16	Misappropriation	1.686
2	XEN Akram Wah Division Badin	15	2015-16 to 2016-17	Misappropriation through double payment	1.035
Total					2.721

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing of responsibility on the persons(s) at fault.

19.4.5 Non-production of record – Rs10,264.000 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of various offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, auditable record amounting to Rs10,264.000 million was not produced to audit for scrutiny. The detail is given at **Annex-2** of Chapter-19.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

19.4.6 Irregular payment to contractor without provision in PC-I – Rs204.294 million

As per Section 3.5 of Project Guidelines by Planning Commission Islamabad, Project Management Policy, After preparation of PC-I/PC-II, the Principal Accounting Officer has to sign the PC-I/ PC-II certifying that “the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the

preparation of PC-I of the concerned sector projects”. Thereafter, PC-I/PC-II is to be submitted to the relevant forum for approval/authorization.

As per Clause 2 of the contract agreement, “Quantity of work is to be done within the particular time as specified and within the proportionate time, such as 1.4th of work in 1/4th of the time and contractor will abide by the programme of detailed progress laid down by the executive engineer. In the event of the contractor failing to comply with this condition he shall be liable to pay as compensation not exceeding 10% of the estimated cost of the work as shown in the tender”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that various works amounting to Rs204.294 million were carried out under different schemes without approval / revision of PC-I. Details are as under:

(Rupees in million)

Sr. #	Name of Para	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN Rohri Canal Division Khesana Mori Hyderabad	9	2016-17	Violation of Provision of PC-I	188.241
2	XEN Upper Pinyari Division Hyderabad	2	2016-17	Without provision in PC-I	14.110
3	XEN Lower Pinyari Division Sujawal	06	2015-16	Irregular purchase of vehicle without Provision of PC-I	1.943
Total					204.294

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter besides, fixing of responsibility on the persons(s) at fault.

19.4.7 Irregular expenditure without inviting tender – Rs1,837.473 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that expenditure of Rs1,837.473 million was incurred without calling tenders in violation of SPPRA Rules. The detail is given at **Annex-3** of Chapter-19.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.8 Irregular payment without test report – Rs355.316 million

According to ASTM (American Society for Testing and Materials) D1557-12 Standard Test Method for Laboratory Compaction Characteristics of soil using Modified Effort, the earth work made to be compacted and test should be conducted for such a compaction to measure the degree of compaction required for the work.

And read with Para 81 of CPWA Code "The papers to be submitted with the project for a work will in general, consist of a report, plan a specification and a detailed

estimate of measurement, quantities and rate with an abstract showing the total estimated cost of each item.”

During audit of following offices of Irrigation Department, Government of Sindh for the financial year 2015-16 & 2016-17, it was observed that expenditure of Rs355.316 million was incurred without obtaining test report. The detail is given at **Annex-4** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during July to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.9 Non-adjustment of advances – Rs827.591 million

As per Para 668 of Central Treasury Rules, “Advances granted under special orders of competent authority to government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary”.

As per Rule-360 of CPWA code, states that, “Items in the Miscellaneous Public Works Advances account are cleared either by actual recovery or by transfer under proper sanction or authority, to some other head of account. Items or balances, which may become irrecoverable, should not be transferred until ordered to be written off.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that advances of Rs827.591 million were made for various purposes, but the same were not adjusted at the close of financial year. The detail is given at **Annex-5** of Chapter-19.

Audit was of the view that due to non-adjustment of advance payment and non-provision of detail account, audit could not verify the authenticity of expenditure.

The matter was reported to the management during March 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

19.4.10 Irregular expenditure on repair & maintenance – Rs6.765 million

As per Rule 88 of Sindh Financial Rules, Volume–I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs6.765 million was incurred on account of repair and maintenance work.

The following observations were noted:

- i. The works were split up into pieces to avoid calling tender.
- ii. Conciliated estimates were not prepared and sanctioned.
- iii. The progress of the work was not submitted.
- iv. Measure sheet/ book were not provided.
- v. Scrap used parts register was not produced to audit.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Nature of matter	Amount
1	XEN Rohri Canal Division Hyderabad	17	2015-16	M&R of X-Regulator	1.042
2	XEN Naseer Division Hyderabad	20	2015-16	M&R of X-Regulator	3.198
3	XEN Tube well Division Ratodero	04	2015-16 to 2016-17	Repair of Transformer instead of WAPDA	0.392
		08		Repair of Transformer instead of WAPDA	0.635
		07		Repair of Pumps	0.503
		06		Rewinding of electric motor	0.995
Total					6.765

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.11 Irregular procurement without hoisting on website – Rs4,241.028 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

As per Rule-45 of SPPRA rules 2010 , 'the procurement agency shall immediately upon award of contract, make the evaluation report of the bid and the

contract agreement public through hosting it on authority's website as well as on procuring agency website, of the procuring agency has such a website.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs4,241.028 million was incurred on procurement, but the advertisement was not hoisted on the authority's website. The detail is given at **Annex-6** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.12 Non-constitution of procurement committee – Rs12136.310 million

According to Rule 07 of Sindh Public Procurement Rules, 2010, “Constitution of a Procurement Committee - The procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by a gazette officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that an expenditure of Rs12,136.310 million incurred to various work, but procurement committee was not constituted.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Northern Dadu Canal Division Dadu at Larkana	03	2016-17	509.819
		10	2015-16	13.218
2	XEN Shahbaz Irrigation Division Sehwan	01	2015-16	249.614
3	XEN Rohri Division Kandiaro	10	2016-17	165.865
4	XEN Mithrao Irrigation Division Mirpurkhas	02	2016-17	472.110
5	XEN Rice Canal Division Larkana	01	2016-17	164.137
6	XEN Tubewell Division Naushero Feroze	03	2015-16 to 2016-17	238.057
7	XEN Jamrao Division Mirpurkhas	01	2015-16	9653.855
8	XEN Shahbaz Irrigation Sehwan	03	2015-16	63.503
9	XEN Hala Irrigation Division Hala	13	2016-17	606.132
Total				12136.310

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.13 Non-accounting of articles – Rs154.936 million

According to Rule - 113 of Sindh Financial Rules, Volume-I, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and the material is issued from store and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in the appropriate Stock Registers.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs154.936 million was incurred on purchase of various articles but the same were not accounted for into stock registers.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Tubewell Division Ratodero	13	2015-16 & 2016-17	0.727
2	XEN Naseer Division Hyderabad	11	2016-17 & 2015-16	1.498
		17		2016-17
3	XEN Discharge Observation Cell Lahore	06	2015-16	0.448
		11		2015-16
4	XEN Irrigation Research Division Karachi	13	2014-15& 2015-16	3.092
5	XEN Rohri Division Moro	04	2016-17	1.922
6	XEN Rohri Canal Division Hyderabad	4	2014-15/ 2015-16	0.274
		5		0.157
		16	2015-16	1.042
7	XEN Lower Pinyari Division Sujawal	17	2015-16	7.797
8	XEN Sukkur Barage Division Sukkur	02	2016-17	93.491
9	XEN Southern Dadu Division Dadu	01	2015-16	26.385
10	XEN Rohri Division Kandiaro	08	2016-17	0.056
11	XEN Irrigation Kandhkot Division Kandhkot	05	2016-17	13.294
		11	2016-17	2.473
			Total	154.936

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.14 Non-crediting of government revenue – Rs940.036 million

According to Rule 41(a) of Sindh Financial Rules, Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury. Read with Para 399 (iii) of CPWA Code, ‘‘the unclaimed balance of Public Works Deposits for more than three complete account years should be credited to Government as lapsed deposit,’’

As per Rule-26 of General Financial Rule Volume-I, ‘‘It is duly controlling to see that all sums due to Government are regularity and promptly assessed, realized and credit in public account.’’

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs940.036 million was collected on account of Government revenue, but the same was not deposited into the government treasury. The detail is given at **Annex-7** of Chapter-19.

Audit was of the view that Government sustained loss of revenue due to non-deposit of collected revenue into Government treasury, which resulted into weak financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of revenue into government account, besides taking remedial measures.

19.4.15 Irregular payment on account of mobilization advance – Rs1203.726 million

According to Rule-220 (c) of Sindh financial Rules, Volume-I, states ‘‘In respect of work above Rs2.500 million, the contractor may be allowed by the authority competent to accept the tender, a mobilization advance up to 10% of the tendered amount, subject to the following conditions:

1. The contractor shall, before obtaining the advance, furnish a guarantee in Form 20-A.

2. The contractor shall pay interest at the rate of 10% per annum on the advance”.
3. The advance is required to be allowed in case of purchase of heavy machinery from abroad.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that mobilization advance for Rs1203.726 million was paid to contractor without contract agreement and bank guarantee and the same was also not recovered.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN Upper Pinyari Division Hyderabad	10	2015-16 to 2016-17	Mobilization advance was not recovered	199.999
2	XEN Shahbaz Irrigation Sehwan	06	2016-17	Mobilization advance not recovered	21.249
3	XEN Lower Pinyari Division Sujawal	07	2015-16	Less deduction of interest on mobilization advance	13.393
4	XEN RBOD-I Sann at Jamshoro	09	2015-16	Non recovery of interest on mobilization advance	3.700
5	XEN Jamrao Division Mirpurkhas	03	2015-16	Mobilization advance	965.385
Total					1203.726

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during July to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.16 Irregular award of work on non-schedule rates – Rs28.36 million

According to Sr. # 4 of Schedule of Rates (Composite) for finished items of works, 1996, “The non-schedule item costing up to Rs1,000 should be got sanctioned

by the concerned Superintendent Engineer and exceeding Rs1,000 must be got approved and sanctioned by the Chief Engineer.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs28.36 million was drawn and paid to various contractors on works on non-scheduled items without obtaining approval and sanction of the competent authority. The rates analysis duly sanctioned by the competent authority was also not prepared.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN RBOD Division III Thatta	01	2016-17	non schedule items	16.926
2	XEN Kandhkot Irrigation Division Kandhkot	07	2016-17	non schedule item	8.755
3	XEN Mithrao Irrigation Division Mirpurkhas	05	2016-17	non schedule item	1.450
4	XEN Akram Wah Division Badin	10	2015-16 to 2016-17	non schedule item	1.229
Total					28.36

Audit was of the view that works on non-scheduled items without obtaining approval constituted weak financial and administrative management.

The matter was reported to the management during August 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing of responsibility on the person(s) at fault.

19.4.17 Irregular expenditure without observing codal formalities – Rs796.219 million

As per Para-13 of General Financial Rules, “Every controlling officer must satisfy himself not only that adequate provisions exist within the Departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard

against waste and loss of public money and stores but also that the prescribed checks are effectively applied.”

As per Rule 88 of Sindh Financial Rules, Volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of various offices of Irrigation Department, for the financial years 2014-15 to 2016-17, it was observed that payments of Rs796.219 million were made without observing codal formalities. The detail is given at **Annex-8** of Chapter-19.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during March 2017 to September 2017 but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.18 Irregular expenditure on third party monitoring report - Rs1,723.742 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure

of Rs1,723.742 million was incurred on execution of works but payment was made without obtaining third party monitoring report.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Jamrao Division Mirpurkhas	09	2015-16	1266.245
2	XEN Upper Pinyari Division Hyderabad	11	2015-16/ 2016-17	21.178
3	XEN Rohri Canal Division Hyderabad	15	2015-16	1.527
4	XEN Shahbaz Irrigation Division Sehwan	09	2015-16	68.882
5	XEN Shahbaz Irrigation Division Sehwan	02	2016-17	298.468
6	XEN Tubewell Division Naushero Feroze	09	2015-16./ 2016-17	56.510
7	XEN Drainage Division LBOD Shaheed Benazirabad	04	2015-16/ 2016-17	4.387
8	XEN RBOD-I Jamshoro	08	2016-17	1.100
9	XEN Dad Division Shaheed Benazirabad	04	2016-17	4.205
10	XEN Naseer Division Hyderabad	15	2015-16	1.240
Total				1723.742

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.19 Irregular expenditure due to non-achievement of targets - Rs919.796 million

As per revised PC-I, the project revamping/rehabilitation of irrigation & draining system in Sindh was required to be completed up to 2010-11.

As per Instructions to the bidders, 1B.11 Document Establishing Bidder's Eligibility and Qualification, 11.1 Pursuant to Clause 1B.8, the bidder shall furnish, as part of its bid, documents establishing the bidder's eligibility to bids and its

qualifications to perform the contract if its bid is accepted. 11.2 Bidder must possess and provide evidence of its capability and the experience as stipulated in Bidding Data and the Qualification Criteria mentioned in the Bidding Documents.

During audit of office of the Executive Engineer, Guddu Barrage Division Kashmore, for the financial year 2015-16, it was observed that the work “Desilting along Begari Sindh Feeder” was awarded to the contractor M/s Sardar Ashraf of Rs919.796 million, but the bidder did not furnish documents in respect of his eligibility to undertake the contract. The work was not completed and finally abandoned so the target set in PC-I was not achieved.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in May 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR # 02)

19.4.20 Execution of earth work through private contractors instead of Mechanical Division - Rs1,021.548 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

According to Finance Department Circular No.B-IV-8/131/8 dated 09-04-1987 read with circular No. DA/FD/ID-Ex/10/87/698 dated 27-04-1998, “Earthworks are to be carried out through Mechanical Division.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an amount Rs1,021.548 million was paid to private contractors for engaging hydraulic excavators/heavy machinery at various sites without obtaining NOC from the concerned mechanical divisions. The detail is given at **Annex-9** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.21 Non-furnishing of information to NAB – Rs5833.121 million

As per Rule Bureau letter No 195-(14) A&P/NAB/2008 dated 13-02-2012 issued by National Accountability Bureau, “All departments of Provincial and Local Government a required to furnish to NAB a copy of any agreement, contract, undertaking entered into an auction, bidding, planned to be conducted of minimum monetary value of fifty million (50 million) rupees or more with the fastest available means of communications”.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that works of Rs5833.121 million were awarded to the contractors but the management did not furnish copies of agreement, work order, sanction estimate, contract, comparative statement and procurement plan to NAB.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	XEN Barrage Division Sukkur	22	2015-16	306.865
2	XEN Saifullah Magsi Division Shahdadkot	05	2015-16 2016-17	293.41
3	XEN Jamrao Division Mirpurkhas	07	2016-17	175.000
4	XEN Jamrao Division Mirpurkhas	01	2016-17	5057.846
Total				5833.121

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter besides fixing of responsibility on the person (s) at fault, besides taking remedial measures.

19.4.22 Irregular expenditure by splitting to avoid tender – Rs1,173.780 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan; Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of various offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs1173.780 million was incurred on works awarded to various contractors through splitting to avoid open tenders. The detail is given at **Annex-10** of Chapter-19.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that the inquiry of matter, besides fixing of responsibility on the person(s) at fault.

19.4.23 Irregular expenditure on account of extra item of work - Rs742.191 million

Para-711 (Note-8) of Public Works Departmental Manual, Volume-I, states that, “the officer competent to sanction tender can also accord sanction to the execution of extra item of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed the amount of the sanctioned estimate plus such excess as the officers concerned is competent to sanction”.

According to Clause-38 of the Contract Agreement, the quantities exceeding up to a limit of 30% or less are permissible to be executed. When an item of work is likely to be executed by more than 30%, in such cases, revision must be submitted containing facts and justification for approval of competent authority.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that payment amounting to Rs742.191 million was made to the contractor on account of various extra items without approval of the competent authority.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN lower Pinyari Division Sujawal	02	2015-16	696.020
		13	2016-17	2.082
2	XEN Sukkur Barrage Division Sukkur	04	2016-17	30.482
		08		1.964
3	XEN Drainage Division Badin	02	2016-17	10.371
4	XEN Irrigation Research Division Karachi	02	2014-15 to 2015-16	0.823
		06		0.112
		07	0.337	
Total				742.191

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during May 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.24 Irregular expenditure on defective execution of work – Rs456.556 million

As per Rule-52 of Sindh Public Procurement Rules, 2010, “Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder”.

According to Clause-8 Reduced Rates; of the standard bidding document for the works, that in cases where the items of work are not accepted as so completed, the Engineer-in-charge may make payment on account of such items at such reduced rates as he may consider reasonable in the preparation of final or on running account bills with reasons recorded in writing.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that reduced payment of Rs. 456.556 million was made for various items of work without recording any written reasons.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN Mithrao Irrigation Division Mirpurkhas	04	2016-17	Defective execution of contract agreement	228.386
2	XEN RBOD III Thatta	08	2016-17	Without rectification of defect	112.137
3	XEN Sukkur Barrage Division Sukkur	03	2016-17	Defective work	55.978
4	XEN Shahdadt Irrigation Division Shahdadt	07	2015-16	Reduced rate	10.639
5	XEN Jamrao Division Mirpurkhas	11	2016-17	Reduced rate	34.796
6	XEN Jamrao Division Mirpurkhas	08	2016-17	Reduced rate	14.620
Total					456.556

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during July 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.25 Non-imposition of penalty for delayed works – Rs1,357.405 million

According to clause-2 of the Contract Agreement, “the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 percent of the estimated cost of the work as shown in the tender”.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that due penalty of Rs1,357.405 million was not imposed on contractors whose works were not completed on the stipulated time. The detail is given at **Annex-11** of Chapter-19.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.26 Irregular withholding payment of contractor - Rs953.010 million

According to Para 638 of PWD Manual, Volume-I all the charges incurred must be drawn paid at once and under the circumstances they may be allowed to stand over to be paid from the budget grant of next financial year, If the work of an important nature the efforts should be made for obtaining the supplementary budget.

During audit of following offices of Irrigation Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs953.010 million was withheld from the contractor's bill for want of funds in violation of above rule. The detail is given at **Annex-12** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing of responsibility on person(s) at fault.

19.4.27 Un-authorized retention of Government money – Rs51.844 million

According to Article 84 of Audit Code, It is as essential function of audit to bring the light not only cases of clear irregularities but every matter which in its judgment appear to involve improper expenditure or waste of public money or store, even through the accounts themselves may be in order and obvious irregularity has occurred it is, thus, not sufficient to see that sundry rules or order of competent authority have been observed. It is more important to keep in mind the brought and waste principles of Finance not only by the DDO but also by sanctioning authorities. Read with Para 399 (iii) of CPWA Code, "the unclaimed balance of Public Works Deposits for more than three complete account years should be credited to Government as lapsed deposit," As per Rule-26 of General Financial Rule Volume-I, "It is duly controlling to see that all sums due to Government are regularity and promptly assessed, realized and credit in public account."

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that an amount of Rs51.844 million was not credited in government account, resulting into undue retention of Government money.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of matter	Amount
1	XEN Shahbaz Irrigation Division Sehwan	14	2015-16	Retention of lapsable security deposit	6.519
2	Mechanical Engineer Upper Sindh Mechanical Division Sukkur	20	2015-16	Retention of Govt. fund	1.323
3	XEN Drainage Division Sujawal	04	2016-17	Retention of Govt. revenue	0.732
4	XEN Hala Irrigation Division Hala	12	2015-16	Retention of Govt. revenue	34.973
5	XEN Jamrao Division Mirpurkhas	12	2015-16	Retention of Govt. revenue	8.297
Total					51.844

Audit was of the view that retention of funds constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends crediting of revenue into government account, besides taking remedial measures.

19.4.28 Non-deduction of shrinkage allowance – Rs21.552 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2004, “Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

According to the condition specified in Note-3 of the schedule-B of the contract, a deduction of shrinkage from the bank will be made at the rate 3% to 6% if earthwork is done through machine (tractor & scrappers).

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs21.552 million on account of shrinkage allowance was not deducted from the bill. The detail is given at **Annex-13** of Chapter-19.

Audit was of the view that Government sustained loss due to non-deduction of shrinkage allowance, which resulted into weak financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.29 Irregular refund of security deposit – Rs106.197 million

According to Rule 182(A) of Sindh Financial Rule, Volume-I, states that security deposit lodged by the contractor may be returned to the contractor after expiry of three months from the date of completion of work. According to Clause- of the contract agreement that the security deposit cannot be refunded to the contractor in full or part thereof before the expiry of three months after completion of work.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that security deposit amounting to Rs106.197 million was refunded to the contractors before three months after completion of work. The detail is given at **Annex-14** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during September 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

19.4.30 Irregular payment on account of extra lead – Rs164.389 million

According to Para 4 of Schedule of Rate (Composite) for finished items of works, 2012 states “No lead small or long for carriage of material for items as per this schedule is to be paid separately. However provision for the cost of carriage of materials from the predetermined nearest source of supply may be made in the estimates.”

According to Article 84 of Audit Code, It is an essential function of audit to bring the light not only cases of clear irregularities but every matter which in its judgment appear to involve improper expenditure or waste of public money or store, even through the accounts themselves may be in order and obvious irregularity has occurred it is, thus, not sufficient to see that sundry rules or order of competent authority have been observed. It is more important to keep in mind the brought and waste principles of Finance not only by the DDO but also by sanctioning authorities.

During audit of various offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an undue benefit of Rs164.389 million was allowed on account of extra lead / cartage to the contractors but neither the lead chart was prepared and approved from the Competent Authority nor the specific sources/point from which the material was brought was mentioned. The detail is given at **Annex-15** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.31 Irregular payment through DDOs account – Rs57.960 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

As per Rule 28 (2) of Central Treasury Rules Volume-I, “ A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that funds of Rs57.960 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors. The detail is given at **Annex-16** of Chapter-19.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.32 Irregular payment on carriage material – Rs82.285 million

As per Para 4 of schedule rates Volume-III (part-I) 2004, states “ No lead, small or long for carriage of material is to be made separately. However provision for the cost of carriage of material from predetermined nearest source of supply may be made in the estimate.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that an amount of Rs82.285 million was paid to various contractors on carriage material without preparation of lead chart and sanction from competent authority.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial year	Amount
1	XEN Rohri Canal Division Hyderabad	06	2015-16	59.253
2	XEN Naseer Division Hyderabad	03	2016-17	12.269
3	XEN Drainage Division Badin	07	2016-17	10.763
Total				82.285

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during August 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.33 Irregular expenditure on land acquisition – Rs2.200 million

According to Para 110 (iii) of Sindh Financial Rules, Volume-I, “the office who settles the price should draw up Form-A appendix 5 prescribe for use in the case of an award and this should be made on the basis of subsequent payment”.

During audit of office of the Executive Engineer, Right Bank Outfall Drain (RBOD) Division-II Hyderabad at Jamshoro for the financial year 2015-16, it was observed that an amount of Rs2.200 million was paid to Land Acquisition Officer, Jamshoro for acquiring land under Land Acquisition Act 1894, vide C./v No.05 dated 13-04-2016 for the work “Extension of RBOD from Sehwan to sea”. However, statement of award of land was not produced and no any disbursement account was given by Land Acquisition Officer.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry for fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 09)

19.4.34 Irregular payment in violation of SPPRA Rules – Rs4.391 million

According to rule 61 of Sindh Public Procurement Rules, 2010, the selection of Consultancy Services shall be guided by the following considerations:

- (1) Best quality of services available;
- (2) Need for economy and efficiency;
- (3) Need to give all qualified consultants an equal opportunity to compete;
- (4) Encouragement of local consultants without any unfair competitive advantage;
- (5) Transparency in the selection process.

During audit of office of the Executive Engineer, Small Dam Division Kohistan II Jamshoro for the financial year 2015-16, it was observed that payment of Rs4.391 million was made to the consultant M/s Associate Consulting Engineering (pvt) Ltd. Vide C.V No. 17 dated 31-12-15, for preparation of two reports Interim feasibility report and updated feasibility report. However, the consultant submitted updated feasibility report and claimed for both reports, which is violation of above rule.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry for fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 09)

19.4.35 Un-authorized premium to contractor – Rs654.730 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that different development works amounting to Rs654.730 million of same nature were awarded to same contractor, but premium was allowed at different rates which was un authorized. The detail is given at **Annex-17** of Chapter-19.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management during January 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.36 Irregular payment of electrical work without obtaining electrical license - Rs32.201 million

According to Para 2.20 of SPPRA, Procurement Regulation (Works) - Enlistment by Departments: - (Rule 29(4)) “Sindh Public Procurement (SPP) Rules does not permit departments to Enlist/Register the Firms/Contractors in any category/class. Contractors/Firms are allowed to participate in the bids even without registration of PEC when cost is not more than 2.5 million. Registration with PEC and other professional bodies is mandatory if required by law. In case of electrical works, the license from Electrical Inspector of Sindh is mandatory. “

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2016-17, it was observed that following electrical works amounting to Rs32.201 million was made to contractors without having electrical license from the Electrical Inspector.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial year	Nature of Matter	Amount
1	XEN Shahbaz Irrigation Division Sehwan	04	2016-17	Various electric work without having license	26.680
2	XEN Jamrao Division Mirpurkhas	14	2016-17	Various electric work without having license	5.521
Total					32.201

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.37 Non-deduction of Voids – Rs31.793 million

According to the standing rates committee No. Rate/60/948/42/66 dated 29th October 1969, “25% void is required to be deducted from the bills of contractors”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs31.793 million was not deducted on account of voids from the contractor’s bill.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	XEN RBOD-I Jamshoro	13	2016-17	9.429
2	XEN Naseer Division Hyderabad	27	2015-16	16.374
3	XEN Small Dam Division Kohistan-II Jamshoro	14	2015-16	2.747
4	XEN RBOD-I San Jamshoro	12	2015-16	2.184
5	XEN Sukkur Barrage Division Sukkur	13	2016-17	0.785
6	XEN Barrage Division Sukkur	20	2015-16	0.274
Total				31.793

Audit was of the view that Government sustained loss due to non-deduction of voids, which resulted into weak financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

19.4.38 Non-deduction of sales tax on services – Rs138.890 million

As per Rules 2(2) and (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007 under S.R.O. 660(1)/2007, Islamabad, the 30th June, 2007, “A

withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him” and “All withholding agents shall make purchase of taxable goods from a person duly registered under Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, if purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 17% of the value of the taxable supplies made to him from the payment due to the supplier”.

As per Section 8 (1) chapter II of the Sindh Sales Tax on Services Act, 2011 states subject to the provisions of this Act, there shall be charges, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in the Schedule in which the taxable service is listed.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that sales tax on services amounting to Rs138.890 million was not deducted from contractors on procurement of various items. The detail is given at **Annex-18** of Chapter-19.

Audit was of the view that Government sustained loss due to non-deduction of sindh sales tax, which resulted into weak financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.39 Non-deduction of general sales tax – Rs15.837 million

As per Rules 2(2) and (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007 under S.R.O. 660(1)/2007, Islamabad, the 30th June, 2007, “A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him” and “All withholding agents shall make purchase of taxable goods from a

person duly registered under Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, if purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 17% of the value of the taxable supplies made to him from the payment due to the supplier”.

During audit of office of the Executive Engineer Sukkur Barrage Division Sukkur, for the financial year 2016-17, it was observed that general sales tax amounting to Rs15.837 million was not deducted.

Audit was of the view that Government sustained loss due to non-deduction of general sales tax, which resulted into weak financial management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 11)

19.4.40 Less deduction of income tax – Rs8.138 million

According to Para 153(1)(a),(b) & (c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001. Income tax is required to be deducted at source while making payment to suppliers/contractors w.e.f 01-07-2015.

Description		Filer of Tax Return	Non Filer of Tax Return
Sale of goods-(Section 153(1)(a))			
1	Companies	4%	6%
2	Other than companies	4.5%	6.5%
Services rendered-(Section 153(1)(b))			
1	Companies	8%	12%
2	Other than companies	10%	15%
Contract Payment I Resients-(Section 153(1)(c))			
1	Companies	7%	10%
2	Other than companies	7.5%	10%

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that income tax amounting to Rs8.138 million was less deducted from the contractor/ supplier.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount Due	Amount Drawn	Amount less
1	XEN Rice Canal Division Larkana	07	2016-17	Less deduction of Income tax	17.773	12.441	5.332
2	XEN Mithrao Division Mirpurkhas	02	2015-16	Less deduction of Income tax	0.357	0.267	0.089
3	XEN Begari Bund Division Sukkur	06	2015-16	Less deduction of Income tax	0.699	0.419	0.280
4	XEN RBOD-III Thatta	02	2015-16	Less deduction of Income tax	15.077	14.072	1.005
5	XEN Shahdadkot Irrigation Division Shahdadkot	06	2015-16	Less deduction of Income tax	2.865	1.432	1.432
Total					36.771	28.631	8.138

Audit was of the view that Government sustained loss due to less-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management during November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.41 Non recovery of outstanding dues – Rs368.047 million

As Para 28 of General Financial Rule, “no amount due to Government needs to be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that an amount of Rs368.047 million was left outstanding against customer of residential colonies of department and various works i.e de-silting and flood emergency, but no efforts were made to recover the outstanding amount.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of Matter	Amount
1	XEN Kotri Barrage Division Jamshoro	07	2015-16	Non recovery of water charges	282.656
2	XEN Barrage Division Sukkur	08	2015-16	Non recovery of electricity charges	48.022
3	XEN Mechanical Engineer Upper Sindh Mechanical Division Sukkur	14	2015-16	De-silting & flood emergency work	28.022
4	XEN Sukkur Barrage Division Sukkur	12	2016-17	On account of utility charges	9.347
Total					368.047

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during May 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.42 Non recovery of inadmissible pay & allowances – Rs11.653 million

As per Rule 88 of Sindh Financial Rules, Volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16 & 2016-17, it was observed that the inadmissible pay & allowances of Rs11.653 million were paid to staff.

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Nature of matter	Amount
1	XEN Rohri Canal Division Moro	01	2015-16	Pay of other staff	8.040
2	XEN Kalari Begar Division Thatta	10	2016-17	Payment of allowances	2.288
3	XEN Rohri Canal Division Khesana Mori Hyderabad	01	2016-17	Double salary	0.540
4	XEN Shahdadt Irrigation Division Shahdadt	02	2015-16	Pay & allowances	0.139
		05		Charge allowance	0.027
5	XEN Naseer Division Hyderabad	31	2015-16	Wrong calculation of encashment	0.093
6	XEN Hala Irrigation Division Hala	08	2016-17	Recovery of Pay & allowances	0.340
7	XEN Hala Irrigation Division Hala	07	2016-17	Recovery of Pay & allowances	0.186
Total					11.653

Audit was of the view that management failed to recover inadmissible pay & allowances which constituted weak administrative and financial management.

The matter was reported to the management during July 2017 to November 2017, but no reply was received

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.43 Non recovery of conveyance allowance – Rs1.510 million

According to Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1997 read with Para-7(a) of Finance Division (Regulation wing) OM No.I(D)imp/2008 dated 30-6-2008. The office cum residence conveyance allowance is an allowance to facilitate Government officers/officials to reach the office and not admissible to those officer/officials who have been provided with government transport facility or residing within work premises. As per Para 8 of the office Memorandum of Government of Sindh, Finance Department No. F.D (SR-IV)-1(12)/77 dated 13th May, 1977, “all employees posted at Islamabad, Karachi, Lahore and Hyderabad/Kotri Jamshoro, not residing within their work premises, shall be allowed conveyance allowance or motor cycle/car maintenance allowance”.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16, it was observed that several employees were allowed conveyance allowance of Rs1.510 million who were also allotted government vehicles in violation of above rule.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	XEN Naseer Division Hyderabad	28	2015-16	0.480
2	XEN Kalari Beghar Division Thatta	03	2016-17	0.430
3	XEN Drainage Division Tando Muhammad Khan	14	2015-16/ 2016-17	0.360
4	Mechanical Engineer Upper Sindh Mechanical Division Sukkur	13	2015-16	0.240
Total				1.510

Audit was of the view that management failed to recover inadmissible conveyance allowance which constituted weak administrative and financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.44 Non-deduction of income tax – Rs153.753 million

According to Section 50(4) of Income Tax Ordinance 1979, an amount from time to time any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contact with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 3.5% on supply & 6% on services of gross amount.

According to section 153 (1) (a) of the Income Tax Ordinance 2001, 4% Income Tax is required to be deducted at source while making payment to suppliers / contractors.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that income tax of Rs153.753 million was not deducted from various contractors at the time of making payment. The detail is given at **Annex-19** of Chapter-19.

Audit was of the view that Government sustained loss due to non-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management during January 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.45 Non-recovery of stamp duty from contractors - Rs21.154 million

According to Para 22-A of Stamp Act, 1899. "It was the duty of the competent authority to recover the stamp duty and affix the same, while executed of agreement at the rate 0,30 paise per hundred rupees of the value of the agreement or against tender cost." Read with Para 2(2-A) of Stamp Act 2009 the stamp duty 30 paise per hundred may got recovered and affixed on the agreement

During audit of following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that stamp duty amounting to Rs21.154 million was not recovered from the contractors for affixing of stamps on contract agreement in violation of above rule. The detail is given at **Annex-20** of Chapter-19.

Audit was of the view that Government sustained loss due to non-recovery of stamp duty, which resulted into weak financial management.

The matter was reported to the management during January 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

19.4.46 Non-recovery of miscellaneous other items – Rs8.254 million

As per Rule-360 of CPWA code, states that, ‘‘Items in the Miscellaneous Public Works Advances account are cleared either by actual recovery or by transfer under proper sanction or authority, to some other head of account. Items or balances, which may become irrecoverable, should not be transferred until ordered to be written off.’’

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2015-16, it was observed that in Form 70 an amount of Rs8.254 million was lying under the head of miscellaneous other items without recovery from the concerned quarter.

(Rupees in million)

Sr.#	Name of office	AIR Para #	Financial Year	Nature of matter	Amount
1	XEN Southern Dadu Division Dadu	09	2015-16	Form 70	7.355
2	XEN Dad Irrigation Division Shaheed Benazirabad	09	2015-16	Form 70	0.899
Total					8.254

Audit was of the view that Government sustained loss due to non-recovery of miscellaneous other items, which resulted into weak financial management.

The matter was reported to the management during April 2017 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER –20

KATCHI ABADIES AND SPATIAL DEVELOPMENT DEPARTMENT

20.1 Introduction

Sindh Katchi Abadis Authority (SKAA) was established in 1987 under Sindh Katchi Abadi Act 1987 for regularization and up-gradation of katchi abadis in the Province.

The Authority is a corporate body. Its' headquarter is at Karachi. The general direction and administration of the Authority and its affairs vests in a Governing Body headed by the Minister for katchi abadis as its Chairman. Director General is the chief executive of the Authority.

Powers and Function of the Authority

- Implement policies formulated by government for the development or improvement of the areas of the katchi abadis and regularization of such katchi abadis.
- Lay-down guidelines for the implementation of such policies by the concerned authorities.
- Identify the katchi abadis or areas thereof which may be developed, improved or regularized under this Act and also identify the katchi abadis or areas which cannot be regularized as katchi abadis.
- Arrange or carry out detailed physical surveys, census of occupants of the katchi abadis and prepare or cause to be prepared plans and amelioration plans and designs of infrastructure works in connection with the regularization and development of the katchi abadis.
- Formulate development and financial programmes in respect of the katchi abadis and determine implementation strategy of such programmes.
- Oversee the operation of the fund.
- Evict or cause to be evicted unauthorized person or remove or cause to be removed encroachments from a katchi abadi or any area which is not regularizable as katchi abadi in accordance with the law.

20.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 80 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
346.528	0.000	5.077	(5.077)	(57.999)	288.529	273.108	15.421

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs15.421 million was observed, which was not surrendered in time.

20.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

20.4 AUDIT PARAS

20.4.1 Loss to government due to non-recovery of Government Vehicles

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it were observed that Vehicle XLI No.GL-7507 was stolen in the year 2012, but no efforts was made to recover the vehicle. Further, 03 (three) vehicles were still in use of Ex-officers/private individuals without having authority to retain it. The details are as under:

Sr.#	Vehicle No.	Make & Model	Under use	Designation
1	GS-5863	Toyota Altus-2009	Mr. Tarique Arain	Ex-chairman SKAA
2	GSA-855	Toyota XLI-2012	Mr. Javed Nagori	-do-
3	GS-5654	Suzuki Mehran 2006	Mr. Kashif Gulzar	Ex-Director General

Audit was of the view that Government sustained loss due to non-recovery of government vehicles, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that vehicles may be recovered and responsibility may be fixed on the person (s) found at fault.

(AIR#01)

20.4.2 Non-production of record

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the following offices of Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, following auditable record was not produced for audit scrutiny.

Name of office	Particulars of record not produced	AIR Para #
Managing Director, Sindh Industrial Trading Estate, Karachi	Expenditure statement, lease recovery, Cash book	02
	Lease recovery	03
	Achieved goals/objectives/regularization of Katchi Abadi	06

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of auditable record, besides fixing responsibility on the person(s) at fault.

20.4.3 Irregular payment on account of rent of building – Rs15.267 million

Rule-88 of Sindh Financial Rules, Volume-I provides that every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it was observed that an amount Rs15.267 million was paid to owner on account of rent of building.

(Rupees in million)

Sr.#	RD Office	Amount
1	Secretary Office	14.733
2	Sukkur	0.300
3	Mirpurkhas	0.234
Total		15.267

The following observations were noted:

- i. Tender not called for the building/Banglow.
- ii. High rates allowed to owner for secretary office.
- iii. Rent agreement with owner was not available on record.
- iv. Acknowledgment receipt from owner was not obtained.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#17)

20.4.4 Less deposit of lease amount - Rs-14.995 million

Rule-88 of Sindh Financial Rules, Volume-I provides that every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it was observed that lease amount of Rs14.995 million was less deposited into Government account.

Audit was of the view that Government sustained loss of revenue due to less-deposit into Government treasury, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#13)

20.4.5 Doubtful expenditure on procurement of un-delivered vehicles - Rs7.512 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it was observed during scrutiny record of PAO and Director General Katchi Abadis that expenditure of Rs7.512 million incurred on procurement of vehicles.

The following observations were noted:

- i. Vehicles were not delivered till the close of audit.
- ii. List of vehicles not produced to ensure the scarcity of vehicles in the office

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends enquiry in the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#11)

20.4.6 Un-authorized expenditure on appointment of contingent paid staff-Rs2.651 million

As per Finance Department, Karachi letter No.FD/(Exp:IX)/767/91 (B) Prov. dated 23rd April 1996, no appointment of work-charged establishment/ contingent paid staff be made without prior approval of Finance Department.

During audit of office of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it was observed that appointment of daily wage has been made for Regional Directorate without obtaining due approval from Finance Department. This resulted into unauthorised expenditure of Rs2.651 million.

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#21)

20.4.7 Irregular withdrawal of cash from bank through open cheque - Rs1.686 million

As per Rule-303 of Treasury Rules, contingent bill for payment to suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.

During audit of office of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it was observed that an amount of Rs1.686 million was withdrawn from bank through open cheques instead of issuing crossed-cheques to the vendors.

(Amount in Rupees)

Sr.#	R.D. Office	Amount
1	Sukkur	702,381
2	Shaheed Benazirabad	791,922
3	Mirpurkhas	191,630
Total		1,685,933

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person (s) at fault.

(AIR#09)

20.4.8 Irregular expenditure on account of medical re-imburement - Rs1.285 million

As per Rule-23 of General Financial Rules, Volume-I, every government officer should realise 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 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 office of the Secretary, Katchi Abadis & Spatial Development Department, Government of Sindh, for the financial year 2016-17, it is observed that an amount of Rs1.285 million was paid to officers/officials of Head office and Regional Directorates on account of reimbursement of medical charges.

(Amount in Rupees)

Sr.#	Office/Regional Directorate	Amount
1	Secretary	387,927
2	Karachi	551,474
3	Hyderabad	132,840
4	Mirpurkhas	141,681
5	Sukkur	70,892
Total		1,284,814

The following observations were noted:

- i. The expenditure was incurred without approval of committee.
- ii. The supportive documents/details of payment were not attached with the bills.
- iii. The certificates of non-availability of medical facility at government hospital from MS Services Hospital/Civil Surgeon were not available on the record.
- iv. The sanction orders for the claim were not attached with the bills.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person (s) at fault.

(AIR#20)

CHAPTER –21 LABOUR & HUMAN RESOURCES DEPARTMENT

21.1 Introduction

The Labour & Human Resources Department consists of following attached departments:

- i. Labour Department headed by Secretary Labour,
- ii. Labour Appellate Tribunal headed by Chairman,
- iii. Minimum Wages Board headed by Chairman,
- iv. Manpower & Training Department headed by Director,
- v. Sindh Employees Social Security Institutions headed by Commissioner,
- vi. Inspectorate of Mines headed by Chief Inspector

The main role of the Department is:

1. All matters relating to labour in general, including
 - a. Welfare and conditions of labour (including mine labour)
 - b. Labour Laws;
 - c. Labour Courts; and
 - d. Social Security.
2. Employment Exchanges (Provincial Liabilities only),
3. Minimum Wages Board,
4. Rehabilitation and employment of demobilized personnel.

21.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 80 formations (DDOs), out of which 02 formation was selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
762.250	46.088	128.528	(128.528)	(77.736)	730.601	553.522	177.080

The department was unable to spend the allocated budget in time. As a result, savings of an amount of Rs177.080 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
8.800	8.800	30.766	(21.966)

21.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	6	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	2	1	0	1	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		8	1	0	1	-

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

21.4 AUDIT PARAS

21.4.1 Doubtful payment of salaries - Rs9.363 million

Appendix 18 (a) Section-I of Sindh Financial Rules, Volume-II, states that, “means should be devised to ensure that every Government servant realizes 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 be also held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action of culpable negligence

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs9.363 million was incurred on account of salaries of the staff posted in the closed school of Gulshan-e-Maymar.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 19)

21.4.2 Un-authorized utilization of receipt account – Rs4.853 million

Rule 26 of General Financial Rule (GFR) Vol-I provides that “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the department controlling officers to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Department Account. No department receipt shall be utilized towards contingent expenditure”.

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs4.853 million was received

on account of rent, installments, tender fee etc. However, the receipt was required to be credited into receipt account of Workers Welfare Board, but same was utilized on contingent payments without approval of competent authority. The detail is as under:

(Amount in Rupees)

Dated	Receipts	Amount
12-07-2016	Tender fee	1,500
12-08-2016	Rent/installment	144,050
17-08-2016	Tender fee for supply of uniform, shoes, text books, security guards	30000
23-08-2016	Rent/installment	843,215
08-09-2016	Rent/installment	10,823
24-11-2016	Rent/installment	882,209
21-12-2016	Rent/installment	928,030
25-01-2017	Rent/installment	999,146
15-03-2017	rent/installment	685,142
03-05-2017	Earnest money books, shoes, uniform	329,420
	Total	4,853,535

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 22)

21.4.3 Irregular payment without supporting vouchers - Rs 2.728 million

According to Rule-23 of Sindh Financial Rules, Volume-I, "Every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim."

During audit of office of the Secretary Labour & Human Resources Department Government of Sindh Karachi, it was observed that an expenditure of Rs2.728 million incurred on account of TD/DA and medical charges, but supporting documents of the same were not produced.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of supporting vouchers, besides fixing responsibility on the person(s) at fault.

(AIR#20&21)

21.4.4 Less achievement of target - Rs10.520 million

According to Rule 20 of General Financial Rules (GFR) Volume-I, "Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account"

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that target of Rs11.576 million was fixed for collection of rent from allottees of flats at various sites. But Rs1.055 million were recovered which was less than fixed target by an amount of Rs10.520 million.

Audit was of the view that management failed to take necessary steps and enforce the prescribed procedures for achievement of targeted revenue, which constituted weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 18)

21.4.5 Irregular execution of work over the sanctioned estimate – Rs111.756 million

As per Para-532 of Public Works Department Manual, “A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to exceed by more than 5% either rising from the rate being found insufficient or from other cause whatsoever.”

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that excess payment of Rs111.756 million was made to the contractors over and above the sanctioned estimates and permissible limit of 5% without approval of revised estimates.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 03)

21.4.6 Excess payment over and above tender cost - Rs108.605 million

As per Para-532 of Public Works Department Manual, “A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to exceed by more than 5% either rising from the rate being found insufficient or from other cause whatsoever.”

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that eight works were awarded to different contractors for construction of flats amounting to Rs378.874 million, but payment was made Rs487.479 million. The excess payment over tender amount comes to Rs108.605 million which in terms of percentage ranges from 13.30% to 45.92%. The excess payment was made without getting approval from the competent authority. The detail is given at **Annex-1** of Chapter-21.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 02)

21.4.7 Irregular expenditure on account of purchase of uniform and shoes - Rs60.488 million

Appendix 18 (a) Section-I of Sindh Financial Rules, Volume-II, states that, "Means should be devised to ensure that every Government servant realizes 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 be also held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action of culpable negligence

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an expenditure of Rs60.488 million was incurred on purchase of school uniforms and shoes.

The following observations were noted:

- i. The payment was made without deduction of sales tax amounting to Rs455,355/-

- ii. Income tax was less deducted for Rs. 524,300/-
- iii. Some of delivery challans were either without date or overwritten.
- iv. Inspection report was not attached.
- v. Acknowledgment of uniforms from school head master/ head mistress were not produced.
- vi. Stock register was not produced.
- vii. The performance/bank guarantee from supplier was not obtained.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#13,14&17)

21.4.8 Irregular payment of marriage grant – Rs47.610 million

As per Policy/Terms and Condition of marriage grant point out in the application form and advertisement;

- i. Bank account details of the applicant along with attestation from the concerned Bank Branch
- ii. Application for marriage grant must be applied within 6 months of Nikkah.
- iii. Industrial establishment / mines registered under relevant act / law and Employer organization paying 2% WWF or 5% WPPF
- iv. The applicant must have an age of 18 years at the time of application.
- v. Affidavit duly attested by the Notary Public or Oath Commissioner that the particulars given by the applicant are correct and if found wrong, he/she will refund double of the amount received as marriage grant.

During the audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs47.610 million was incurred on account of marriage grant.

The following observations were noted:

- i. The bank accounts maintenance certificate was not attached.
- ii. The EOBI/SESSI card not produced
- iii. The marriage registration certificates from NADRA were not attached.
- iv. Undertaking affidavits were not found.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 12)

21.4.9 Irregular earning of from security deposit - Rs18.652 million

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.”

During the audit of office the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs18.652 million was obtained as profit from the security deposit account. However the security deposit account remains a liability account in which the security deposit of contractors is deposited until it is refunded to the contractors, but the profit was earned by the board without providing provision in Board Act.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 06)

21.4.10 Irregular payment of escalation charges – Rs53.810 million

According to Para 6 of Schedule of Rates, Volume-(Part-II) 6th Edition, 2012 “if any national Education Works / Agency wants to allow the difference in cost of material such as cement, steel or bricks, they have to refer the matter to the Standing Rates Committee Sindh for its consideration / approval. Para 128 of CPWA Code provides that the escalation will not be allowed without preparation of rate analysis and got approved by the government.

During the audit of office the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that the payment of Rs53.810 million was incurred on account of escalation charges without making escalation chart and approval thereon from the competent authority. Further the rates of these items were required to be obtained from market and to be analyzed after adding contractor’s profit; however the same was not done.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 04)

21.4.11 Irregular expenditure by splitting up purchases to avoid tender – Rs2.477 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan; Rule 17 (1) ibid provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in the rules.

During audit of office of the Secretary Labour & Human Resources Department Government of Sindh Karachi for the year 2016-17, it was observed that an expenditure of Rs2.477 million was incurred through splitting to avoid open tenders.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 02)

21.4.12 Irregular payment on account purchase of fixed assets –Rs 1.376 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of office of the Secretary Labour & Human Resources Department Government of Sindh Karachi, it was observed that an amount of Rs1.376 million were paid to various suppliers against supply of various fixed assets items.

The following observations were noted:

- i. Joint inspection report was neither attached with the bills nor produced to audit.
- ii. Contract agreement was not executed with the suppliers.
- iii. Comparative statement was not signed by the committee but only one initial was found which was not justifiable.
- iv. No performance security was obtained.
- v. Dead stock register was not maintained.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#5&8)

21.4.13 Irregular expenditure on account of rent of office building - Rs1.270 million

According to Rule-23 of General Financial Rules, Volume-I, every Government officer should realized 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 office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs1.270 million was paid to M/s Telecom Foundation on account of rent of office buildings.

The following observations were noted:

- i. Agreement was not executed with the payee.
- ii. Assessment from the building department was not carried out.
- iii. Sales tax was short deducted amounting to Rs. 136,367/-.

iv. Income tax was less deducted amounting to Rs. 3,525/-.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 26)

21.4.14 Non-transfer of receipts into workers welfare board – Rs3,277.907 million

As per Rule-20 of General Financial Rules (GFR) Volume-I “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account”

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that an amount of Rs2,695.589 million and Rs582.318 million was collected by Federal Board of Revenue and Sindh Revenue Board respectively during 2016-17, but the same was not transferred into sindh workers board till the close of financial year.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends transfer of receipt into board account under intimation to audit.

(AIR # 01,11&15)

21.4.15 Non-imposition of penalty – Rs20.643 million

According to clause-2 of the contract agreement, “the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of time. In the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”.

During the audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that various works of Rs206.428 million were awarded to the contractors, which were required to be completed within the stipulated period. However the contractors failed to complete the works in time, but penalty of Rs20.643 million was not imposed.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR # 05)

21.4.16 Excess payment of conveyance allowance and house rent ceiling - Rs15.025 million

According to Finance Division (Regulation Wing) office memo No.F.3(1)-R.5/2010 dated 03.07.2017 the rates of conveyance allowance admissible to Civil

Servants working in BPS-01 to BPS-19 was Rs5,000/ month. According to Ministry of Housing and Works office memo No.F.4(8)/92-Policy dated 01.10.2014 rental ceiling for hiring of residential accommodation is admissible at Karachi at given rates.

During the audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that excess amount of Rs15.025 million on account of conveyance allowance and house accommodation ceiling was paid to the officials against standing orders. As the excess rate of conveyance was paid against the approved rate and higher ceiling for residential accommodation was allowed to the officials without fulfilling codal formalities and in violation of rule of Finance Division.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#20&21)

21.4.17 Excess execution of item of work – Rs4.091 million

Clause 38 of the Contract Agreement, states that, “the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.”

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that excess quantities of works amounting to Rs4.091 million was allowed than the permissible limit of 30% of the estimated cost, without prior approval of competent authority.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 07)

21.4.18 Short-recovery of stamp duty – Rs3.913 million

According to para-22-A of Stamp Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit of office of the Secretary Workers Welfare Board Sindh, Karachi for the year 2016-17, it was observed that various works of Rs1, 411.357 million were awarded to different contractors but stamp duty of Rs3.913 million was short recovered through affixing of stamps on contract agreement.

(Amount in Rupees)

Sr. #	Name of work	Tender amount	Stamp duty at the rate 0.3%	Stamp duty paid	Less recovered amount
1	96 Larkana	23,726,440	71,179	12,500	58,679
2	192 Noori abad	34,952,240	104,856	12,500	92,356
3	512 Kotri	307,807,570	923,323	87,500	835,823
4	504 Hyderabad	639,438,275	1,998,323	175,000	1,823,334
5	3000 Karachi	405,433,324	1,216,298	112,500	1,103,798
Total		1,411,357,849	4,313,979	400,000	3,913,990

Audit was of the view that Government sustained loss due to short-recovery of stamp duty, which resulted into weak financial management.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 08)

21.4.19 Less/ Non-deduction of GST/ SST –Rs 0.824 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011 states: “ Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in the Schedule in which the taxable service is listed.” Further section 9 (2) chapter II states: “Where a service is taxable by virtue of sub-section (2) of section 3, the liability to pay the tax shall be on the person receiving the service.” And as per Second Schedule of The Sindh Sales Tax on Services Act, 2011, the rate of tax is 17% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of office of the Secretary Labour & Human Resources Department Government of Sindh Karachi, it was observed that GST & SST of Rs0.824 million was less / non-deducted from suppliers.

(Amount in Rupees)

Sr. #	Head	Not deducted	Less deducted	Difference	Amount
01	GST	2,902,338	--	287,449	205,948
02		3,378,923	574,417	--	574,417
03	SST	596,960	--	74,855	8,719
04		251,440	35,201	--	35,201
Total					824,285

Audit was of the view that Government sustained loss of revenue due to less/non-deduction of taxes, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR #16)

CHAPTER –22

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

22.1 Introduction

The main role of the Law, Parliamentary Affairs & Human Rights Department is:

1. To monitor and control the activities of legal system of the province,
2. To provide infrastructure for the courts and other law department functions,
3. To charge expenditure of the legal framework in government of Sindh Budget,
4. To advice to department in all legal matters, including interpretations of laws, including rules and orders having enforced in law,
5. To appoint Administrator General, Official Trustee, and Official Assignee,
6. To prepare civil law, procedures and constitutional legislations.

22.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 90 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
9,925.412	1,041.259	3,439.115	(3,439.115)	(252.468)	10,714.203	9,143.716	1,570.487

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,570.487 million was observed, which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
6,718.712	1,931.566	-	1,931.566

The department was unable to collect the estimated receipts.

22.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 11.1%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	1	1	1	0	100
2	1998-99	0	0	0	0	-
3	1999-2000	10	4	0	4	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	1	1	0	1	-
8	2007-08	3	3	0	3	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		15	9	1	8	11.1

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

22.4 AUDIT PARAS

22.4.1 Poor financial management – Rs4.503 million

As per Rule-128 of Sindh Budget Manual and Para-95 of General Financial Rules Vol-I, the Drawing and Disbursing Officer is personally responsible for surrendering the savings to the Government before the close of the financial year. According to the para 95 of General Financial Rules (GFRs) Vol.I “all anticipated savings should be surrendered to Government immediately they are foreseen without waiting till the end of the year, unless they are required to meet excess under some other unit or units which are definitely foreseen at the time and no savings should be held in reserve for possible future excess”

During audit of the office of Director Human Rights, Karachi, for the year 2015-16, it was observed that, a sum of Rs4.503 million of annual budgetary grant was placed at the disposal of departmental authorities, but the funds were not fully utilized for the intended purposes.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#04)

22.4.2 Non-production of record – Rs180.360 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.

- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of following offices of Law, Parliamentary Affairs & Human Rights Department, Government of Sindh, Karachi, for the year 2016-17, following auditable record of Rs180.360 million was not produced for audit scrutiny

(Rupees in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, Law, Parliamentary Affairs & Human Rights, Government of Sindh, Karachi	01	2016-17	Payment to Sindh Human Rights Commission and Sindh Judicial Academy under Grant in Aid	70.000
2	Director Human Rights, Karachi	05	2015-16	Reconciled expenditure Statement	61.282
		06	2015-16	Bank Statement	49.078
Total					180.360

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted administrative and financial management indiscipline and deliberate violation from prescribed rules.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

(AIR#20)

22.4.3 Loss to state on account of law charges payment - Rs64.800 million

As per Appendix 18-A of Sindh Financial Rules (SFR), Volume-I, "Every 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 responsible for any loss arising from fraud and negligence on the part

of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Secretary, Law, Parliamentary Affairs & Human Rights Department, Government of Sindh, Karachi, for the financial year 2016-17, it was observed that payment of Rs64.800 million was made to Mr Farooq H. Naek & Danish Qazi on account of law charges for pleading of cases before honourable courts. Audit is of the view that despite availability of Advocate General of Sindh as a representative of Provincial Government for legal opinion, hiring of advocate from outside is wasteful and extra burden on government exchequer.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#3)

22.4.4 Non-accounting of various articles – Rs20.354 million

According to Rule-113 of Sindh Financial Rules, Volume-I, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and these should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in his appropriate stock registers”.

During audit of the office of Director Human Rights, Karachi for the year 2015-16, it was observed that various articles amounting to Rs20.354 million were purchased, but the same were neither accounted for in relevant stock registers nor their consumption account was maintained.

(Rupees in million)

Document No	Date	Cheque No	Vendor Name	G/L Descp	Cost Center	Amount
1900494307	18.06.2016	2409719	M/S Siddiqui Traders	Hardware	HD5508	0.118
5100080114	19.05.2016	2368767	Sidiqui Traders	Hardware	KA5756	0.118
5100082719	03.06.2016	2370098	Sindh Traders	Medical and Laboratory Equipment	KA5756	2.600
5100082722	03.06.2016	2370097	Sindh Traders	Medical and Laboratory Equipment	KA5756	17.400
1900508842	21.06.2016	2429300	Siddiqui Traders	Hardware	SK4206	0.118
Total						20.354

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in June 2017 but no reply was received

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

22.4.5 Irregular payment through DDOs account - Rs4.337 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of office of the Secretary, Law, Parliamentary Affairs & Human Rights, Government of Sindh, Karachi for the year 2016-17, it was observed that funds of Rs4.337 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors. The detail is given at **Annex-1** of Chapter-22.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#02)

22.4.6 Non/short-recovery of taxes – Rs 12.021 million

According to section 153 (1) of Income Tax Ordinance 2001, Every prescribed person, making payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person, shall deduct income tax at source on supplies of goods and services at the rate of 4% and 6.5% respectively.

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011 states: “ Subject to the provisions of this Act, there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in the Schedule in which the taxable service is listed.” Further section 9 (2) chapter II states: “Where a service is taxable by virtue of sub-section (2) of section 3, the liability to pay the tax shall be on the person receiving the service.” And as per Second Schedule of The Sindh Sales Tax on Services Act, 2011, the rate of tax is 17% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

“Legal practitioners and consultant” under PCT heading 9815.2000 is liable to sales tax @ 6% vide notification No. SRB-3-4/2013 dated 1st July 2013 of the Sindh Sales Tax on service Act, 2011.

During audit of following offices of Law, Parliamentary Affairs & Human Rights Department, Government of Sindh, Karachi, for the year 2016-17, it was observed that an amount of Rs12.021 million on account of various taxes and duties were not deducted.

(Rupees in million)

Sr. #	Name of Office	Particular	Financial Year	AIR Para #	Amount
1	Secretary, Law, Parliamentary Affairs & Human Rights Deptt: Karachi	Non-deduction of Sindh Sales tax on services	2016-17	04	6.888
2	Director Human Rights, Karachi	Non-deduction of Sindh sales tax from un-registered firms	2015-16	13	3.537
		Non-less deduction of I.Tax	2015-16	14	1.596
				Total	12.021

Audit was of the view that Government sustained loss due to non-short recovery of taxes, which resulted into weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER - 23 ORGANS OF STATE

23.1 Introduction

This is a consortium of Governor House Secretariat, Provincial Assembly and Provincial Ombudsman Department. Each one among these is separate public entity performing its own functions as defined in Sindh Rules of Business, 1986. Typically organs of state include following departments/wings (Excluding Law Department);

1. Governor House/Secretariat including Military Secretary Wing.
2. Provincial Assembly of Sindh.
3. Provincial Ombudsman.

Each department as mentioned above is allocated with separate budget and most of the activities of the departments are related to general administration and monitoring on the part of the government.

23.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 05 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
3,718.190	692.203	355.764	(355.764)	(243.473)	4,166.920	4,024.348	142.572

The department could not utilize the funds as per allocated budget, as a result savings of Rs142.572 million were observed.

23.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

23.4 AUDIT PARAS

Provincial Assembly

23.4.1 Unauthorized expenditure without approval of ECNEC - Rs5,683.721 million

As per Guidelines/Regulations for procurement of works, PC-I/PC-II of schemes/projects prepared by the administrative management is required to be placed before the ECNEC for approval/clearance in case cost of scheme is above Rs1 billion.

During audit of office of the Project Director, Construction of new Sindh Assembly Building/Hall & Parliamentarians Residence, Karachi for the financial year 2016-17, it was observed that expenditure of Rs 5,683.721 million was incurred on construction of New Sindh Assembly Building/Hall Karachi without approval from the competent forum i.e. ECNEC.

Audit was of the view that expenditure incurred without approval of ECNEC constituted weak financial and administrative management.

The matter was reported to the management in July 2017. The management replied that the scheme was approved from PDWP and as per guidelines/regulations for procurement of works of SPPRA. However, the management did not produce copy of approval from ECNEC.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR#03)

23.4.2 Over payment due to excess rate allowed on steel - Rs81.028 million

As per Appendix 18-A of Sindh Financial Rules, Volume-I, "Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of office of the Project Director, Construction of New Sindh Assembly Building/Hall & Parliamentarians Residence, Karachi for the financial year 2016-17, it was observed that excess payment of Rs81.028 million was made to contractor for various works due to allowing excess rate on steel than the rate prevailing in the market.

(Rupees in million)

C.V # & date	Name of contractor	Name of work	Item of work	Qty	Rate	Amount Paid	Amount as per market rate @ 85	Difference
01 11-05-17	M/s SMK Construction & Co.	Const of Sindh Parliamentarians Residence (Tower A) Karachi	Providing & Laying Deformed Steel	1017212.92 Kg	131/KG Or 131000/ Ton	133.255	86.463	46.792
07 02-05-17	M/s NPI	Const of Sindh Parliamentarians Residence (Tower B) Karachi	Deformed Steel Reinforcement	460810.814 Kg	137/KG Or 137000/ Ton	63.131	39.169	23.962
04 28-02-17	M/s NPI	Const of Sindh Parliamentarians Residence (Tower B) Karachi	Deformed Steel Reinforcement	197571.20 Kg	137/KG Or 137000/ Ton	27.067	16.794	10.274
Total								81.028

Audit was of the view that payment allowed on excess rate of steel constituted weak financial and administrative management.

The matter was reported to the management in July 2017. The management replied that the rate was allowed through competitive bidding and includes cost of straightening, cutting, bending, wastage etc. The reply of [management](#) was not satisfactory. Further the reply was irrelevant and was not supported with relevant documents.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#08)

23.4.3 Non-deduction of shrinkage allowance – Rs 6.978 million

According to S. No. 8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2004, “Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machines (tractors and bulldozer) at the rate of 3 to 6%.”

During audit of office of the Project Director, Construction of New Sindh Assembly Building/Hall & Parliamentarians Residence, Karachi for the financial year 2016-17, it was observed that expenditure of Rs116.305 million was incurred on account of earthwork. However, shrinkage allowance @ 6% of work i.e. Rs 6.978 million was not deducted from the contractors bills.

(Rupees in million)

C.V No. & Date	Name of Contractor	Name of Work	Name of Item	Qty (cft)	Rate	Amount
08 02-05-17	M/s SMK Construction Co.	Construction of Sindh Parliamentarians Residence (Tower A) Karachi	Earth Work	890410.09	93	82.808
06 15-12-17	M/s NPI Construction & Engg.	Construction of Sindh Parliamentarians Residence (Tower A) Karachi	Earth Work	358203.15	99	33.497
Total						116.305
6% earth work						6.978

Audit was of the view that Government sustained loss due to non-deduction shrinkage allowance, which resulted into weak financial management.

The matter was reported to the management in July 2017. The management replied that the rate was allowed through competitive bidding and as per SPPRA rules. The reply was not satisfactory as shrinkage allowance was not deducted at the time of payment.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing of responsibility against person(s) at fault.

(AIR#15)

23.4.4 Less-deduction of income tax - Rs 1.515 million

According to Rule 153 (1)(c) of Income Tax Ordinance 2001, Every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the sale of goods; shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rates specified in Division III of Part III of the 1st schedule (in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is non-filer.

During audit of the Project Director, Construction of New Sindh Assembly Building/Hall & Parliamentarians Residence, Karachi, for the financial year 2016-17, it was observed that expenditure of Rs 60.616 million was incurred on execution of civil works, but income tax was not deducted as per prescribed rate. Thus, government sustained loss of Rs 1.515 million.

(Rupees in million)

Voucher No & date	Name of work	Name of contractor	Amount of the bill	I.Tax to be deducted at 10 %	Income tax deducted at 7 %	Less deduction at 3%
Dy No.2710 27-02-17	Revamping / Rehabilitation of Old Building of Provincial Assembly of Sindh, Karachi	M/s Evershine Constructors	17.725	1.773	1.329	0.443
01 10-04-17	Construction of Sindh Parliamentarians Residences (Tower-B) Karachi	M/s NPI Construction & Engineering	42.891	4.289	3.217	1.072
Total			60.616	6.062	4.546	1.515

Audit was of the view that Government sustained loss due to less-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management in July 2017. The management replied that the contractors were filers but the reply was not supported by the copies of the returns filed by them. The office at Sr. # 2 did not reply.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides fixing of responsibility against person(s) at fault.

(AIR#01)

Military Secretary to Governor House of Sindh

23.4.5 Payment through DDOs account - Rs16.059 million

As per Rule 303 of Treasury Rules, "Contingent bill for payment to Suppliers etc., which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid unnecessary delays and risk involved in the drawal and disbursement of cash".

During audit of office of the Military Secretary to Governor House of Sindh Karachi for the financial years 2014-15 & 2015-16, it was observed that funds of Rs16.059 million were deposited into DDO's accounts instead of crediting into accounts of actual vendors.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported out to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01)

23.4.6 Non-accountal of medicines & stationery –Rs3.716 million

According to para-113 of Sindh Financial Rule Vol-I, “All material received a should be examined counted measured or weighted as the case may be when delivery is taken and they should be taken by a responsible Government officer who should see that the quantities are correct and their quality is good and record certificate that he has actually received as the materials and recorded them in the appropriate stock register”.

During audit of office of Military Secretary to Governor House Sindh Karachi for the financial years 2014-15 & 2015-16, it was observed that an expenditure of Rs 3.716 million was incurred on account of purchase of medicines & stationery without accounting for in relevant stock register(s).

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported out to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#7)

23.4.7 Irregular expenditure by splitting up purchases to avoid tender – Rs3.120 million

As per Rule 12 “Limitation on Splitting or Regrouping of Proposed Procurement” of Sindh Public Procurement Rules, 2009 “(1) Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

During audit of office of the Military Secretary to Governor House of Sindh Karachi, for the financial years 2014-15 & 2015-16, it was observed that an

expenditure of Rs3.120 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders.

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported out to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#09)

23.4.8 Irregular expenditure without drug testing laboratory report –Rs1.742 million

According to letter No.DGHSS/G-1 (57)/1707/65 dated 10-02-2006, DG (Health) Services Sindh Hyderabad: “Payment on account of Purchase of medicines could not be released without drug testing laboratory report”.

During audit of office of Military Secretary to Governor House Sindh Karachi, for the financial years 2014-15 & 2015-16, it was observed that expenditure of Rs1.742 million was incurred on account of purchase of medicine without obtaining drug testing laboratory report.

Audit was of the view that irregular expenditure without drug testing laboratory report constituted weak financial and administrative management.

The matter was reported out to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#05)

23.4.9 Non-deduction of Sales Tax on services/supplies – Rs4.593 million

As per Chief Minister Instructions vide letter No. DS (Staff)/CMS/12/01/2012 dated 29.11.2012 wherein all Administrative Secretaries and their respective DDOs/Officers of all institutions/managements to comply with provision of SST Special Procedure (Withholding Rule, 2011) which states that ‘the accounting office responsible for making payment shall deduct and withhold the tax amount and shall transfer the same amount, so deducted at source during a month to Sindh Government’s head of account “B-02384”---Sindh Sales Tax on Services”.

According to Notification issued by Sales Tax Management for sales Tax Special procedure (withholding) rules, 2007 vide letter No. S.R.O 77 (I) 2008 dated 23-01-2008, that withholding agent shall deduct an amount equal to 1/5 of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him. If sales tax invoice is not provided then 17% tax would be deducted.

During audit of the office of Military Secretary to Governor House Sindh Karachi for the financial years 2014-15 & 2015-16, it was observed that an expenditure of Rs 27.016 million was incurred on various supplies & services rendered, but the sales tax @17% on services/supplies was not deducted amounting to Rs 4.593 million.

Audit was of the view that Government sustained loss due to non-deduction of sales tax, which resulted into weak financial management.

The matter was reported out to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#02)

CHAPTER –24 PLANNING AND DEVELOPMENT DEPARTMENT

24.1 Introduction

The Planning and Development Department, Government of Sindh is the principal planning organization at the provincial level. It coordinates and monitors development programs and activities of various departments of the provincial government.

The mandate of the planning & development department includes provision of technical support and coordination to various Government departments in their planning activities. The Planning & Development Department is also the main government agency working with foreign donors in the province.

The main objectives of the Planning and Development Department are:

- Assessment of the material and human resources of the province,
- Formulation of long and short term plans,
- Recommendations concerning prevailing economic conditions, economic policies or measures,
- Examination of such economic problems as may be referred to it for advice,
- Coordination of all economic activities in the provincial government.

24.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 39 formations (DDOs), out of which 03 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
4,523.203	3.809	217.970	(217.970)	(1,846.188)	2,680.824	2,118.199	562.625

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs562.625 million was observed which was not surrendered in time.

24.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 5.3%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	5	1	0	1	-
3	1999-2000	17	8	0	8	-
4	2001-02*	19	8	0	8	-
5	2004-05*	2	2	1	1	-
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		43	19	1	18	5.3

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

24.4 AUDIT PARAS

24.4.1 Non-production of record - Rs0.245 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the following offices of Planning & Development Department, Government of Sindh Karachi for the financial years 2011-12 to 2015-16, it was observed that various auditable records of Rs0.245 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Directorate of Urban Policy & Strategic Planning Karachi	Electricity bills	2014-15 & 2015-16	09	0.245
2	Program Coordinator, Community Development Program Karachi	Bank statements Reconciled Expenditure Statements Log books Dead stock register	2011-12 to- 2015-16	01	-
		Annual Procurement Plan	2011-12 to 2015-16	08	-
				Total	0.245

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in May & June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of the relevant record, besides fixing of responsibility on the person(s) at fault.

24.4.2 Irregular payment made to NGOs/CSOs/others institutes - Rs849.746 million

According to Para-88 of Sindh Financial Rules Volume-I, “Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of the office of the Program Coordinator, Community Development Program Karachi for the financial years 2011-12 to 2015-16, it was observed that payment of Rs849.746 million was made to various NGOs for Community Development Program.

The following observations were noted:

- i. Funds were released to NGOs without obtaining NOCs from the concerned departments / authorities.
- ii. Site visit was not conducted before issuance of 1st installment.
- iii. Evidence for post audit of the expenditure from A.G Sindh was not produced

(Amount in Rupees)

Financial Year	Description	Amount
2015-16	Payment made to various NGOs/CSOs/Institutes	43,102,357
2014-15	-do-	102,849,932
2013-14	-do-	231,471,433
2012-13	-do-	214,346,422
2011-12	-do-	257,976,348
Total		849,746,492

Audit was of the view that irregular payment made to NGOs/CSOs/others institutes constituted weak financial and administrative management.

The matter was reported to the management in June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter besides fixing of responsibility on the person(s) at fault.

(AIR#02&03)

24.4.3 Irregular payment on account of Honorarium - Rs56.341 million

According to the Government of Sindh Finance Department (Regulation Wing) vide his letter No.FD(SR-VII) 20/37/95 dated 15-05-1995, the following decisions regarding grant of honorarium to Government servants have been taken by the Government:

- (i) Not more than one honorarium shall be granted to any official and shall not exceed one month's pay.
- (ii) Recommendations by the Ministers/Departments etc shall be examined strictly in accordance with the rules by the Finance Department and approval will be given in cases which fulfil all conditions laid down for grant of honoraria. This condition shall also apply to the personal staff of Ministers/Advisors/Special Assistants and Secretaries.
- (iii) Honorarium shall be admissible up to the level of Section Officers and equivalent.

According to rule FR-9(9), "Honorarium means recurring or non-recurring payment to the Government Servant from general revenue as remuneration for special task." Honorarium is to be allowed when the work is occasional in character and also laborious or of special merit. Honorarium is granted when conditions are fulfilled; that the work is occasional in nature and work is so laborious or of such merit as to justify special award. Further the amount must not exceed employees one month pay concerned on each occasion."

During audit of the Secretary Planning & Development Department, Karachi for the year 2016-17, it was observed that payment of Rs56.341 million was made to the various officers & officials on account of honorarium up to seven basic pays.

The following observations were noted:

- i. Payment was made without mentioning their extra ordinary works / duties performed by the officers and officials other than their own assigned work.
- ii. Certificates of good performance were not produced.
- iii. Acknowledgement not obtained.

Audit was of the view that undue favour was extended to officers/officials which resulted weak financial and administrative management.

The matter was reported to the management during August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for fixing responsibility on the person(s) at fault.

(AIR#01)

24.4.4 Irregular expenditure on purchase of hardware - Rs43.613 million

According to rule 88 of Sindh Financial rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the following offices of Planning & Development Department, Government of Sindh Karachi for the year 2016-17, it was observed that irregular expenditure of Rs43.613 million was incurred on procurement of hardware items.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Director General, Monitoring & Evaluation Cell, Karachi	Inspection of hardware items was not made, Sales tax and income tax was not deducted	2016-17	04	40.590
2	Secretary, Planning & Development Department, Karachi	Requisition was not obtained Sales tax registration certificate of supplier was not available Delivery challans were not available	2016-17	03	3.023
Total					43.613

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during August & September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

24.4.5 Irregular payment to contingent employees – Rs37.149 million

As per Finance Department, Government of Sindh letter # FD(EXP:IX)-7(67)/91(B) Prov dated 23rd April, 1996, “No appointment of work charged establishment/contingent paid staff be made without prior approval of the Finance Department”.

During audit of the following offices of Planning & Development Department, Government of Sindh Karachi for the years 2011-12 to 2016-17, it was observed that an expenditure of Rs37.149 million was incurred on salaries to the work charged/contingent paid employees.

The following observations were noted:

- i. Approval from Finance Department was not obtained.

- ii. Orders regarding relaxation of ban on appointment by the competent authority were not provided to audit.
- iii. Advertisement of the posts through press was not furnished.
- iv. Appointment of Selection Committee and minutes of meeting were not produced.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Program Coordinator, Community Development Program Karachi	2011-12 to 2015-16	07	36.729
2	Secretary Planning & Development Department, Karachi	2016-17	10	0.420
Total				37.149

Audit was of the view that appointment of contractual staff without fulfilment of codal formalities resulted into illegal appointments and weak administrative management.

The matter was reported to the management during August & June, 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault.

24.4.6 Irregular payment on account of POL - Rs11.078 million

As per Services and General Administration Department Circular No.CTC(SGA&CD)-1(2)/90 dated: 09-12-1991, the following books are to be maintained for each motor vehicle.

- i. Log book and form A should remain in the custody of the driver of vehicle.
- ii. History sheet of the vehicle should remain in the custody of officer in charge of the vehicle showing its movement.
- iii. Consumption account of POL on form-C.

During audit of the following offices of Planning & Development Department, Government of Sindh for the years 2011-12 to 2016-17, it was observed that

expenditure of Rs11.078 million was incurred on purchase of P.O.L for various vehicles without maintenance of record as tabulated below.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Director General, Monitoring & Evaluation Cell, Karachi	Log books was not maintained History sheets was not maintained Petrol consumption account was not maintained	2016-17	02	6.147
2	Program Coordinator, Community Development Program Karachi	Log books was not maintained History sheets was not maintained Petrol consumption account was not maintained	2011-12 to 2015-16	12	4.931
Total					11.078

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management during September & June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

24.4.7 Irregular expenditure on purchase of machinery & equipment - Rs10.966 million

According to rule 88 of Sindh Financial rules, "Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the following offices of Planning & Development Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs10.966 million was incurred on procurement of machinery & equipment.

(Rupees in million)

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Director General, Monitoring & Evaluation Cell, Karachi	Requisition was not obtained Inspection report was not available Delivery challan were not available	2016-17	01	9.994
2	Directorate of Urban Policy & Strategic Planning	Inspection report was not available Delivery challan were not available	2014-15 & 2015-16	10	0.972
Total					10.966

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during May & September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

24.4.8 Irregular expenditure on account of diet charges - Rs10.090 million

According to rule 88 of Sindh Financial rules, "Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the Secretary Planning & Development Department, Karachi for the year 2016-17, it was observed that an expenditure of Rs10.090 million was incurred on account of diet charges, but the payment was made to the staff instead of supply of food through vendor. Furthermore, vouchers of diet were not produced.

Audit was of the view that payment made to the staff instead of supply of food through vendor constituted weak financial and administrative management.

The matter was reported to the management during August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#02)

24.4.9 Irregular expenditure on printing & stationery-Rs6.738 million

According to rule-113 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be kept in-charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in its appropriate Stock Register”.

During audit of the following offices of Planning & Development Department, Government of Sindh for the financial year 2016-17, it was observed that expenditure of Rs6.738 million was incurred on purchase of printing & stationery material.

(Rupees in million)

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Secretary, Planning & Development Department, Karachi	Printing & Stationery material not accounted for in relevant stock registers Distribution details were not provided	2016-17	7 & 5	3.792
2	Director General, Monitoring & Evaluation Cell, Karachi	Requisition was not obtained Sales tax registration certificate of supplier was not obtained Distribution details were not available Entry was not made in stock register	2016-17	7 & 13	2.946
Total					6.738

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during August & September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

24.4.10 Irregular expenditure on repair of office building - Rs6.106 million

According to Appendix 18-A of SFR, Vol-I, states that “Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Director General, Monitoring & Evaluation Cell Karachi for the financial year 2016-17, it was observed that expenditure of Rs6.106 million was incurred on repair of office building.

The following observations noted.

- i. Neither the work was carried out through Building Division nor the NOC was obtained.
- ii. Engineer estimate was not produced and lump sum work was awarded without BOQ
- iii. Contract agreement was not executed with the contractor.
- iv. Work was executed without check measurement
- v. Work completion certificate was not produced.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#03)

24.4.11 Irregular expenditure on civil work – Rs4.037 million

According to World Bank guidelines “Procurement upto US\$100,000 equivalent per contract may be procured through shopping procedures or community based contract procedure, using the procedures and contract formats agreed with the Bank”

During the audit of the Sindh Cities Improvement Program – Tranch-2 for the year 2015-16, it was observed in the office of Managing Director, North Sindh Urban Services Corporation Limited, that an expenditure of Rs4.037 million was incurred on account service rendered “Replacement of 24” Dia Sewer line at Jinnah Chowk Sukkur”. The work was awarded to M/s Zam Zam Construction Company without obtaining quotations from three suppliers.

(Amount in Rupees)

Bill No.	Date	Cheque No.	Date	Amount
421	14-10-2015	65412792	26-01-2016	2,018,466
		67158185	09-02-2016	2,018,466
Total				4,036,932

Audit was of the view that irregular expenditure was incurred without obtaining quotations due to weak financial and administrative management.

The matter was reported to the management during October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#4.3.2)

24.4.12 Irregular expenditure by splitting up purchases to avoid tender–Rs1.883 million

Rule 12 (1) of SPPR 2010, provides that, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of the following offices of Planning & Development Department, Government of Sindh for the years 2011-12 to 2015-16, it was observed that expenditure of Rs1.883 million was incurred on various head of accounts through splitting of the sanction orders to avoid open tenders.

(Rupees in million)

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Program Coordinator, Community Development Program Karachi	Tender was not invited for repair of vehicles	2011-12 to 2015-16	05	1.283
2	Directorate of Urban Policy & Strategic Planning, Karachi	Tender was not invited for various head of accounts	2014-15 & 2015-16	02	0.600
Total					1.883

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during May & June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#02)

24.4.13 Irregular payment through DDOs account–Rs1.623 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of office of the Program Coordinator, Community Development Program Karachi for the financial years 2011-12 to 2015-16, it was observed that payments of Rs1.623 million was drawn from Assignment Account and transferred to the employees of local office instead of actual payee/vender account.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#06)

24.4.14 Irregular expenditure on purchase of furniture & fixture-Rs1.558 million

According to rule 88 of Sindh Financial rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the Director General, Monitoring & Evaluation Cell Karachi for the year 2016-17, it was observed that expenditure of Rs1.558 million was incurred on purchase of furniture & fixtures.

The following observations were noted.

- i. Supplier Sales tax registration certificate was not produced.
- ii. Delivery challans were not attached.
- iii. Articles were not accounted for in stock register.
- iv. Joint inspection/physical verification was not conducted.
- v. Acknowledgement receipt of payee was not obtained.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#08)

24.4.15 Non-recovery of vehicles from un-authorized persons

According to Rule 10 (i) and (iv) of General Financial Rules, volume-I, states that, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of office of the Program Coordinator, Community Development Program Karachi for the financial years 2011-12 to 2015-16, it was observed that two vehicles were retained by Ex-officers of the Community Development Program without justification.

Audit was of the view that Government sustained loss due to non-recovery of vehicles, which resulted into weak administrative and financial management.

The matter was reported to the management during June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery of vehicles, besides fixing responsibility on person(s) at fault.

(AIR#10)

24.4.16 Non-execution of various works

As per Schedule-1 Para-3 Part B-(i) &(ii) of Loan Agreement (Special Operation) Sindh Cities Improvement Investment Program - Project 2) “the project shall provide water supply improvements in Sukkur, New Sukkur, Rohri, Jacobabad and Khairpur” & “Wastewater management improvements in Sukkur, New Sukkur, Rohri, Khairpur, Larkana, shikarpur, Ghotki and Jacobabad”. Further as per Para-4 Part A of Loan Agreement (Special Operation) Sindh Cities Improvement Investment Program - Project 2) “The Project is expected to be completed by 28 February 2017.

As per Schedule-1 Para-3 Part C-(i) of Loan Agreement (Special Operation) Sindh Cities Improvement Investment Program - Project 2) “the project shall provide development of sanitary landfill sites for Khairpur and Shikarpur and a combined facility for Sukkur, New Sukkur and Rohri”. Further as per Para-4 Part A of Loan

Agreement (Special Operation) Sindh Cities Improvement Investment Program - Project 2) “The Project is expected to be completed by 28-February-2017.

During audit of the Sindh Cities Improvement Program – Tranche-2 for the year 2015-16, it was observed that as per Procurement Plan Tranche-2, various works were planned, but the same were not executed. Further, solid waste collection equipment was also not purchased.

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #
1	Sindh Cities Improvement Program Tranche-2	Water supply and waste water management improvement work was not executed as per plan	2015-16	4.4.1
		Development work of sanitary landfill sites were not executed	2015-16	4.4.2
		Solid waste collection equipment was not purchased	2015-16	4.3.1

Audit was of the view that in the light of above mentioned fact, management failed to take necessary steps to achieve procurement plan, which constituted weak administrative and financial management.

The matter was reported to the management during October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

24.4.17 Abnormal delay in execution of Tranche-2 project

As per Annexure-14 Implementation Schedule of PC-1 “Tranche-2 was required to be finalized by end of year 2013”.

During audit of office of the Sindh Cities Improvement Program – Tranche-2 for the year 2015-16, it was observed that the project was initiated through loan agreement of Tranche-2 project, signed on dated 08-May-2013, and was expected to be completed by 28-Feb-2017, but the funds were released in Feb, 2014. Therefore, the operation/execution was started from the date of receiving the funds i-e w.e.f. Feb, 2014, which shows abnormal delay in execution of the said project.

Audit was of the view that in the light of above mentioned fact, management failed to take necessary steps to complete the project within the implementation schedule of PC-1, which constituted weak administrative and financial management.

The matter was reported to the management during October 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#4.6.1)

24.4.18 Non/less-deduction of income tax & sales tax - Rs61.261 million

As per Rule-28 of General Financial Rules, Volume-I, “no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought.”

During audit of the following offices of Planning & Development Department, Government of Sindh Karachi for the financial years 2011-12 to 2015-16, it was observed that Sales Tax & Income Tax of Rs61.262 million were non/less deducted from different NGOs, rented building owners, and salaried personnel.

(Rupees in million)					
Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Program Coordinator, Community Development Program Karachi	Income tax was not deducted from the bills of NGOs	2011-12 to 2015-16	04	59.482
2	Sindh Cities Improvement Program Tranch-2	Less deduction of income tax from the owners for rent of building Less deduction of income tax from salaried personnel Non-deduction of sindh sales tax on rent of building,	2015-16	4.2.1, 4.2.2 & 4.2.3	1.779
Total					61.261

Audit was of the view that Government sustained loss to non/less-deduction of taxes, which resulted into weak financial management.

The matter was reported to the management during October 2016 & June 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

24.4.19 Non-recovery of excess allowances – Rs6.388 million

According to Finance department notification No.FD(SR-III)-5-145/2012 dated 02-03-2012, Government of Sindh granted utility allowance to the employees of Sindh Civil Secretariat and Provincial Assembly Sindh, w.e.f:01.01.2012, according to Para-2 (a) It shall not be admissible to those secretariat employees/ project employees who are drawing project allowance (c) It shall not be admissible to the employees on their transfer from Sindh Civil Secretariat.

According to Para 10(v) of the GFR Volume-I, “The amount of allowance should be so regulated that it is not, on the whole, a source of profit to the recipients.

During audit of the following offices of Planning & Development Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that payment of Rs6.388 million was made to various officers/officials on account of various allowances which were not entitled.

(Rupees in million)					
Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
1	Director General, Monitoring & Evaluation Cell, Karachi	Utility allowance paid to various officers/officials	2016-17	05	3.822
2	Sindh Cities Improvement Program Tranch-2	Additional charge allowance paid to contract employees before completion 6 months probationary period	2015-16	4.1.1 & 4.2.5	2.470

(Rupees in million)

Sr. #	Name of office	Irregularities	Financial Year	AIR Para #	Amount
		Excess POL allowed over ceiling limit for vehicles			
3	Secretary, Planning & Development Department, Karachi	Inadmissible allowances paid to various officers/officials Overtime allowance in excess overdue rate	2016-17	13 & 14	0.096
Total					6.388

Audit was of the view that Government sustained loss to non-recovery of inadmissible allowances, which resulted into weak financial management.

The matter was reported to the management during October 2016, August & September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 25 POPULATION WELFARE DEPARTMENT

25.1 Introduction

This department is basically meant for the socio-economic development by emphasizing on:

- Small family norms
- Reducing population growth rate
- Reducing infant mortality
- Maternal mortality and;
- Fertility level

25.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 39 formations (DDOs), out of which 27 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
4,456.667	99.243	713.526	(713.526)	(471.088)	4,084.822	3,503.384	581.438

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs581.438 million was observed which was not surrendered in time.

25.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 11.8%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	5	5	0	5	0
2	1998-99	9	1	0	1	0
3	1999-2000	0	0	0	0	0
4	2001-02*	0	0	0	0	0
5	2004-05*	0	0	0	0	0
6	2005-06	3	0	0	0	0
7	2006-07	6	0	0	0	0
8	2007-08	6	0	0	0	0
9	2008-09	6	2	0	2	0
10	2009-10	10	9	2	7	22.2
11	2014-15	2	0	0	0	-
Total		47	17	2	15	11.8

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

25.4 AUDIT PARAS

25.4.1 Non-production of record

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that:

- “(2) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules”.

During the audit of following offices of Population Welfare Department, Government of Sindh for the financial years 2015-16 & 2016-17, the following auditable record was not produced for audit scrutiny.

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars
1	RHS 'A' Centre, Mirpur Sakro, District Thatta	2015-16 & 2016-17	01	Service Books
2	DPWO, TMK	2015-16 & 2016-17	01	Cash Book & Reconciled Expenditure Statement
3	DPWO, Ghotki	2015-16 & 2016-17	01,24	Entire Accounts Record including RHS 'A' Taluka Obaro and Reconciled Expenditure Statement
4	DPWO, Mithi	2015-16 & 2016-17	09	Contraceptive Sale Register

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during July 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

25.4.2 Irregular payments into DDOs account - Rs219.164 million

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that cheques amounting **Rs219.164** million were issued in favour of DDOs instead of vendors. The detail is given at **Annex-1** of Chapter-25.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during March 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

25.4.3 Non-accountal of various articles - Rs103.665 million

As per Rule-113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of following offices of Population Welfare Department for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs103.665 million was incurred on the purchases of various items, but the same were not accounted for in the relevant stock registers. Due to non-accountal of articles, the authenticity of the procurement and its consumption could not be ascertained. The detail is given at **Annex-2** of Chapter-25.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during July 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

25.4.4 Irregular purchase of plant & machinery - Rs69.128 million

According to Rule-178 of G.F.R, Volume-I, tenders were required to be invited through leading newspapers in order to achieve the economical rate from the local market.

As per Purchase Manual, the following committees should have been constituted:

- (a) Tender committee,
- (b) Purchase committee,
- (c) Technical committee.

During audit of office of the Secretary Population Welfare Department Govt. of Sindh Karachi for the financial year 2016-17, it was observed that an amount of Rs69.128 million was incurred on account of purchase of plant & machinery.

The following observations were noted:

- i. Inspection by technical committee was not conducted.
- ii. Name of mobile company not known.
- iii. Distribution of mobiles not available.
- iv. Stock entry was not available on record.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry inot the matter, besides fixing responsibility on the person(s) at fault.

(AIR#02)

25.4.5 Irregular payment on account of male mobilizers - Rs58.84 million

According to Rule-88 of Sindh Financial Rules Volume-I, every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs58.84 million was incurred on account of pay of male mobilizers without obtaining renewal of contract of employees.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, Umer kot	2015-16 & 2016-17	03	1.589
2	DPWO,Sukkur	2016-17	05	3.080
3	DPWO,Sujawal	2015-16 & 2016-17	02	0.792
4	DPWO,East Karachi	2016—17	05	3.423
5	DPWO,Kashmore@ Kandhkot	2015-16 & 2016-17	05	5.390
6	DPWO,Thatta	2015-16 & 2016-17	03	0.546
7	DPWO, Khairpur	2015-16 & 2016-17	03	4.760
8	DPWO, Tando Allahyar	2015-16 & 2016-17	02	2.100
9	DPWO, N'Feroze	2015-16 & 2016-17	11	3.213
10	DPWO, Larkana	2015-16	08	5.292
11	DPWO, TMK	2015-16 & 2016-17	03	2.520
12	DPWO, Ghotki	2015-16 & 2016-17	03	2.695
13	DPWO, Mithi	2015-16 & 2016-17	01	4.851
14	DPWO, Larkana	2016-17	04	5.250
15	DPWO, Jacobabad	2015-16 & 2016-17	01	6.646
16	DPWO, Hyderabad	2016-17	11	1.492
17	DPWO, West Karachi	2015-16	06	1.974
18	DPWO, South Karachi	2015-16	06	2.016
19	DPWO, Jamshoro	2015-16 & 2016-17	07	1.211
Total				58.84

Audit was of the view that payment to male mobilizers without obtaining renewal of contract constituted weak financial management.

The matter was reported to the management during July 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s).

25.4.6 Irregular expenditure on account of printing & publication - Rs8.449 million

As per Para-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 sub-ordinate disbursing officer.

During audit of office of the Secretary Population Welfare Department Govt. of Sindh Karachi for the financial year 2016-17, it was observed that an expenditure Rs8.449 million was incurred on account of printing & publication.

The following observations were noted:

- i. Requisition/Indent was not obtained from concerned in charge.
- ii. Acknowledgment of payment not available.
- iii. Mode of payment not shown.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#04)

25.4.7 Irregular expenditure on account of repair & maintenance - Rs13.083 million

According to Rule-88 of Sindh Financial Rules, volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of following offices of Population Welfare Department for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs13.083 million was incurred on various heads. The detail is given at **Annex-3** of Chapter-25.

The following observations were noted.

- i. Satisfactory report after completion of repair was also not available.
- ii. Acknowledgment of payment was not available.
- iii. Vouchers were not paid & cancelled in order to avoid the duplication of payment.

- iv. Repairs were not recorded in the repair register to know the details of previous repairs and purchase date of machinery & furniture.
- v. Indents were not attached with the bill.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during June 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

25.4.8 Irregular expenditure on account of fair exhibitions/conference - Rs12.425 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs12.425 million was incurred on account of “Fair Exhibitions /Conference & Seminar”.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, Sukkur	2016-17	08	0.563
2	DPWO, East Karachi	2016-17	08	0.123
3	DPWO, Kashmore @ Kandhkot	2015-16 & 2016-17	04	1.056
4	DPWO, N’Feroze	2015-16 & 2016-17	08	0.442
5	DPWO, Jacobabad	2015-16 & 2016-17	05,08	0.725
6	DPWO, Hyderabad	2016-17	09	3.997
7	Secretary Population	2016-17	14	4.590
8	DPWO, Mithi	2015-16 & 2016-17	06	0.174
9	DPWO, Benazirabad	2016-17	05	0.544
10	DPWO, Kambar @ shahdadkot	2015-16 & 2016-17	12	0.211
Total				12.425

The following observations were noted:

- i. Office order for seminars/ orientation programs not attached with bill.
- ii. Date and venue was not attached with bills.
- iii. List of participants/[attendants](#) is not attached with the bills
- iv. Invitation letter to participants and guests was not attached with the bill.
- v. Minutes of conference / Seminar were not found available with bill.
- vi. Distribution list of gifts distributed was not attached with the bills.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management during June 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

25.4.9 Irregular payment on account of service rendered – Rs6.231 million

According to Rule-88 of Sindh Financial Rules, volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of following offices of District Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs6.231 was paid to various staff on account of other services rendered, but neither the contract agreement nor the contract extension was available on the record.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, Kambar @ Shahdadkot	2015-16 & 2016-17	03	0.798
2	DPWO, West Karachi	2016-17	02	1.428
3	DPWO, Sanghar	2015-16 & 2016-17	04	0.826
4	DPWO, East Karachi	2015-16	03	3.179
Total				6.231

Audit was of the view that payment made without contract agreement constituted weak administrative and financial management.

The matter was reported to the management during June 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

25.4.10 Irregular expenditure by splitting up to avoid tender - Rs5.006 million

As per Rule 146 of General Financial Rule Volume-I, “Purchase order should not be split-up to avoid the necessity for obtaining the sanction orders of higher competent authority with reference to the total amount of the orders”

During the audit of following offices of Population Welfare Department for the financial years 2015-16 and 2016-17, it was observed that an expenditure of Rs5.006 million was incurred on account of various heads through splitting of the sanction orders to avoid open tenders.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Head of Account	Amount
1	DPWO, Ghotki	2015-16 & 2016-17	04	Others, Repair of Transport	3.270
2	DPWO, Shaheed Benazirabad	2016-17	13	Medicines	0.540
3	DPWO, TMK	2015-16 & 2016-17	11	Printing & Publications	0.562
4	DPWO, East Karachi	2015-16	07	Others	0.634
Total					5.006

Audit was of the view that failure of the management to follow SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during June 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

25.4.11 Irregular expenditure incurred on TA/DA - Rs3.109 million

As per instructions of Government of Sindh vide No. SO (A) / RD-17 / 69 /86 /1120 dated 28-09-. 1998 “No TA/DA claim can be entertained without prior approval of tour programme in the public interest. Further under the rule 298 of Central Treasury Rule, “Register of bills of TA/DA is required to be maintained by the Drawing and Disbursing Officer.”

During audit of office of the District Population Welfare Officer Hyderabad for the financial year 2016-17, it was observed that an amount of Rs3.109 million was paid on account of TA/DA without approved tour programme.

Audit was of the view that payment allowed for TA/DA without approved tour programme constituted weak administrative and financial management.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#07)

25.4.12 Irregular purchase of medicines without inspection - Rs69.808 million

According to Rules 57 (1) of Sindh Public Procurement 2010, “Except for defect liability or maintenance by supplier, consultant for contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor

to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit”.

During audit of office of the Secretary Population Welfare Department Govt. of Sindh Karachi for the financial year 2016-17, it was observed that an amount of Rs69.808 million was paid to various suppliers, but inspection reports by procuring committee were not found attached to it. Thus the delivery of medicines could not be authenticated.

Audit was of the view that payment allowed without inspection of medicines constituted weak administrative and financial management.

The matter was reported to the management during June 2017 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#01)

25.4.13 Irregular payment of rent without rent assessment and agreement - Rs49.49 million

Rule-10 (i) and (ii) of General Financial Rules Volume-1 read with rule-88 of Sindh Financial Rules Volume-I” every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs49.49 million was incurred on account of rent of office building and various family welfare centers either without execution of annual rent agreement or without getting any rent assessment from buildings department. The detail is given at **Annex-4** of Chapter-25.

Audit was of the view that payment of rent without rent assessment and agreement constituted weak administrative and financial management.

The matter was reported to the management during June 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

25.4.14 Unauthorized allowing of inadmissible allowances – Rs1.350 million

As per notification issued by Finance Department Govt. of Sindh vide No.FD(SR-III)5/40-2002(C) dated 20th July, 2011, “Rural incentive/compensatory Allowance at the rate of Rs. 6000/- per month for Medical Doctors on non- teaching side in BPS-17 & 18, and Rs. 8000/- per month for Medical Doctors on non- teaching side in BPS-19 & 20 has been allowed to the Doctors working in health facilities (BHU, RHCs, Dispensaries, THQs) falling outside the Municipal limit of District Headquarters”.

According to the order by Finance Department Govt. of Sindh vide No. FD(SR-III)-5-145-2012 dated 2nd March, 2012, in supersession of this department circulars vide Nos. FD(SR-III)-5/1-2008 dated 04-01-2008 and No. FD(SR-III)-5-139/2011 dated 12-02-2011, sanction of Government of Sindh is hereby accorded for grant of utility allowance to the regular employees of Sindh Civil Secretariat and Provincial Assembly Sindh.

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs1.350 million was paid to various employees on account of various allowances which were not admissible to them, in violation of above rules.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, Sukkur	2016-17	03	0.344
2	DPWO,Kashmore@ Kandhkot	2015-16 & 2016-17	01	0.759
3	DPWO, Khairpur	2015-16 & 2016-17	04	0.247
Total				1.350

Audit was of the view that payment allowed against inadmissible allowances constituted weak administrative and financial management.

The matter was reported to the management during July 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

25.4.15 Irregular expenditure without supporting vouchers – Rs1.819 million

According to Rule 23 of Sindh Financial Rules, Volume-1, “every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.”

During the audit of following offices of Population Welfare Department for the financial years 2015-16 and 2016-17, it was observed that payments amounting to Rs1.819 million were made to vendors or drawn by the DDO but the supporting bills were not produced to audit.

(Rupees in million)

S#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO,Thatta	2015-16 & 2016-17	07	0.444
2	DPWO, Shikarpur	2015-16 & 2016-17	06	0.588
3	DPWO, Larkana	2016-17	01	0.199
4	DPWO,Dadu	2015-16 & 2016-17	11	0.588
Total				1.819

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during July 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

25.4.16 Non-deduction of Sales tax on services - Rs1.100 million

As per section 72 the read with section 2[5,6,9,13,26] and 75 of the Sindh Sales Tax on Service Act, 2011, goods and services used or consumed in a service are liable to a tax rate not lesser than the 15% of charges or to a specific rate of tax not based on value.

During audit of following offices of Population Welfare Department for the financial years 2015-16 and 2016-17, it was observed that various services from different vendors were obtained, but Sindh Services Tax amounting to Rs1.100 million was not deducted from suppliers' bills.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, Ghotki	2015-16 & 2016-17	14	0.053
2	DPWO, Shaheed Benazirabad	2016-17	02	0.065
3	DPWO, Hyderabad	2016-17	18	0.982
Total				1.100

Audit was of the view that Government sustained loss due to non-deduction sales tax, which resulted into weak financial management.

The matter was reported to the management during the months of July 2017 to August 2017 but, no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

25.4.17 Unauthorized payment of utility allowance –Rs0.172 million

According to Finance Department's notification No.FD(SR-III)-5-145/2012 dated 02.03.2012, "Government of Sindh granted utility allowance to the employees

of Sindh Civil Secretariat and Provincial Assembly Sindh with effect from 01.01.2012.” According to Para-2 (a), “ it shall not be admissible to those secretariat employees / Project employees who are drawing project allowance.” And as per Para -2 (c), “It shall not be admissible to the employees on their transfer from Sindh Civil Secretariat.”

During audit of following offices of District Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that utility allowance amounting to Rs0.172 million was paid to staff without entitlement to draw this allowance.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	DPWO, West Karachi	2016-17	08	0.078
2	DPWO, Larkana	2015-16	02	0.018
3	DPWO, Larkana	2016-17	11	0.076
Total				0.172

Audit was of the view that payment allowed against inadmissible utility allowance constituted weak administrative and financial management.

The matter was reported to the management during March 2017 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

25.4.18 Doubtful withdrawal of funds – Rs 194.012 million

As per Rule-303 of Treasury Rules, “A contingent bill for payment to suppliers etc, which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash”.

During audit of office of the Secretary Population Welfare Department Govt. of Sindh Karachi for the financial year 2016-17, it was observed that an amount of Rs194.012 million was withdrawn from government treasury and it was deposited in the DDO account on the last day of financial year 2016-17.

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in July 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#03)

25.4.19 Irregular payment of IRC/ CS cases - Rs1.753 million

As per notification of Ministry of Population Welfare (RHS Directorate) Govt. of Pakistan vide# F. No. 10-9/2006-RHS Islamabad dated 17th February, 2007, Payment to Surgeon/ Gynecologist for technical supervision & surgical/ gynecologist cover Rs. 20/- per case, Medical Superintendent for ensuring back up services Rs. 10/- per case and Anesthetist for coverage Rs. 10/- per case.

During audit of following offices of Population Welfare Department for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs1.753 million was drawn from DDO account on account of IRC/ C.S cases.

The following observations were noted:

- i. History form of patient.
- ii. Payment register of CS cases client wise was not maintained.
- iii. Copy of CNIC of client/ motivator not attached with the bill.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Praa#	Amount
1	DPWO, Sukkur	2016-17	13	1.291
2	DPWO, South Karachi	2015-16	11	0.462
Total				1.753

Audit was of the view that irregular payment of IRC/ CS cases without maintaining supporting record constituted weak administrative management.

The matter was reported to the management during June 2017 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

25.4.20 Unjustified payment on account of rent of building - Rs1.248 million

According to Para 23 of the GFR volume-I “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 be 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 office of the District Population Welfare Officer, Larkana for the financial year 2015-16, it was observed that expenditure of Rs1.248 million was incurred on account of rent of office buildings, but the amount was drawn from DAO in favour of officers / officials instead of land lord. Further, documents of buildings and agreement was not attached with bills.

(Rupees in million)

Sr. #	Name of Officer/ Officials	Amount
1	Mr Azizullah L.L Fwc Subzi Mandi La	0.1690
2	Mr Abdul Fatah Khero L.L Fwc Bakran	0.0975
3	Mrs Irshad Begum L.L Fwc Munaweraba	0.0975
4	Mrs Kaz Bano L.L Fwc Ali Goharabad	0.0975
5	Mrs Shabnam Junejo L.L Fwc, Ayoob Co	0.0975
6	Mr Barkat Ali L.L Fwc, Arija	0.0910

(Rupees in million)

Sr. #	Name of Officer/ Officials	Amount
7	Mrs Parveen Buriro L.L Fwc Bhains C	0.0910
8	Mrs Rukhsana Khichi L.L Fwc Phull R	0.0910
9	Mrs Salma Soomero L.L Fwc Murad Wah	0.0910
10	Mr Ashique Hussain L.L Fwc, Mud Ba	0.0845
11	Mr Abdul Waheed L.L Fwc Biro Chand	0.0845
12	Mr Ghulam Hussain L.L Fwc Faridaba	0.0780
13	Mrs Razia Jalbani L.L Fwc, Dokri	0.0780
	Total	1.248

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR # 05)

CHAPTER – 26 SERVICES GENERAL ADMINISTRATION & COORDINATION DEPARTMENT

26.1 Introduction

Services Wing

Services Wing of SGA & CD deals with the establishment matters of the officials of the Government of Sindh including the federal government officials who are on deputation with the Government of Sindh.

The service areas taken up by the Services Wing include: transfer and posting of the government officials, promotion cases of the officials, matters relating to retirement, pension GP Fund, Ex-Pakistan leave, absorption of the employees of the surplus pool, study leave, capacity building of the officers, etc. The cases of the recruitment on son quota are scrutinized in the Services Wing of the SGA&CD. Hiring consultants for various technical assignments and framing their terms of hiring is the clear jurisdiction of the Services Wing. This wing ascertain the vacancy position against which the recruitment has to be made by sending requisition to the Sindh Public Service Commission (SPSC).

General Administration & Coordination Wing

General Administration and Coordination (GA&C) Wing of the Government of Sindh is responsible for the general administration and coordinating with the administrative departments of the Government of Sindh. As a regulatory wing, it deals with the framing of rules, regulation and offering opinion in various service matters of critical nature. Financial management of Government Employees Benevolent Fund is the eminent function of the GA&C Wing. Coordination function of Government of Sindh deals with the execution of directives relating to the office of the President, Prime Minister, Governor, Chief Minister and Secretaries Committees meeting, etc.

Development schemes of SGA&CD including housing, foundations and authorities are taken up in the general administration wing of the Government of Sindh. Estate Office is pivotal in matters of Government accommodations to the government employees. Issues like self-hiring, allotment and vacation of Government accommodations, recovery of rent, dues and utility liabilities and court matters are the domain of the estate office.

26.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 18 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
10,914.856	3,718.511	2,894.562	(2,894.562)	(1,758.580)	12,874.787	11,587.967	1,286.820

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,286.820 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
75.000	75.000	50.165	24.835

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs 43.966 million was observed.

26.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	4	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	16	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	5	2	0	2	-
6	2005-06	0	0	0	0	-
7	2006-07	10	8	0	8	-
8	2007-08	8	1	0	1	-
9	2008-09	3	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		46	11	0	11	-

26.4 AUDIT PARAS

26.4.1 Non-production of record - Rs167.846 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, auditable record amounting to Rs167.846 million was not produced to audit for scrutiny.

(Rupees in million)

Sr. #	Particulars	AIR Para #	Amount
1	Record pertaining to amount paid to MD Sindh Solid Waste Management Board	8	118.500
2	List of officers on deputation, officers having more than one charge, promotion cases of officers/official, list of re-employed retired officers, record regarding departure of candidates who visited abroad for courses under capacity building program	15	0
3	Supporting vouchers of Foreign/Inland Training Course Fee	16	18.475
4	Record pertaining to POL	20	30.871
Total			167.846

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record ,besides fixing responsibility on the person(s) at fault.

26.4.2 Irregular payment through DDOs account - Rs88.087 million

As per Rule 303 of Treasury Rules, “a contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash”.

During audit of the office of Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that a cumulative expenditure of Rs88.087 million was incurred and payments were made through DDO instead of concerned vendors.

(Rupees in million)

Sr. No.	Cost Center	Vendor	Amount
1	KA4012	Assistant Director (G A)	7.506
		SO (G) SGA & CD G/S Karachi	53.234
2	KA4015	Protocol Officer Govt Of Sindh	9.168
3	KA4005	SO (G) SGA & CD G/S Karachi	10.875
4	KA4014	SO (G) SGA & CD G/S Karachi	2.273
5	KA4013	SO (G) SGA & CD G/S Karachi	5.029
Total			88.0877

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in December 2016. The management replied that expenditure of Rs.88.087 million was incurred on “Honorarium”. A request was submitted to A.G Sindh to deposit the amount in the

employees' accounts through payroll, but cheque was issued to the DDO on 25-06-2016 at the end days of financial year in order to make payment to the employees before close of financial year. Reply of management was not convincing.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#06)

26.4.3 Irregular expenditure without inviting open tender - Rs35.535 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that an expenditure of Rs35.535 million was incurred on purchase of one vehicle, furniture, machinery and repair of furniture & transport, but tenders were not invited to ascertain economical rates.

(Rupees in million)

Sr. #	Nature of Irregularity	AIR Para #	Amount
1	Purchase of vehicle	09	24.075
2	Purchase of furniture and plant & machinery	18	9.081
3	Repair of furniture	28	1.379
4	Repair of transport	26	1.000
Total			35.535

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

26.4.4 Unauthorized retention of funds into DDO account - Rs26.330 million

According to rule 290 of CTR Vol – I, “No money shall be drawn from Government Treasury unless it is required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demands or to prevent laps of budget.”

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that Rs26.330 million was retained unauthorised into DDO account at the end of year.

(Rupees in million)

Sr. No.	Title of account	Bank account	Date	Amount
1	Section Officer General S & DAG	4000874779	30-06-2016	17.658
2	Section Officer Caretaker Cell	4000874813	30-06-2016	8.672
Total				26.330

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR#02)

26.4.5 Non-accountal of articles - Rs15.929 million

As per Para 148 of GFR Volume-I “All materials received should be examined, count, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to the effect. The officer receiving the store should also be required to give a certificate that he has actually received the material and recorded them in the appropriate stock register”.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that an expenditure of Rs15.929 million was incurred on account of purchase of uniform, machinery and equipment.

The following observations were noted:

- i. Certificate of officer to the effect that the quantities received are correct and their quality good was not recorded.
- ii. Proper accountal & consumption account was not maintained.
- iii. Acknowledgement receipt from the concerned employee was not obtained.
- iv. Requisition of concerned section was not available.

(Rupees in million)			
Sr. #	Nature of Irregularity	AIR Para #	Amount
1	Purchase of uniform	24	4.359
2	Purchase of machinery & equipment	23	11.570
Total			15.929

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

26.4.6 Irregular purchase of vehicles without entitlement - Rs9.770 million

As per paragraph 5(s) of Government of Sindh Finance Department Letter No.FD/B&E-IV/5(23)/2014-15 dated: 11th July, 2014 “ All luxury goods, especially purchase of luxury vehicles shall be banned”.

Rules 24(2) of the use of staff cars “The Prime Minister of Pakistan has been pleased to approve the following revised entitlement of staff cars:- Ministers 1800 CC Advisors/Special Assistants to the Prime Minister with status of Minister / Minister of State”.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that an expenditure of Rs9.770 million was incurred on purchase of two Toyota Fortuner Rs9.770 million instead of Toyota Corolla Xli 1300 cc for two advisors to CM beyond entitlement.

(Rupees in million)			
Paid to	Particulars	Date	Amount
Toyota Eastern Motors	Purchase of two Toyota Fortuner 4X4 A/T (2SUV)	17-12-2015	9.770

Audit was of the view that irregular purchase of vehicles without entitlement constituted weak administrative and financial management.

The matter was reported to the management in December 2016. The management replied that vehicles were procured with the approval of the Chief Minister, Sindh as a competent Authority. Initially, the competent Authority approved two vehicles Toyota Corolla XLI 1300 CC for two honorable Advisors to Chief Minister, Sindh in accordance with their entitlement. Later-on authority considered the procurement of Toyota Fortuner due to the serious life threats to advisors to Chief Minister, Sindh. Reply of management was not convincing.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#04)

26.4.7 Non-deduction of income tax at source - Rs3.625 million

As per Section 153 (1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person- (a) for the sale of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment , deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that an amount of Rs3.625 million was not deducted on account of income tax from the bills of vendors.

(Rupees in million)			
Sr. #	Particular	AIR Para #	Amount
1	Non-deduction of I/Tax on payments for supplies	27	1.935
2	Income tax on Rent for office building	29	1.690
Total			3.625

Audit was of the view that Government sustained loss due to non-deduction of income tax, which resulted into weak financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

26.4.8 Non-recovery of conveyance allowance - Rs3.134 million

According to Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1997 read with Para-7(a) of Finance Division (Regulation wing) OM No.I(D)imp/2008 dated 30-6-2008. The office cum residence conveyance allowance is an allowance to facilitate Government officers/officials to reach the office and not admissible to those officer/officials who have been provided with government transport facility or residing within work premises.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, Government of Sindh for the financial year 2015-16, it was observed that an amount of Rs3.134 million was paid in excess on account of conveyance allowance to various employees who have been provided government facility of transport alongwith ceiling of POL and repair of transport. Detail is given in **Annex-1** of Chapter-26.

Audit was of the view that Government sustained loss due to non-recovery of conveyance allowance, which resulted into weak financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#01)

26.4.9 Non-auction of 172 condemned vehicles

Rule 167 of General Financial Rules, Volume-I states that “stores which are reported to be Obsolete, Surplus or Unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their values”.

During audit of office of the Secretary, Services General Administration & Co-ordination Department, and Government of Sindh for the financial year 2015-16, it was observed that 172 condemned vehicles according to list produced by department have not been auctioned by the management. Thus, the government was deprived of revenue from auction of condemned government vehicles.

Audit was of the view that non-auction of condemned vehicles constituted weak administrative and financial management.

The matter was reported to the management in December 2016. The management replied vide their letter No.SO(G)(SGA&CD)AUDIT/2015-16 dated 22-02-2017, but no relevant record was produced.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#25)

26.4.10 Unauthorized allocation of vehicles to inadmissible persons – Rs24.201 million

As per Para 23 of the GFR volume-I “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 be 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 office of the Secretary, Services General Administration & Coordination Department, Government of Sindh for the financial year 2016-17, it was observed that 56 vehicles were allotted to the ex-officers and persons who were not entitled for the allotment and issuance of POL. Detail is given in **Annex-2** of Chapter-26.

Total No. of Vehicle allotted	Per day POL	Total liters POL issued in Year	Average Rate per litre	Amount In (Rs)
56	16 liters	896x365=327,040	74	24,200,960

Audit was of the view that unauthorized allocation of vehicles to inadmissible persons depicts weak administrative and financial controls.

The matter was reported to the management in October 2017. The management replied vide their letter No.SOB(SGA&CD)19-53/2017 dated 14-11-2017, that no vehicle and POL was issued to any ex-offiicer, but record in support of their claim was not produced to audit.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR#11)

CHAPTER – 27 SOCIAL WELFARE DEPARTMENT

27.1 Introduction

The Social Welfare Department was created to organize voluntary Social Welfare Service through participation, organize rehabilitation programme for the destitute and under privileged women. The department also establishes service for the rehabilitation of handicapped and disabled children/adults, register, guide and supervise voluntary social welfare agencies to organize training programmes.

27.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 18 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
1,678.266	162.733	256.905	(256.905)	(347.361)	1,493.638	1,336.406	157.232

The department was unable to spend the allocated budget in time. As a result, savings of Rs157.232 million was observed which was not surrendered in time.

27.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 50.0%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	9	0	0	0	-
4	2001-02*	0	0	0	0	-

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2014-15	5	2	1	1	
Total		14	2	1	1	50

27.4 AUDIT PARA

27.4.1 Non-production of record – Rs 53.00 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of Secretary Social Welfare Department, Government of Sindh for the financial year 2016-17, following auditable record of Rs53.00 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Cheque No & date	Name of Social Welfare Agency	Head of account	AIR # Para	Amount
1	Nil	Child Protection Authority (CPA)	Grant in Aid	2	50.00
2	98385313 dated 05-07-2017	Old Boys Welfare Association Dhoro Naro		8	0.200
3	Various cheques	Various NGO,s		9	2.80
				Total	53.000

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

27.4.2 Unauthorized payment of aid to Non-Government-Organization – Rs100.000 million

As per Rule 88 of Sindh Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of office of Secretary Social Welfare Department, Government of Sindh for the year 2016-17, it was observed that an amount of Rs100.00 million was paid to M/s HANDS (NGO) on account of Grants –in- Aid.

The following observations were noted:

- i. The payment was made without any contract agreement.
- ii. Utilization report along with supporting adjustment vouchers was not produced to audit.
- iii. The progress report was not produced.
- iv. M/s HANDS was registered with Societies Registration Act 1860 whereas Social Welfare Department only deals with the organizations registered under Voluntary Social Welfare Agencies (Registration & Control) Ordinance 1961 which is beyond the jurisdiction of the Department to make payment on account of Grant-in-Aid.

Audit was of the view that payment of made to Non-Government-Organization without obtaining requisite record constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01)

27.4.3 Unjustified award of Honorarium – Rs.2.59 million

According to rule FR-9(9), “Honorarium means recurring or non-recurring payment to the Government Servant from general revenue as remuneration for special task.” Honorarium is to be allowed when the work is occasional in character and also laborious or of special merit. Honorarium is granted when conditions are fulfilled; that the work is occasional in nature and work is so laborious or of such merit as to justify special award. Further the amount must not exceed employees one month pay concerned on each occasion.”

During audit of office of Secretary Social Welfare Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs2.590 million was paid to officials on account of honorarium.

(Rupees in million)

Sr.#	AIR Para#	Particulars	Amount
1	04	Unjustified award of Honorarium	1.369
2	36	Unauthorized award of Honorarium	1.221
Total			2.590

The following observations were noted:

- i. Recommendations/Approvals by the Chief Secretary and Finance Department were not available on record.
- ii. Some officers drew the amounts equivalent to three times of the gross pay or even above the gross pay.
- iii. Mr.Altaf Hussain Bijarani, Secretary Social Welfare Department Government of Sindh, was paid honorarium to the tune of Rs 444,930 and 200,000 for two times in a financial year in September 2016 and June 2017 respectively which equals to seven basic pay. In addition, it was also noticed that the Secretary also draw an amount of Rs. 100,000 from the account of Sindh Social Welfare Council.

- iv. Mr. Muhammad Essa, Additional Secretary, Social Welfare Department, Government of Sindh was paid Honorarium to the tune of Rs 82,000 and 175,000 in March 2017 and June 2017 respectively. He also drew an amount of Rs 100,000 from the budget of Sindh Social Welfare Council. His Basic pay is Rs.74,970.
- v. Mr. Abdul Hafeez Mahesar. Deputy Secretary, Social Welfare Department, Government of Sindh was paid Honorarium to the tune of Rs25,000 and 95,000 in March 2017 and June 2017 respectively.
- vi. One of the Naib Qasids , Syed Abdul Qadeer (BPS-2) was awarded an amount of Rs155,000 as honorarium without any justification.
- vii. In all other cases honorarium was awarded three to four times of basic pay.

Audit was of the view that undue favour was extended to officers/officials which resulted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

27.4.4 Irregular payment through DDOs account – Rs 3.750 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of office of Secretary, Social Welfare Department, Government of Sindh for the financial year 2016-17, it was observed that funds of Rs3.750 million were deposited into DDO's accounts instead of crediting into accounts of actual vendors.

The bank statement revealed an opening balance of Rs3.750 million on 01.07.2016 of which Rs 3.750 million was drawn on 26-08-2016 through cheque No.11672998 as per the bank statement. The details of this amount were not available on record.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#06)

27.4.5 Irregular expenditure on purchase of vehicles - Rs83.952 million

According to Delegation of Power under the Financial Rules, & the Powers of Re-appropriation Rules, 1962, Article 7-A (ii) an Officer of Category-I is empowered to purchase and replace the vehicles including commercial vehicles Jeeps and Land Rovers subject to the following conditions.

(1) That the strength of the vehicles in the department has been sanctioned by the Finance Department and the replacement is required for keeping up the sanctioned strength:

During audit of office of Secretary Social Welfare Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs83.952 million was incurred on purchase of vehicles through pre-receipted / quotation bills.

(Amount in Rupees)

Cheque No	Date	Vender Name	Particular	Amount	Remarks
2543248	19.12.2016	Indus Motor Company Limited	Toyota Hiace Van 15 SeaterGosoline Engine 18 units	61,803,000	Payment on Quotation
2543286	19.12.2016	Pak Suzuki Motor Co. Limited	Suzuki Bolan Van on Petrol white Color 29 Units	21,025,000	Payment on Pre-Receipt
2628176	01.03.2017		Suzuki Cultus 1000cc 01 Nos	1,124,000	
Total				83,952,000	

The following observations were noted:

- i. Purchase of Suzuki Cultus 1000cc but the record to prove eligibility of the officer was not produced
- ii. Approval of Finance Department was not provided.
- iii. Minutes of purchase committee not available.
- iv. Delivery challan and Invoice of vehicles was not produced.
- v. Dead stock register was not produced to audit.
- vi. Purchase of Toyota Haice van 15 seater 18 Nos. and Suzuki bolan van 29 Nos. but the distribution was not produced on demand. Moreover the need / purpose was also not provide.
- vii. Handing over and taking over the vehicles was also not produced.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR #29)

CHAPTER –28 SPECIAL EDUCATION

28.1 Introduction

Special Education Department is responsible for the overall development of educational infrastructure and policy planning and implementation of educational reforms in Sindh Province. The department looks after the educational affairs within the province and coordinates with the Federal government and donor agencies regarding promotion of education in the province. Education Department is strategically run by elected representatives of the public and administratively controlled by the bureaucracy.

Core functions of the department include:

1. Education of handicapped children, specially deaf, dumb and blind
2. Grant of scholarships

28.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 06 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re- appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
1,041.317	4.471	193.525	(193.525)	(245.969)	799.819	638.365	161.454

The department was unable to spend the allocated budget in time. As a result, savings of Rs161.454 million was observed which was not surrendered in time.

28.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

28.4 AUDIT PARAS

28.4.1 Non-production of record – Rs 62.993 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of the Secretary, Special Education Department, Karachi, for the financial year 2016-17, the auditable record of development expenditure involving financial impact of Rs 62.993 million was not produced to audit.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of the auditable record, besides fixing of responsibility on the person(s) at fault.

(AIR # 20)

28.4.2 Un-authorized retention of cash in DDO account - Rs 6.010 million

As per Treasury Rules-76-77, the cash balance is required to be verified at frequent intervals of not more than a week. At the end of the month when the cash book is finally closed, the cash balances should be verified by the head of office and a signed and dated certificate recorded to that effect in the cash book. The entries in the cash book should be very neat and clean. Erasures and over-writing must be avoided. All the corrections should be duly attested over the dated initials of the Head of office.

During audit of office of the Secretary, Special Education Department, Karachi, for the financial year 2016-17, it was observed that an amount of Rs6.010 million was lying unutilized in cash book as well as in bank statement.

The Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was pointed out to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR # 10)

28.4.3 Irregular payments from grant in aid - Rs 3.494 million

As per APPM 4.12.1.4 before approval of a grant, the delegated authority must obtain an audited financial statement from the recipient body, to justify the requirement for the grant and to ensure any previous grants have been spent for the purpose intended. 4.12.1.5 Once approved by the delegated authority, a claim for payment, accompanied by the relevant documentation (e.g. grant agreement, financial clearance/vouchers) shall be submitted to the DAO/AG/AGPR office for certification, authorization and payment.

During audit of office of the Secretary, Special Education Department, Karachi, for the financial year 2016-17, it was observed that various payments of Rs3.494 million were made to suppliers/contractors from Grant in Aid.

(Amount in Rupees)

Payees	Amount
Sadaf plastic works	464,477
Echo digital	734,717
Hakim sons	278,045
Modi printers	74,585
Movenpick	417,464
Central Caterers	400,000
Trade development authority	1,125,000
Total	3,494,288

The following observations were noted:

- i. Tender documents were not produced.
- ii. Comparative statement was not produced.
- iii. Acknowledgement receipts of payee were not attached.
- iv. Taxes deducted and deposited the same was not clarified.
- v. Bank statement was not attached with case file.
- vi. The grant was approved for payment of Karachi Vocational Training Centre, but the funds were drawn by DDO Special Education instead of issuing cheque against the name of KVTC without substantial reasons.
- vii. The grant agreement was also not produced.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 03)

28.4.4 Un-justified procurement of new vehicles - Rs7.781 million

"Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money" according to rule-88 of Sindh Financial Rules, volume-I.

During audit of office of the Secretary, Special Education Department, Karachi, for the year 2016-17, it was observed that expenditure of Rs7.781 million was incurred on account of purchase of vehicles without necessity of the same as the local office has already sufficient (eight) number of vehicles against the limited number of entitled officers. Thus, the procurement of new vehicles found un-justified.

(Amount in Rupees)

Sr.#	Head of Account	Paid to	Chq: No	Amount
1	Transport	Indus Motor Company limited	2493818	3,285,000
2	Transport	Pak Suzuki Motor Co. Limited	2496676	4,496,000
Total				7,781,000

Audit was of the view that purchase of vehicles without necessity constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#11)

28.4.5 Irregular payment into DDO account - Rs 6.00 million.

As per Rule 303 of Central Treasury Rules, “Contingent bill for payment to Suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of office of the Secretary, Special Education Department, Karachi, for the year 2016-17, it was observed that cheque of Rs6.00 million was issued in favour of DDO instead of vendor.

(Rupees in million)

Document No.	Cheque & Date	Head	Payee Name	Amount
1900285569	2630494/ 22.02.2017	To Others	S.O General Special Education	6.000

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#12)

28.4.6 Irregular expenditure in various heads of accounts – Rs1.878 million

"Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money" according to rule-88 of Sindh Financial Rules, volume-I.

During audit of office of the Secretary, Special Education Department, Karachi for the financial year 2016-17, it was observed that expenditure of Rs1.878 million was incurred on account of various heads of accounts.

(Rupees in million)

Sr.#	Head of account	AIR Para #	Amount
1	Stationery & printing	18	0.689
2	Others	22	0.649
3	Hardware		0.196
4	Furniture Fixture		0.344
Total			1.878

The following observations were noted.

- i. The computer generated bills and quotations were attached instead of printed serially numbered.
- ii. The registration with income tax and sales tax department were not produced.
- iii. The sanctions were split up and major sanctions were made in one month of June.
- iv. The reason of not purchases from government press needs to be clarified.
- v. The accountal of repaired items may also be provided.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

28.4.7 Irregular purchase of machinery and equipment - Rs11.602 million

"Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money" according to rule-88 of Sindh Financial Rules, volume-I.

During audit of office of the Secretary, Special Education Department, Karachi, for the year 2016-17, it was observed that an amount of Rs11.602 million was incurred on account of purchase of machinery and equipment.

(Amount in Rupees)

Head	Cheque No.	Vendor Name	Amount
Plant and Machinery	2820273	XCESSPAK	11,602,500

The following observations were noted:

- i. The copy of inspection report duly signed by committee was not attached.
- ii. Authorized dealer certificate was not produced.
- iii. The comparative statement was not attached.
- iv. In tender advertisement only 15 days were allowed instead of 30 days as per SPPRA rule.
- v. Bill of entry showing the assessed value of machinery may be obtained from supplier.
- vi. Proforma invoice was also not attached with case file.
- vii. The taxes of Rs2,378,513 (IT. 522113 and ST.1856400) were not deducted.

- viii. The bidding documents of bidder whom work was awarded could not be provided.
- ix. The copy of minutes of meeting of procurement committee was also needs to be produced.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#13)

28.4.8 Irregular expenditure on account grant in aid – Rs51.600 million

As per APPM 4.12.1.4 Before approval of a grant, the delegated authority must obtained an audited financial statement from the recipient body, to justify the requirement for the grant and to ensure any previous grants have been spent for the purpose intended.4.12.1.5 once approved by the delegated authority, a claim for payment, accompanied by the relevant documentation (e.g grant agreement, financial clearance) shall be submitted to the DAO/AG/AGPR office for certification, authorization and payment.

During audit of office of the Secretary, Special Education Department, Karachi for the financial year 2016-17, it was observed that payment of Rs51.600 million was made to various educational institutes under the head Others from Grant in Aid. However, the utilization report along with adjustment vouchers, audited financial statements, bank statement, copy of Grant Agreement and justification that the purpose for which grant were allowed achieved was not provided.

(Rupees in million)

Head of account	Payees	Purpose	Cheque #	Amount
Others	Family Educational Services	To cater upto 1100 deaf children, young adults and their families who are low income, low education status in the area of Karachi, Hyderabad, Tando Allahyar-Rashidabad	2577247 & 2623803	41.600
	Ida Rieu Welfare Association	For one Embosser, Braille, two school busses and for running expenses	2582882	10.000
Total				51.600

Audit was of the view that payment made from Grant in Aid to various educational institutes without obtaining utilization report along with adjustment vouchers, audited financial statements and bank statement constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides fixing responsibility on the person(s) at fault.

(AIR#01)

28.4.9 Irregular expenditure due to un-due favour to supplier – Rs3.642 million

According to rule-88 of Sindh Financial Rules, Vol-I “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from government money, as a person of ordinary prudence would exercise in spending his own money.”

During audit of office of the Secretary, Special Education Department, Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs3.642 million was incurred on various heads of accounts through procurement without open **competition**. Thus un-due favour was given to M/s Muhammad Ramzan & Co. Furthermore, the supplier was not registered with tax authorities and the same items were also not accounted for in concerned stock register.

Audit was of the view that procurement from unregistered supplier without open competition constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

(AIR#07)

28.4.10 Rush of expenditure in the month of June - Rs150.437 million

Rule-96 of General Financial Rule, volume-I, states that, "it is contrary to the interest of the state that money should be spent hastily or in an ill considered manner merely, because it is available or that the lapse of a grant should be avoided".

During audit of office of the Secretary, Special Education Department, Karachi, for the financial year 2016-17, it was observed that expenditure of Rs150.437 million was incurred in the month of June 2017 without justification. Furthermore, the computer generated bills and quotations with same writing were attached instead of printed serially numbered bills.

Audit was of the view that rush of expenditure in the month of June constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault besides taking remedial measures

(AIR # 04)

CHAPTER –29 SPECIAL INITIATIVES DEPARTMENT

29.1 Introduction

The Special Initiative Department, Government of Sindh is responsible for initiation and implementation of all the schemes started with special directives of the provincial government. The department has completed various projects i.e. Installation of Reverse osmosis plants in Sindh through its office PD Drinking Water Hub, Special Development Package for Thatta District, Mobile Emergency Healthcare Unit etc.

29.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 06 formations (DDOs), out of which 03 formation was selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
5,835.732	0.000	431.953	(431.953)	(2,279.037)	3,556.695	3,084.123	472.572

The department was unable to spend the allocated budget in time. As a result, savings of Rs472.572 million was observed which was not surrendered in time.

29.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2014-15) discussed by the PAC.

29.4 AUDIT PARAS

29.4.1 Irregular expenditure over & above PC-I provision - Rs 184.000 million

According to rule “A revised estimate must be prepared when the sanctioned estimate is likely to be exceeded by more than 5%”, as per Para-69 of C.P.W.D code.

“No material alteration is sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Competent Authority. Should any alteration of importance, involving any additional expenses, be considered necessary, a revised or supplementary estimate should be submitted for sanction”, as per Rule-528 of Public Works Department Manual.

During audit of the office of the Project Director, Thatta Sajawal Special Package Karachi, Special Initiative Department, Government of Sindh for the financial year 2016-17, it was observed that expenditure of Rs184.000 million was incurred over & above PC-I cost without giving the substantial reasons against scheme No 2133 namely “Allocation of various development Schemes for District Thatta and Sajawal”. Actual project cost in PC-I was Rs150.00 million, but the expenditure was incurred Rs334.00 million, which is in excess of Rs 184.00 million.

Audit was of the view that expenditure over & above PC-I provision constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR # 03)

29.4.2 Non-production of record - Rs 1,646.107 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for

information in as complete a form as possible and with reasonable expedition.

- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of the following offices of the Special Initiative Department, Government of Sindh for the financial years 2015-16&2016-17, it was observed that the auditable record of Rs 1,646.107 million was not produced.

(Rupees in million)

Sr. #	Name of Offices	Particulars	AIR Para #	Financial Year	Amount
1	Project Director, Project Management Unit Drinking Water Hub Project Karachi	auditable record	09	2015-16	1,642.851
2	Project Director, Special Development Package for District Thatta & Sajawal	Record of 02 new vehicles Utilization Report & supporting documents	09, 10	2016-17	2.101
3	Project Director, Special Development Package for District Thatta & Sajawal	auditable record	01	2015-16	1.155
Total					1,646.107

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of record, besides responsibility may be fixed on person(s) at fault.

29.4.3 Irregular opening of bids - Rs 781.143 million

According to rule-41, of SPPRA-2010 (8) The official chairing procurement committee shall encircle the rates and all the members of procurement committee shall sign each and every page of financial proposal; (9) The procurement committee shall issue the minutes of the opening of the tenders and shall also mention over writing or cutting, if any.

During audit of the office of Project Director, Special Development Package for District Thatta & Sujawal, for the year 2015-16, It was observed that various works were awarded to contractors of Rs 781.143 million, but the procurement committee neither encircled the rates nor the members of committee signed financial proposals.

(Rupees in million)

# Letter of Acceptance	Date	Name of Work.	Name of Contractor	Bid Price
215	27/5/15	Reh/Imp. of road from Thatta-Sujawal road (ii) Reconstruction of road from N-5 to Islampur Mohallah (iii) Const./Imp. Of road from Var to Mehar Mitho Shail Road.	M/s. Umer Jan & Co.	642.591
191	18/5/15	Imp. & Extension of Water supply scheme of Mirpur Bathoro City (ii) Brick lined water storage Tank in villages of Sujawa.	M/s. Hotchand Bhuromal	138.552
Total				781.143

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the department in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends that justification may be produced, besides responsibility may be fixed on person(s) at fault.

(AIR # 03)

29.4.4 Irregular award of contract – Rs 164.309 million

According to Rule-43 of SPPRA-2010 No bidder shall be allowed to alter or modify his bid after the expiry of deadline for the receipt of the bids.

- (1) Provided that the procuring agency may ask the bidders for clarifications needed to evaluate the bids but shall not permit any bidder to change the substance of price of the bid.
- (2) Any request for clarification in the bid, made by the procuring agency, shall invariably be in writing. The response of such request shall also be in writing.

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the financial year 2015-16, it was observed that the work order for “Rehabilitation of Urban water supply scheme, Phase-I/Thatta/CP-II” of Rs 164.309 million was issued to M/s Harish & Co. by making changes in the bids rates without giving substantial reasons. Thus the authenticity and transparency in tendering process could not be ruled out.

Audit was of the view that work order issued by making changes in the bids rates without giving substantial reasons resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#06)

29.4.5 Non recovery of mobilization advance - Rs 66.870 million

According to Rule 668 of Treasury Rules Vol-I advances granted under the special orders of the competent authority for Departmental or allied purposes, may be allowed on the responsibility of the officers by whom they are sanctioned subject to the adjustment/refund.

During audit of the office of the Project Director Thatta Sajawal Special Package Karachi, Special Initiative Department, Government of Sindh for the financial year 2016-17, it was observed that mobilization advance of Rs 66.870 million was paid to M/s Bhitai Builders for rehabilitation of road in first running bill as per contract clause but the same was neither recovered along with interest nor any progress report was shown to audit.

Audit was of the view that Government sustained loss due to non-recovery of mobilization advance, which resulted into weak financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides responsibility may be fixed on person(s) at fault.

(AIR # 06)

29.4.6 Irregular payment without disbursement report - Rs 43.850 million

Rule 26 of General Financial Rules Volume-I, states that, “it is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account.”

During audit of the office of the Project Director Thatta Sajawal Special Package Karachi, Special Initiative Department, Government of Sindh for the financial year 2016-17, it was observed that payment of Rs 43.850 million was made to land acquisition officer vide cheque no 298529 dated 12-06-17 under ADP no.2143 for further payment to land owner, without obtaining disbursing Report.

Audit was of the view that payment made to land acquisition without obtaining disbursing report constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#08)

29.4.7 Non-imposition of penalty-Rs34.797 million

According to clause-2 of the contract agreement, in the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”. Further, according to General Condition Clauses 8.7 &14.15(b) 0.1% of the contract Price per day.

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the financial year 2015-16, it was observed that the work of Rs 1,123.252 million was awarded to various contractors .but the penalty of Rs 34.797 million was not imposed on the contractor due to non completion of the work within stipulated period.

(Rupees in million)

Name of work	Name of Contractor	Actual Date of start	Stipulated date of completion	Actual date of Completion	Contract price in million	Days under penalty	Penalty @ 0.1% per day
Reh./Imp.of road from Thatta-Sujawal (ii) Reconst. Of road from N-5 to Islam pur (iii) Const. of road form Var to Mehar	M/s. Umer Jan & Co	5/6/2015	4/6/2016	W.I.P	642.591	26	16.7
Reh. & Repair of road from Bathoro to Khorwah 10 km	M/s. Umer Jan & Co	26/5/15	25/5/16	W.I.P	282.123	36	10.156
Rehabilitation of Urban water supply scheme	M/s. Harish & Co.	22/5/15	21/5/16	W.I.P	198.538	40	7.941
Total					1,123.252	102	34.797

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#16)

29.4.8 Un-authorized retention of government vehicles - Rs8.008 million

As per Appendix-II of Sindh Financial Rules Volume-I and appendix 18-A of Sindh Financial Rules Volume-I, "Every 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 responsible for any loss arising from fraud and negligence on the part of any other Government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence."

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the financial year 2015-16, it was observed that management purchased Two (02) vehicles (Toyota Vigo (4x4) 2494cc costing Rs 8.008 million.

The following observations were noted:

- i. Delivery of the vehicles to technical staff of the project was not produced.
- ii. Availability certificate of the vehicles in the local office was not provided.

Audit was of the view that unauthorized retention of official vehicles resulted into misuse of official vehicles at the cost of public exchequer and constitutes weak financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#02)

29.4.9 Irregular expenditure without inviting open tender – Rs6.217 million

As per Rule 17 of Sindh Public Procurement Rules, 2010, Procurements over one hundred thousand rupees and upto one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules.

During audit of Project Director, Project Management Unit Drinking Water Hub Project Karachi Special Initiative Department, Government of Sindh for the financial year 2015-16, it was observed that expenditure of Rs6.217 million was incurred on various heads of accounts without inviting open tender.

(Rupees in million)

Sr. #	Head of account	Expenditure during 2015-16
01	Stationery	0.600
02	Others	2.652
03	Printing	1.209
04	Repair of machinery	1.105
05	Repair of furniture	0.649
Total		6.217

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the department in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for fixing responsibility on the person(s) at fault besides taking remedial measures.

(AIR#10)

29.4.10 Non-deduction of Sindh Sales Tax on services–Rs4.609 million

As per Second Schedule of the Sindh Sales Tax on Services Act, 2011, the rate of tax is 14% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the financial year 2015-16, it was observed that payment of Rs 32.926 million was made to M/s EA Consulting (Pvt.) Ltd for consulting services for preparation of detailed engineering design, construction and supervision of the project, but Sindh sales Tax of Rs 4.609 million was not deducted from bills.

(Rupees in million)

ADP #	Name Of Beneficiary	Cheque #	Date	Payment	SST @ 14%
1633	M/s. E. A Consulting Pvt. Ltd	150531	17.09.15	8,038,500	1.125
1633		173628	23.05.16	5,722,400	0.801
1633		150559	23.11.15	5,593,600	0.783
1633		150575	18.01.16	5,593,600	0.783
1633		173682	16.06.16	4,731,100	0.662
1633		150590	03.02.16	3,247,600	0.454
Total				32,926,800	4.609

Audit was of the view that Government sustained loss due to non-deduction of Sindh sales tax, which resulted into weak financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends recovery, besides responsibility may be fixed on person(s) at fault.

(AIR#13)

29.4.11 Less obtaining performance security – Rs 2.461 million

As per Rule 39 of SPPR 2010, Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount

sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price;

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the year 2015-16, it was observed that the contract agreement was executed by management with M/s EA consulting (Pvt.) Ltd for services of engineering design and construction of the project. But the less security of Rs 2.461 million through bank guarantee was obtained.

(Rupees in million)

Amount as per approved contract	Bank Guarantee obtained	Bank Guarantee due @ 10%	Less obtained
49.215	2.461	4.922	2.461

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depict weak administrative management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#12)

29.4.12 Irregular expenditure without supporting documents – Rs 2.145 million

According to Rule 23 of Sindh Financial Rules, Volume-I, “Every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the year 2015-16, it was observed that payment of Rs 2.145 million was made to M/s Harish & Co. on account of providing engineer’s facility through IPC # 06 dated: 13-

06-2016 under development work “Rehabilitation of urban water supply schemes”, in this regard the supporting vouchers/documents were not produced to audit.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in February 2017, but no reply was received

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

(AIR#10)

29.4.13 Irregular payment on account of cartage charges - Rs 1.007 million

As per schedule of rates lead chart of cartage must be prepared and sanctioned by the competent authority.

During audit of the office of Project Director, Special Development Package for District Thatta & Sajawal, Special Initiative Department, Government of Sindh for the year 2015-16, it was observed that the work “Construction of open surface drain type I, II & III i/c C C pavement for new Drainage System Thatta City was awarded to M/s. Buxal Khan Chandio. The payment of Rs 1.007 million was made to the contractor against execution of cartage of material without preparation of lead chart and sanction was also not obtained from the competent authority.

(Rupees in million)			
Item of work	Quantity	Rate	Amount
Cartage of 100 Cft/stone of all material line stone aggregate etc complete (Lead 2 meter)	200429 Cft	502.52 P % Cft	1.007

Audit was of the view that payment made for cartage charges without preparation of lead chart and sanction from the competent authority constituted weak administrative and financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault, besides taking remedial measures.

(AIR#09)

CHAPTER – 30 SPORTS & YOUTH AFFAIRS DEPARTMENT

30.1 Introduction

The major functions of the department are:

- To deal with Physical Culture
- To deal with Youth Affairs including Scouts
- To maintain/protect buildings under Heritage Act

30.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 06 formations (DDOs), out of which 03 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
2,832.950	0.000	210.722	(210.722)	(236.601)	2,596.350	2,428.524	167.826

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs167.826 million was observed which was not surrendered in time.

30.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	0	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	2	2	0	2	-

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
6	2005-06	0	0	0	0	-
7	2006-07	0	0	0	0	-
8	2007-08	0	0	0	0	-
9	2008-09	5	5	0	5	-
10	2009-10	0	0	0	0	-
11	2014-15	0	0	0	0	-
Total		7	7	0	7	

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

30.4 AUDIT PARAS

30.4.1 Doubtful process of awarding work order for street children - Rs44.803 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs44.803 million was incurred on account of Street Children Program under head of account “Others”.

The following observations were noted.

- i. Valid NTN/SRB in the name of firm was not available.
- ii. Research on Street Children (National Level) was not available.
- iii. International experience of participation of sports for development was not available.
- iv. Drop in centers was not available.
- v. Open door policy in shelter was not available.
- vi. Mobile units were not available.
- vii. Sports for girls were not available.
- viii. Academy for Street children was not available.
- ix. Biometric registration was not available.
- x. Relevant experience and past performance was not available.
- xi. Original cutting of newspapers in three widely circulated newspapers were not available.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 05)

30.4.2 Irregular expenditure incurred on 273rd Urs of Hazrat Shah Abdul Latif Bhattai - Rs2.205 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs2.205 million was incurred on account of Malakhira competition at Bhitshah from 14th to 16th November 2016 on the 273rd Urs of Hazrat Shah Abdul Latif Bhattai.

The following observations were noted.

- i. 1st cheque No.17604288 dated 10-11-2016 of Rs947,500 issued in the name of District Sports officer Hyderabad, as 50% of approved amount in favour of District Officer Sports, Hyderabad for arrangements of Malakhira Competition at Bhitshah.
- ii. 2nd Cheque of remaining amount of Rs1,250,952 vide cheque No.20092952 dated 09-05-2017, was paid to Mr. Irshad Ali Makhdoom instead of in the name of District Officer Sports Hyderabad.

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#15)

30.4.3 Non-production of record – Rs5.864 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During audit of office of the Project Director, Sports Complex, Sukkur for the year 2015-16 and 2016-17, following auditable record of Rs5.864 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
01	Project Director, Sports Complex, Sukkur	01	2015-16 & 2016-17	vouchers/form-28, security deposit register	5.283
		12	2015-16 & 2016-17	Monitoring & Evaluation reports	0.493
		14	2015-16 & 2016-17	Vouchers of photostate	0.088
Total					5.864

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides fixing responsibility on the person(s) at fault.

30.4.4 Irregular expenditure without Pre-Qualification of contractors – Rs333.774 million

According to Rule-27 (1) of Sindh Public Procurement Rules 2010, “A procuring agency, may engage in pre-qualification of bidders only in the following cases:

(a) in case of contracts for large and complex works and services related to, in which there are high costs of preparing detailed bids; (b) in the contracts to be let under turnkey, design and build, or management contract; (c) in case of expensive and technically complex equipment and works with a view to ensuring that invitations to bid are extended only to those who have adequate capabilities, competence and resources.

During audit of office of the Project Director, Sports Complex, Sukkur for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs333.774 million was incurred on various works without pre-qualification of contractors.

(Rupees in million)

Cost Center	Contractor	Head of Account	Amount
SY5019	M/S Relient Trade Link Govt:Contractor	Others	157.392
SY5019	M/S Umerjan and Company	Others	127.248
SY5019	M/S Muhammad Ramzan	Others	16.087
SY5019	M/S Architects Inc	Others	15.022
SY5019	M/S Reliant Trader Link	Others	7.325
SY5019	(MEC) P&D Department	Others	3.787
SY5019	M/S Blue Stone Associates	Others	3.675
SY5019	M/S Yaqoob & Brothers	Others	3.238
Total			333.774

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contracts without pre-qualification and weak administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 06)

30.4.5 Un-justified transfer of funds from Director Sports to the Secretary Sports - Rs 100.000 million

Para 10(i) of General Financial Rules, Volume-I, states that, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary providence would exercise in respect of expenditure of his own money.

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that funds of Rs100.00 million was transferred from the cost center of Director Sports to the Cost Centre/Vendor No. of Secretary Sports & Youth Affairs Karachi without giving justifications as the Directorate office is executive authority and Secretary as Administrative department.

Audit was of the view that unjustified transfer of funds was made without giving reasons, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 03)

30.4.6 Irregular payment through DDOs account - Rs89.834 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned.

This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that funds of Rs89.834 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

Audit was of the view that retention of funds in DDO account constitutes weak financial & administrative management. Besides, chances of misappropriation of public funds could not be ruled out.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 02)

30.4.7 Irregular payment without laboratory test report – Rs75.225 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of the Project Director, Sports Complex, Sukkur for the years 2015-16 & 2016-17, it was observed that expenditure of Rs75.225 million was incurred on mild steel and various works of CC plain and R.C.C. with Ratio, but the payment was made without obtaining laboratory testing report.

Audit was of the view that irregular expenditure was incurred without obtaining laboratory test report, which constituted weak financial and administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 03 & 04)

30.4.8 Irregular payment of contractual Staff - Rs23.370 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”.

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs23.370 million was incurred on account of salaries paid to various staff on contract basis under various Grants.

The following observations were noted.

- i. Source of appointment was not known.
- ii. Work distribution and work performance reports of contractual employees were not available.
- iii. No steps were taken regarding appointment of regular employees if necessary.

Audit was of the view that irregular payment of contract staff without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#14)

30.4.9 Irregular expenditure incurred on beach games - Rs18.991 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs18.991 million was incurred on account of organizing beach games.

The following observations were noted.

- i. No written approval from concerned District Administration/Police department regarding conducting of event was obtained.
- ii. Schedule program duly approved by competent authority was not available.
- iii. Technical Evaluation Report duly signed by competent forum was not available.
- iv. Bid Evaluation Report was not available.
- v. Newspaper cuttings of 3 widely published newspapers were not available.
- vi. Video filming and photos of games organized at Beach were not available.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 06)

30.4.10 Irregular hiring of project staff for ADP schemes - Rs17.631 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs17.631 million was incurred on account of salaries paid to various staff hired for different projects under various ADPs (IELD 2200, YES 2196,2199 INSPYRE) for temporary basis.

The following observations were noted.

- i. Source of appointment was not known.
- ii. Original PC-I was not produced to verify the posts as approved in PC-I.
- iii. Degree documents were not attested by 18 grade Govt. officer.
- iv. Work distribution and work performance reports of employees were not available.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 04)

30.4.11 Irregular expenditure on various events under promotion of popular traditional games - Rs12.500 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs12.500 million was incurred on account of various events/games Under Promotion of Popular Traditional Games under the head “Others”.

The following observations were noted.

- i. Malakhra on 23rd February 2017 at Taluka Kingri on the Eve of Annual Urs of Dargah Haji Abdul Rehaman Ghamkuser Rs9.330 million was demanded, the payment of Rs0.287 million was made, but the adjustment of the same was not recorded.
- ii. Payment was made in the name of Focal Person Mr. Mir Muhammad Kalhoro instead of direct crediting in suppliers’ account.
- iii. Schedule program duly approved by competent authorities of various events were not available.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 08)

30.4.12 Irregular expenditure without provision in PC-I - Rs8.365 million

According to Rule 88 of Sindh Financial Rules, Volume-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the office of the Project Director, Sports Complex, Sukkur for the years 2015-16 & 2016-17, it was observed that expenditure of Rs8.365 million incurred under head of account consultancy charges and project allowance without provision in PC-I.

Audit was of the view that expenditure was incurred without provision in PC-I, which constituted weak financial and administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 05)

30.4.13 Un-authorized issuance of cheques in the names of personal account of government officers - Rs5.292 million

According to Rule 10 of G.F.R “Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety among the principles on which emphasis is generally laid are the following. 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 office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that expenditure of Rs5.292 million was incurred on account of various sports events/activities, but the cheques were issued in the name of government officer’s personal account without giving justification.

Audit was of the view that un-authorized issuance of cheques in personal accounts constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 11)

30.4.14 Irregular expenditure on procurement of vehicles - Rs4.766 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”

During audit of following office of the Sports & Youth Affairs Department, Government of Sindh for the year 2015-16 and 2016-17, it was observed that an expenditure of Rs4.766 million was incurred on account of purchase of vehicles.

The following observations were noted.

- i. Payment was made on Pre-receipt bill without approval from Finance Department.
- ii. Delivery of vehicles were not made.
- iii. Vehicles were not accounted for.
- iv. Vehicles was purchased for Engineering wing, directorate of youth affairs whereas they have their own budget.
- v. Procurement was made without provision in PC-I.
- vi. Supporting vouchers were not produced.

(Amount in million)

Sr.#	Name of office	Financial Year	AIR Para#	Amount
01	Secretary Sports & Youth Affairs Karachi	2016-17	07	2.934
02	Project Director, Sports Complex, Sukkur	2015-16 & 2016-17	07	1.832
			Total	4.766

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August & October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

30.4.15 Irregular release of funds to Pakistan Table Tennis Federation - Rs2.000 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”.

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an amount of Rs2.000 million was released to Pakistan Table Tennis Federation for organizing “South Asia Junior & Cadet Table Tennis Championship at Karachi from July 15 to 17, 2017”, vide cheque No.1618281152 dated 01-11-2016.

The following observations were noted.

- i. Un-authorized release of funds was made from the budget of local office.
- ii. No officer of local office was deputed to check the vigilance on organizing the event.
- iii. Activity plan of local office regarding Sports activities were not available.
- iv. Invitation letters issued to different countries (Nepal, Bhotan, India, Sri-lanka, Maldives, and Bangladesh) for participating in table tennis event, their consent /acknowledgment was not available.
- v. Passports of players and members of different countries participated and Daewoo coach tickets were not available.
- vi. Video filming/photos of event organized were not available.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 13)

30.4.16 Irregular expenditure incurred on POL - Rs1.362 million

As per Para-11 of GFR 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 sub-ordinate disbursing officer”.

During audit of office of the Secretary Sports & Youth Affairs Karachi for the financial year 2016-17, it was observed that an expenditure of Rs1.362 million was incurred on account of POL charges, but the slip/sub-vouchers were not found attached with bills.

Audit was of the view that payment made without supporting documents, resulted into unjustified expenditure, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 19)

30.4.17 Non-deduction of income tax – Rs5.502 million

As per Section 153 (1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person- (a) for the sale of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of the office of the Project Director, Sports Complex, Sukkur for the years 2015-16 & 2016-17, it was observed as per examination of SAP data that

payment of Rs73.902 million was made to the various contractors/suppliers/officials on account of various services, but the income tax amounting to Rs5.502 million was short/not deducted.

(Rupees in million)

Sr.#	Particulars	AIR Para#	Payment	Amount
1	Income tax not deducted	08	63.954	4.796
2	Income tax short deducted	09	7.960	0.508
3	Income tax on project allowance	10	1.988	0.198
Total			73.902	5.502

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 08 & 09)

30.4.18 Non-recovery of stamp duty – Rs2.833 million

According to Para-22-A of Stamp Act, “it is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of office of the Project Director, Sports Complex, Sukkur for the years 2015-16 & 2016-17, it was observed that stamp duty of Rs2.833 million was not recovered from the contractors for fixing of stamps on contract agreement in violation of above rule.

(Amount in Rupees)

W.O #	Date	Name of Contractor	Name of work	Amount	Stamp Duty
PD/SCS/128	16/05/2016	M/S Reliant Traders	Earth Filling for Sports complex	30,242,548	0.35%
PD/SCS/134	16/05/2016	M/S Umar Jan & Co	Construction of Cricket Stadium	357,729,279	
PD/SCS/135	16/05/2016	M/S Umar Jan & Co	Construction of Multipurpose Hall	105,064,622	
PD/SCS/136	16/05/2016	M/S Umar Jan & Co	Construction of Squash Court	87,588,715	
PD/SCS/130	16/05/2016	M/S Reliant Traders	Construction of Swimming Pool	119,718,716	
PD/SCS/129	16/05/2016	M/S Reliant Traders	Construction of Volleyball court	2,951,824	
PD/SCS/131	16/05/2016	M/S Reliant Traders	Construction of Players Hostel	94,975,318	
PD/SCS/133	16/05/2016	M/S Blue Stone Associates	Construction of Tennis court	11,204,422	
Total				809,475,444	

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of stamp duty into Government treasury, which resulted into weak financial management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR # 11)

CHAPTER – 31 TRANSPORT AND MASS TRANSIT DEPARTMENT

31.1 Introduction

The Transport and Mass Transit Department is responsible for the overall discipline of the transport and mass transit services of the Province. Preparation of annual provincial budget, formulation of plans and maintenance of an effective and efficient transport system are the major assignments of this Department.

31.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 31 formations (DDOs), out of which 01 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
3,376.793	139.785	71.284	(71.284)	(2,549.026)	967.552	383.632	583.920

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs583.920 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
200.000	200.000	159.518	40.482

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs 43.966 million was observed.

31.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

31.4 AUDIT PARAS

31.4.1 Non production of record – Rs9.508 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer Incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, following auditable record of Rs9.508 was not produced for audit scrutiny.

(Rupees in million)

Sr. #	AIR Para #	Particulars / Shortcomings	Amount
1	11	Copy of PC-I, showing the provision of payment. Feasibility study or surveys. Preparation and approval of technical estimate. Measurement book.	9.508
2	19	Photocopy of cash book. bank statement of DDO account KQ 02059, KQ5079, KQ 5187, reconciled and verified annual expenditure statement of DDO account KQ 0556, KQ 2059, KQ 5079 & KQ 5187	-
Total			9.508

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides fixing responsibility on the person(s) at fault.

31.4.2 Irregular payment for hiring of buses – Rs53.686 million

According to Rule-11 of General Financial Rules (GFR) Volume-I, “Each head of a 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 office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs53.686 million was paid to M/s Deen Muhammad & Sons on account of hiring of buses.

The following observations were noted:

- i. Market rate analysis was not carried out prior to floating tender and awarding of contract.
- ii. The reasons of rejection of non-selected bidders were not mentioned in bid evaluation report.
- iii. The total amount as per approved rate was required to be paid Rs51.700 million but the department paid Rs53.686 million, thus overpayment of Rs1.986 million was made.
- iv. As per letter of the Secretary Finance Division, the period of payment was required from August 2016, but the actual payment was started from July 2016.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 13)

31.4.3 Irregular payment of consultant – Rs9.075 million

According to Rule-11 of General Financial Rules (GFR) Volume-I, “Each head of a 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 office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs 9.075 million was paid to the consultant M/s NESPAK Pvt. Ltd on account of consultancy charges.

The following observations were noted.

- i. Agreement of consultant M/S NESPAK Pvt. Ltd expired during 2015-16, however the consultant was re-hired and the contract agreement was extended during the year 2016-17 without re-tendering and approval from competent authority.
- ii. Consultancy charges were increased at the rate of 15 percent without justification.
- iii. Progress reports of the work were also not furnished.

Audit was of the view that in the light of above mentioned facts, the payment was irregular, which constituted weak administrative and financial management.

The matter was pointed out to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 12)

31.4.4 Irregular expenditure on salaries in excess of sanctioned strength - Rs5.920 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which

the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that many employees were appointed/ posted/working and drawing pay & allowance amounting to Rs5.920 million without sanctioned strength.

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 18)

31.4.5 Irregular tendering process for office space – Rs 4.500 million

According to Rule-11 of General Financial Rules (GFR) Volume-I, “Each head of a 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 office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs4.500 million was paid to M/s Ayaz Dawood on account of rent of office building.

The following irregularities were noted.

- i. The total number of covered area required for building space was not mentioned in NIT.
- ii. The composition of the procurement committee was notified by the Mass Transit & Transport Department without inclusion of member from the estate office.

- iii. The agreement was executed for eleven month, but advance payment for twelve (12) months was paid. Excess payment of Rs0.375 million was made without justification.
- iv. The reasons of rejection of non-selected bidders were not mentioned in bid evaluation report.

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 17)

31.4.6 Irregular expenditure without inviting tender – Rs3.750 million

As per Rule 12(1) of SPPR, 2010, all proposed procurements for each financial year shall be planed and procuring agencies shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan. Rule 146 of General Financial Rules, Volume-I, states that, “purchase orders should not be splitting up instead of inviting open tender”.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that an expenditure of Rs3.750 million was incurred on account of various heads of account by splitting to avoid tender.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 15)

31.4.7 Irregular payment to contractual employees – Rs3.403 million

According to Rule-88 of Sindh Financial Rules (SFR) Vol-I, “ Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from the Government money, as a person of ordinary prudence would exercise in respect of expenditure incurred from his own money”.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that Rs3.403 million have been paid to the contractual employees as adjustment; increased amount of salaries beyond contract agreements and before date of joining. Moreover, no verification of their credentials and other documents was made by the appointing authority.

(Rupees in million)

Sr. #	Name of employee	Designation	Date of joining	Payment Particulars	Amount	Remarks
1	Muhammad Qasim Dada	Administrator	16-01-2017	July 2016 to Jan 2017 Rs.150,000 x 6= Rs.900,000 + 180,000, April 2017 to June 2017 Rs. 300,000 x 3 = 900,000	1.980	As per contract agreement his pay was fixed @ Rs 150,000 per month but subsequently he was paid Rs. 180,000 and Rs. 300,000 in different months.
2	Muhammad Athar	Director General	28-11-2016	Adjustment of pay	1.423	-
Total					3.403	

Audit was of the view that irregular payment was made to contractual staff beyond agreements constitutes weak financial & administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 20)

31.4.8 Irregular payment through DDO account – Rs0.448 million

According to Rule 23 of General financial rules (GFR) Vol-I, “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. Detailed instructions for regulating the enforcement of such responsibility are embodied in Appendix-2, especially points 3 to 8 enumerated in detail”. Further as per standing order of Accountant General “all payments should be made in favour of payee’s account instead of DDO account”.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that funds of Rs0.448 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr. #	Particulars	AIR Para #	Vendor Name	Cheque No	Amount
1	Financial assistance to the families of Govt. Servants who expire	02	SO (G) / DDO	2755007	0.200
2	Telephone charges	14	-do-	various	0.248
Total					0.448

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

31.4.9 Non-imposition of penalty on contractor– Rs30.845 million

According to clause-2 of the contract agreement, in the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”.

During audit of office of the Secretary, Transport and Mass Transit Department, Government of Sindh, Karachi for the financial year 2016-17, it was observed that various works were awarded to the contractors required to be completed within the stipulated time period. The contractors failed to complete the works in time, but penalty of Rs30.845 million (@ 10% of the contract value was not imposed by the management on account of delayed work.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR # 08)

31.4.10 Non-realization of fees - Rs1.265 million

According to Section-34 (1) and (60) of the Motor Vehicles Ordinance, 1965 read with Rule-64 (2) and 91 of the Motor Vehicles Rules, 1969, route permit is issued

for specific period on expires the period it should be renewed on payment of prescribed rates is to be recovered. Under Section 39 of West Pakistan Motor vehicles Ordinance 1965 (1) subject to the provisions of Section 40, a transport vehicle shall be deemed to be valid registered for the purpose of Section 23, unless it carries a certificate of fitness in Form 1 as set forth in the Fifth Schedule, issued by the prescribed authority, to the effect that the vehicle complies for the time being with all the requirements of Chapter VI and the rules made under; and where the prescribed authority refused to issue such certificate it shall apply the owner of the vehicle with its in writing for such refusals.

During audit of following offices of Transport & Mass Transit Department, Government of Sindh Karachi for the year 2014-15 to 2015-16, it was observed that route permit fee and fitness certificate fees of Rs1.265 million did not realize by the department from the owners of vehicles.

(Rupees in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Secretary Regional Transport Authority, Karachi	Route permit fee	2015-16	1,2,3,4,5	1.123
2	Motor Vehicle Inspector, Karachi	Renewal fee of fitness certificate	2014-15 & 2015-16	1,2,3,4,5	0.142
Total					1.265

Audit was of the view that management failed to realize fees which constituted weak administrative and financial management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 32 UNIVERSITIES & BOARDS

32.1 Introduction

The Universities & Boards under administrative control of Chief Minister's Secretariat are financially autonomous entities; however, these are financially supported with specific grants by the Provincial Government as well as Higher Education Commission (HEC).

32.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 13 formations (DDOs), out of which 01 formations were selected and audited during the Audit Year 2017-18. The accounts for the financial year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
8,924.813	0.000	495.155	(495.155)	(3,565.095)	5,359.718	4,641.665	718.053

N.B Universities and boards are self financed entities, therefore, generate revenue and make spendings therefrom.

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs718.053 million was observed which was not surrendered in time.

32.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	14	10	0	10	-
2	1998-99	37	11	8	3	-
3	1999-2000	40	0	0	0	-
4	2001-02*	12	5	0	5	-

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
5	2004-05*	33	27	0	27	-
6	2005-06	23	6	0	6	-
7	2006-07	16	14	0	14	-
8	2007-08	18	8	0	8	-
9	2008-09	19	14	0	14	-
10	2009-10	27	16	0	16	-
11	2014-15	0	0	0	0	-
Total		239	111	8	103	

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

32.4 AUDIT PARAS

32.4.1 Non-production of record – Rs1,014.019 million

As per Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.

- (2) The officer incharge of any office or Department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules”.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, auditable record of Rs1,014.019 million was not produced to audit for scrutiny. The detail is given at **Annex-1** of Chapter-32.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record besides fixing responsibility on the person(s) at fault.

32.4.2 Irregular expenditure without observance government rules & regulations - Rs3,729.719 million

As per rule 88 of Sindh Financial Rules, Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an expenditure of Rs3,729.719 million was incurred from various heads of accounts ,but the government rules & regulations were not observed thereon resulting into irregular expenditure. The detail is given at **Annex-2** of Chapter-32.

Audit was of the view that irregular expenditure was incurred without complying with rules and regulations due to weak financial and administrative management.

The matter was reported to the management in January 2015 to November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.3 Irregular investment of funds – 1,460.49 million

According to 3 (b) of OM No. F.4(1)/2002-BR-II dated 2-7-2003 of Finance Division, Govt. of Pakistan that the process of bank(s) should be transparent as the selection of bank and terms deposits will be approved by the concerned Board of Directors / Governing Body on the basis of competitive bids from at least three independent banks;

- 3(e) The working balance limit of each organization should be determined with the approval administrative ministry in consultation with Finance Division.
- 4) Corporate entities which are holding trust funds such as pension, benevolent, and insurance funds will devise their policies through their own Boards.
- 6) Before making any investment under this policy, it would be necessary for public sector entities to set up in house professional treasury management functions. Specifically they would need to have an Investment Committees (IC) with defined investment approval authority. Transactions above the approval authority of the IC will be subject to approval of the Board of Directors or equivalent forum. The IC should be assisted by the Investment Management employing qualified staff with at least 3-5 years of

experience for public sector enterprise to use the services of professional fund managers approved by SECP.

During audit of various institutions of Secretary, Universities / Boards for the financial years 2015-16 & 2016-17, it was observed that the funds of Rs1,460.49 million were invested in various banks.

The following observations were noted:

- i. Process of selection of banks and approval of term deposits investment were not approved by the Governing Body i.e. Syndicate & Senate.
- ii. In-house professional Treasury management functions were not devised by the University.
- iii. No any Investment Committee (IC) was formed with the approval of the Syndicate and Senate to evaluate the proposed investment.
- iv. Neither any qualified staff were appointed / working to assist the IC with at least 3-5 years experience of public sector enterprise nor any services of professional fund managers approved by SECP were availed.

(Rupees in million)					
Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
01	NED University Karachi	Investment made without fulfilling codal requirements	2015-16	44	1108.74
02	LUMHS Jamshoro	-do-	2015-16	10	351.750
Total					1460.49

Audit was of the view that investment was made without fulfilling codal formalities due to weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

32.4.4 Non-placement of funds into Sindh Bank - Rs1,069.160 million

As per directives of the Chief Minister Sindh to Heads of all Govt. departments including of Vice Chancellors of Public Sector Universities in Sindh vide No. SO(Coord)/CMS/30 dated 03.04.2014 by referring to Finance Department letter No.FD.SO(Res-IV/7(9) 2011-12 dated 20-03-2014 that all the Govt. related accounts including Joint Accounts, other than Assignment Accounts would be maintained in Sindh Bank Limited.

During audit of office of the Vice Chancellor, NED University Karachi for the year 2015-16, it was observed that operating funds of Rs1,069.160 million except provident, benevolent etc, were available, but the same was not placed in Sindh Bank in violation of above directives. The rate/quotation for funds investment was not obtained from the Sindh Bank.

Audit was of the view that non-placement of funds into Sindh Bank resulted non-compliance of government rules and regulations, which constituted weak administrative management.

The matter was reported to the management in December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

32.4.5 Irregular award of work over & above PC-I cost-Rs585.86 million

As per appendix 18-A of Sindh Financial Rules, volume-I; “Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Vice Chancellor, Shaheed Mohtarma Benazir Bhutto Medical University Larkana for the year 2016-17, it was observed that the work was awarded to the contractor amounting Rs585.86 million over as per PC-I cost.

(Rupees in million)

Sr. #	Entity	Particulars	Financial Year	AIR Para#	Amount
1	SMBB Medical University Larkana	Irregular award of work over & Above PC-I	2016-17	15	98.376
2		Excess work awarded to contractor for construction of nursing hostel over as per PC-I	2016-17	16	22.623
3		Civil work exceeded over PC-I	2016-17	17	137.263
4		Excess payment over the sanctioned estimate	2016-17	23	3.719
5		Un-justified award of work over & above PC-I/	2016-17	30	262.293
6		Un-authorized excess payment over & above PC-I	2016-17	31	61.586
				Total	585.86

Audit was of the view that irregular expenditure was incurred without revision of PC-1 due to weak financial and administrative management.

The matter was reported to the management in August 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.6 Non-observance of SPPRA Rules – Rs201.547 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs201.547 million was incurred for procurement of various items. However, management did not observe the provisions of SPPRA 2010. The detail is given at **Annex-3** of Chapter-32.

Audit was of the view that irregular expenditure was incurred without observance of SPPRA Rules due to weak financial and administrative management.

The matter was reported to the management in January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures to avoid recurrence.

32.4.7 Loss to Govt. due to non completion of work by contractor Rs176.321 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of office of the Vice Chancellor, Shaheed Mohatarma Benazir Bhutto Medical University, Larkana, it was observed that construction of BINACHS Rs117.600 million and construction of Admin Block Rs 58.721 million were awarded to M/s Airrs Associates Pvt. Ltd., but the contractor did not complete the works & escaped. Neither the management took any action against the defaulter nor penalized/blacklisted. Moreover, security deposit was deposited in national bank instead of treasury and details / evidence of forfeiture of the security deposit of Rs3.400 million was not provided to audit.

Audit was of the view that government had to bear loss due to weak financial and administrative management.

The matter was reported to the department in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#08)

32.4.8 Unauthorized payment of loan from Self-Finance Account-Rs117.923 million

As per Resolution 135.6(b) of 135th FPC minutes of meeting that Self Finance funds will be distributed as follows:

- 1) 50% to University Endowment Fund
- 2) 50% 25.00% Recurring Account
12.5% UDWP Account
12.5% University Research Account

During audit of office of the Vice Chancellor, NED University Karachi for the year 2015-16, it was observed that funds of Rs117.923 million were transferred as loan to UDWP and Research Fund instead of distribution of funds as per agreed percentage without giving **substantial** reasons.

(Rupees in million)

Sr.#	Nature of Account/Fund	Particulars	Amount
1	UDWP Account	Loan Paid	103.351
2	Research Account	-do-	14.572
Total			117.923

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management in December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#17)

32.4.9 Irregular expenditure without inviting tenders – Rs110.251 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an expenditure amounting to Rs110.251 million was incurred without inviting tender. The detail is given at Annex-4 of Chapter-32.

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

32.4.10 Irregular expenditure on civil works – Rs 105.729 million

According to Article 84 of Audit Code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appear to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.

During audit of office of the Vice Chancellor, Shaheed Mohatarma Benazir Bhutto Medical University, Larkana for the financial years 2015-16 & 2016-17, it was

observed that an expenditure of Rs105.729 million was incurred on civil works without preparation of PC-I and submission of PC-IV.

(Rupees in million)

Sr.#	Entity	Particular	Financial Year	AIR Para#	Amount
1	SMBB Medical University Larkana	Expenditure on civil work without preparation of PC-I, spitted into pieces	2015-16	08	6.586
		Non-completion evaluation of building of Bibi Dental college without prepared PC-IV	2016-17	07	99.143
Total					105.729

Audit was of the view that irregular expenditure was incurred without preparation of PC-I and submission of PC-IV, which constituted weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

32.4.11 Irregular award of work on market rates instead of schedule rates – Rs82.823 million

As per Para 7 of Schedule of Rates for finished items of work, Volume-III, Part-II of 2004, “All works shall be executed adopting Composite Rates and all material shall be procured by the contractor on their own expenses.”

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an amount of Rs82.823 million was paid on execution of items of work awarded on market rates instead of schedule rates 2012.

(Rupees in million)

Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
1	NED University Karachi	Work done without B-I Agreement	2015-16	19	16.175
		Payment made without observing schedule rates	2015-16	48	16.175
2	LUMHS Jamshoro	Un-authorized expenditure without approval of standing rate committee	2015-16	28	21.976
		Un-justified award of non-schedule items without obtaining and approval of rat analysis report	2015-16	15	13.734
3	SMBBU Larkana	Award of non-schedule items without referring to Standing Rate Committee	2015-16	04	1.067
		Irregular allowing excess rate against approved scheduled rates	2015-16	25	0.531
4	Sindh University Jamshoro	Unjustified excess payment on account of security services	2015-16	18	3.020
5	SMBB Medical University Larkana	i Irregular expenditure incurred on non-schedule items without approval of competent authority	2016-17	22	10.145
Total					82.823

Audit was of the view that irregular expenditure was incurred without obtaining approval, which constituted weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

32.4.12 Unauthorized award of Scholarships other than approved countries (P.C.I) - Rs79.845 million

As per P.C.I of Strengthening of NED University of Engineering and Textile Karachi (Mega-III), under Human Resources Development "121 Faculty Members will be sent abroad for Ph.D. Training for three years@ Rs. 7.00 million per Scholar" as per list attached countries.

During audit of office of the Vice Chancellor, NED University Karachi for the year 2015-16, it was observed that an amount of Rs79.845 million was paid for scholarships under Human Resource Development Program of Mega-III Project other than approved countries from P.C.I. This seemed an undue favor was allowed to the employees without amendment in P.C.I /approval of competent forum.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management in December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#11)

32.4.13 Non-adjustment of advances – Rs87.814 million

According to Para-668 of Federal Treasury Rules, advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16-2016-17, it was observed that cumulative advance payment of Rs87.814 million was made to various parties/officers for various works without obtaining their subsequent adjustment accounts. The detail is given at **Annex-5** of Chapter-32.

Audit was of the view that due to non-adjustment of advance payment and non-provision of detail account, audit could not verify the authenticity of expenditure.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

32.4.14 Un-authorized establishment of Medical College from regular Budget - Rs75.757 million

As per clause-17(c) LUHMS ordinance-2000, the Director Finance shall ensure that the funds of the university are expended for the purpose they are provided.

During audit of office of the Vice Chancellor, Liaquat University of Medical & Health Sciences, Jamshoro for the financial year 2015-16, it was observed that an expenditure of Rs75.757 million was incurred on establishment of Bilawal Medical College, Jamshoro from the regular budget of the university in violation of budget Policy of HEC.

The following observations were noted:

- i. Student hostel was converted into medical college, on other hand shortage of hostels were mentioned in PC-I of newly constructed student hostel which is unjustified.
- ii. Approved summary form Chief Minister for the establishment of college was not produced.
- iii. The staff is working since 2015-16 without approval of SNE from Finance department/syndicate.
- iv. Utilization report sent to HEC & Finance department was not produced to ensure the proper utilization & released budget for the financial year 2015-16.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#06)

32.4.15 Irregular transfer of funds from one account to other account - Rs66.815 million

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that the management had transferred an amount of Rs66.815 million from one account of a separate purpose to other account of different purpose without justification. The detail is given at **Annex-6** of Chapter-32.

Audit was of the view that irregular transfer of funds were made without justification, which constituted weak financial and administrative management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

32.4.16 Irregular payment of honorarium – Rs54.509 million

According to Fundamental Rule (FR) 46 to 48, the powers to sanction the undertaking a work for which an honorarium is offered and to the grant and acceptance of an honorarium were delegated to the ministries and head of the departments up to a maximum of Rs2,000 and Rs1,000 in each case respectively Vide item No:19 of Annexure-II to the finance Division O.M of 11th Mar 1981. The amount should not exceed one months' pay of the Government Servant concerned on each occasion. The temporary increase in the work of Government Servant is not a valid justification for

Grant of Honorarium to him. Performance of legitimate duties of government servants according to general principal has no claim to extra remuneration.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs54.509 million was incurred on account of honorarium, but details of laborious specific assignment other than work was not mentioned in the bills. Besides, income tax was not also deducted from the payment.

(Rupees in million)

Sr.#	Entity	AIR Para #	Financial Year	Amount
1	SALU Khairpur	14	2016-17	0.788
2	University of Sindh Jamshoro	31	2015-16	0.138
		12	2015-16	37.046
3	SMBB Medical University Larkana	08	2016-17	15.948
4	BISE Larkana	07	2016-17	0.589
Total				54.509

Audit was of the view that undue favour was extended to officers/officials which resulted weak financial and administrative management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

32.4.17 Irregular appointments & promotions of employees – Rs41.361 million

The Government of Pakistan Establishment, Division vide its OM No.6/2/2000-R.3 dated May 06,2000 issued policy guide lines for contract employees for the posts in autonomous/semi-autonomous bodies, Public sectors companies etc. owned and managed by the Federal Government. According to Para (III) of the OM contracts appointments should be made only subject to fulfillment and observance of the following conditions.

- (a) Vacancy should be advertised in the leading national and regional newspapers.

- (b) Selection should be made through regular constituted selection committees/Boards i-e Competent authority.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs41.361 million was incurred on irregular appointments & promotions. The detail is given at **Annex-7** of Chapter-32.

Audit was of the view that appointment and promotions of employees were without fulfilment of codal formalities resulted into illegal appointments & promotions and weak administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

32.4.18 Non-accounting of articles – Rs16.170 million

As per rule 113 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighted, as the case may be, when delivery is taken and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Registers”.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs16.170 million was incurred on purchase of various items, but the same were not accounted for in the relevant stock registers. The detail is given at **Annex-8** of Chapter-32.

Audit was of the view that in absence of relevant record, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

32.4.19 Excess payment on various items of civil works –Rs15.217 million

Rule-528 of Public Works Departmental Manual, states that “no material alteration in sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction”

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that excess payment of Rs15.217 million was made on various items of works.

(Rupees in million)					
Sr. #	Entity	Particulars	Financial Year	AIR Para#	Amount
1	SMBB Medical University Larkana	Excess payment allowed to contractor carriage	2015-16	01	1.801
2	SZAB law university Karachi	Excess payment due to procurement of excess quantity	2015-16 to 2016-17	01	1.589
		Excess execution of items of works	-do-	08	3.215
		Allowing excess premium against approved rate of government	-do-	16	8.612
Total					15.217

Audit was of the view that excess payment was made on items of works, which constituted weak financial and administrative management.

The matter was reported to the management in January 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

32.4.20 Irregular encashment of leave - Rs13.591 million

As per rule 18-A ii (2A &2B) of revised leave rules, “Encashment of leave preparatory to retirement (LPR) not exceeding 365 days shall be effective from the first day of July 2012 and shall for the entire period of leave refused or opted for encashment, the applicable to a civil servant retires, as the case may be, retiring on or after first day of July 2012, provided such leave is available at his credit subject to a maximum of 365 days. The encashment of LPR shall also be applicable to employees of autonomous and semi-autonomous bodies under administrative control of the federal government which have adopted basic pay scales schemes and these rules in toto”

During audit of the office of Chairman Board of Intermediate and Secondary Education Larkana for the year 2016-17, it was observed that there was practice of encashment of leave of Rs13.591 million to employees without approval of Finance department, Govt of Sindh.

Audit was of the view that irregular expenditure was incurred without approval of Finance Department, which constituted weak financial and administrative management.

The matter was reported to the department in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#12)

32.4.21 Irregular payment of secured advance – Rs10.28 million

As per standard Form of Bidding Documents issued by SPPRA, the contractor shall be entitled to receive Secured Advance from the procuring agency against an Indenture Bond in P.W. Account Form 31 (Fin R. Form No.2) in respect of non-

perishable materials brought at site but not yet incorporated in the permanent works and sum payable for such materials on site shall not exceed 75% of the landed cost of imported materials, of ex-factory / ex-warehouse price of locally manufactured or produced materials, or market price of standard materials. Detail account of advance must be kept in part-II of running account bill. The Secured Advance may be permitted only against materials / quantities anticipated to be consumed / utilized on the work within a period of 3 months from the date of issue of secured advance.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs10.28 million was paid to the various contractors as secured advance being the cost of material including sound system and false ceiling but neither Indenture Bond in P.W. Account Form No.31 nor detailed report of consumption account of materials alongwith recovery of advance was produced to audit for verification.

(Rupees in million)

Sr.#	Entity	AIR Para#	Financial Year	Amount
01	Quest Nawab Shah	28	2016-17	8.676
02	SZAB Law University Karachi	15	2015-16 to 2016-17	1.604
Total				10.28

Audit was of the view that irregular payment of secured advance without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.22 Unauthorized purchase of vehicles-Rs9.752 million

Notification of Finance Department, Govt. of Sindh Karachi vide No. FD/B&E-I/2(360)/ BAN/2012-13 dated 17-05-2013 and letter No. CTC(SGA&CD)13(27)09 dated 29-03-2013 of Services General Administration and Coordination Department, Government of Sindh Karachi provide as under:

1. There shall be a complete ban on procurement of plant and machinery of all categories and all kinds of fixed or movable assets etc.
2. The above ban shall only be relaxed by orders of the Chief Minister.

During audit of office of Vice Chancellor, SMBBU Larkana for the financial year 2015-16, it was observed that payment of Rs9.752 million was made on account of purchase of vehicles during ban period without approval from the Chief Minister Sindh.

(Rupees in million)

Sr. #	Cheque # & Date	Purchase Order No. & Date	Paid to:	On Account of	Amount
1	171641 / 13-05-16	SMBBMU/PPLO/ 2016/01 Dated: 01-01-2016	M/s. Indus Motors Co. Ltd. Karachi	Purchase of 05 Toyota Corolla Cars for SMBBMU, Lrk.	8.678
2	171642 / 13-05-16	SMBBMU/PPLO/ 2016/01 Dated: 01-01-2016	M/s. Toyota, Hyd.(an authorized dealer)	Transportation of Vehicles	0.050
3	163089 / 05-01-16	NIL / NIL	M/s. Suzuki Larkana Motors	Purchase of 01 Suzuki Wagon-R VXL-2 (Cultus) for BINACHS	1.024
Total					9.752

Audit was of the view that irregular purchase of vehicle was made during ban period without approval, which constituted weak financial and administrative management.

The matter was reported to the management in October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#09)

32.4.23 Excess expenditure on account of scholarships -Rs9.585 million

As per Office Memorandum No. DS-1355-0012/259 dated June 08, 2016 of Re-appropriation of funds under Mega-III project wherein allocation under the Human Resource Development was minimized from 121 to 91 scholarships and fixed Rs635.803 million.

During audit of office of the Vice Chancellor, NED University, Karachi for the year 2015-16, it was observed that 92 scholarships were paid by the Finance Department of the University whereas scholarship of Mr. Muhammad Ali, Lecturer was an excess expenditure of Rs9.585 million as it was not included in the re-appropriation order.

Audit was of the view that excess expenditure was incurred, which constituted weak financial and administrative management.

The matter was reported to management during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#46)

32.4.24 Unauthorized payment to private advertising agency -Rs8.187 million

As per rule-88 of Sindh Financial Rules Volume-I, "Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community".

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an amount of Rs8.187 million was paid to advertising agency on account of publication in newspaper instead of Information Department Govt. of Sindh.

(Rupees in million)

Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
01	NED University	Un-authorized payment to private Advertising Agency	2015-16	27	0.663
02	LUMHS Jamshoro	Irregular placement of advertisement not through Information department	2015-16	44	2.395
03	SALU Khairpur	Unauthorized payment for advertisement to private vendors	2016-17	07	0.479
04	SZAB Law University Karachi	Un-justified payments for advertisement supplementary	2015-16 to 2016-17	02	4.650
Total					8.187

Audit was of the view that unauthorized expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.25 Irregular expenditure by splitting to avoid tender – Rs3.85 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan; Rule 17 (1) *ibid* provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an expenditure of Rs3.85 million was incurred on various works by splitting up to avoid inviting open tenders. The detail is given at **Annex-9** of Chapter-32.

Audit was of the view that due to failure of the management to following SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management in January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.26 Irregular refund of security deposit –Rs 5.516 million

According to Rule-39 (3) of Sindh Public Procurement Rules 2010 “Validity of performance security shall extend at least ninety days beyond the date of completion of contract to cover defects liability period or maintenance period subject to final acceptance by the procuring agency”.

During the audit of office of Vice Chancellor, LUMHS, Jamshoro for the financial year 2015-16, it was observed that security deposit amounting to Rs 5.516 million was refunded to the contractor.

(Amount in Rupees)

Sr.#	Cheque No.	Date	A/C No.	Amount
1	37890209	10-07-2015	2925-4	1,048,881
2	37890216	14-07-2015	2925-4	598,125
3	37890220	14-07-2015	Nil	87,378
4	53842826	20-11-2015	Nil	112,370
5	53843459	28-03-2016	Nil	1,175,349
6	53843556	14-04-2016	Nil	2,341,673
7	78839663	02-05-2016	Nil	152,371
Total				5,516,147

The following observations were noted;

- i. Refund was made without the request / obtaining application from the contractor.
- ii. Work completion report was not available.
- iii. The security deposit register was not maintained.
- iv. Starting and completion date of work was not mentioned on the bills.

Audit was of the view that management gave undue favour to contractor, which depicted weak administrative management.

The matter was reported to management in during February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#19)

32.4.27 Irregular expenditure on extra items of work - Rs3.09 million

Rule 16 (1) (e) of SPP Rules 2010 provides, “A procuring agency may utilize Repeat Orders method of procurement of goods, services and works, which means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that; The cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and the original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract. In case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an expenditure of Rs3.090 million was incurred on extra items/works, but the approved variation orders were not available with the vouchers.

The following observations were noted:

- i. The department did not exercise due care while preparing the original estimate and benefit was accorded to contractor by execution of extra item of work.
- ii. Tenders were not invited for the execution of extra items.
- iii. Reasons behind execution of extra items while preparing detail estimate.
- iv. Revised sanction estimate was not produced to audit.

(Rupees in million)

Sr.#	Entity	AIR Para #	Financial Year	Amount
01	Quest Nawab Shah	27	2016-17	1.121
02	MD, STEVTA	05	2016-17	1.969
Total				3.090

Audit was of the view that works on extra items without obtaining approval constituted weak financial and administrative management.

The matter was reported to the management in January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.28 Un-authorized award of work - Rs1.710 million

Rule-10 (i) and (ii) General Financial Rule volume - I, made with Rule-88 of Sindh Financial Rule volume - I “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from government money, as a person of ordinary prudence would exercise in spending his own money.”.

During audit of office of Voice Chancellor, LUMHS Jamshoro for the financial year 2015-16, it was observed that an amount of Rs 1.710 million was paid to M/S Shams Builders & Developers on account of hiring charges of employees on the basis of fixed amount for period of 18 months instead of appointment through competitive process.

(Rupees in million)

Sr. #	Name of Contractor	Name of work	Description	Qty	Rate	Amount
1	M/S Shams Builders	Construction of student facilities centre i/c kitchen dinning block, underground tank, overhead tank, etc	Hire charges of laboratory technician	18 months	25000	0.450
			Hire charges of Autocad operator	18 months	25000	0.450
			Hire charges of Account clerk	18	25000	0.450
			Hire Charges of Field charges	18	20000	0.360
Total						1.710

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to management during February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#16)

32.4.29 Irregular appointment of IT Manager/Lecturer -Rs 1.443 million

The Government of Pakistan Establishment, Division vide its OM No.6/2/2000-R.3 dated May 06,2000 issued policy guide lines for contract employees for the posts in autonomous/semi-autonomous bodies, Public sectors companies etc. owned and managed by the Federal Government. According to Para (III) of the OM contracts appointments should be made only subject to fulfillment and observance of the following conditions.

- (a) Vacancy should be advertised in the leading national and regional newspapers.
- (b) Selection should be made through regular constituted selection committees/Boards i-e competent authority.

During audit of office of the Vice Chancellor, NED University for the period 2015-16, it was observed that appointment of Mr. Shariq Mahmood Khan seemed doubtful and undue favor was extended.

Mr. Shariq Mehmood	Asstt. Professor (BS-19)	Salary p.m. Rs120,291/-	Total salary 2015-16 Rs1,443,492/-
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The following observations were noted:

- i. Mr. Shariq Mahmood was appointed as IT Manager (Junior Scale) BS-17, on adhoc basis without having minimum qualification of BE degree in Computer System Engineering or M.Sc in Computer Science as required in the University Code at serial No.112.

- ii. Advertisement for regular appointment of the subject post was made on October 30, 2005 with changes in qualification requirement as per code of the University in order to favor the candidate. The change of qualification was made 4 year study in computer science after H.S.C. without approval of the Syndicate and Senate.
- iii. He was regularized on 9.1.2006 as IT Manager BS-17(Junior Scale).
- iv. Mr. Shariq applied for the post of Asstt. Professor in view of Advertisement dated April 27, 2007 where Masters degree plus four years experience was required.
- v. Only three candidates were shortlisted including Mr. Shariq with an undue favor who did not have Masters degree on the application date besides there were 13 candidates who applied for the same and mostly fulfilling qualification and experience requirements.
- vi. After that Mr. Shariq requested on 11.6.2007 to the Registrar after being interviewed by the Selection Board on 24.5.2007 that his Master's result has been declared and Provisional Marks certificate dated 6/6/2007 was attached.
- vii. He was offered as Lecturer on 25/6/2007 in the same department depriving others for the post of Lecturer and Mr. Shariq was allowed undue favor the subject appointment.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reposted to the department in December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#14)

32.4.30 Recovery of various allowances - Rs313.907 million

As per notification of Finance Department No.FD (SR-III)5/22-85 dated 10.02.1986 and subsequent letter No. FD (SR-II)5/16-2001 dated 17/1/2008 it has been clearly communicated that “No Orderly Allowance shall be allowed to the officers other than who are working in the Sind Secretariat, as per this Department Circular

letter” Furthermore, “Orderly allowance of officers, others than BS-20 officers of the Sindh Secretariat may be stopped forthwith and to recover the amount for the period they have drawn orderly allowance while serving outside the Secretariat be effected immediately even from the retired Government servants out of their pension &

As per Government of Pakistan O. M No. F-1(1)Imp/83 dated 18th August 1983, non-practicing allowance is admissible to medical officers only &

According to Finance Division (Regulation Wing) office memo # F-3 (b) R.1/35 dated 26th June, 1985, computer allowance is required to be paid to those employees who possess degree in Computer Science, fulfill terms & conditions and also get appointed for particular post.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs313.907 million was paid to employees on account of various allowances in contravention of the prevalent Government rules, regulations and instructions issued from time to time. Thus Govt. sustained loss due to violation of above rule. The detail is given at **Annex-10** of Chapter-32.

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

32.4.31 Non-recovery of outstanding dues – Rs189.304 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, “the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.”

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that an amount of Rs189.304

million was due on account of various heads accounts, but the same was not recovered and still lying outstanding. The detail is given at **Annex-11** of Chapter-32.

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during January 2015 to November 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.32 Non-recovery of fees -Rs146.871 million

According to Rule 28 of General Financial Rule Volume-I, “no amount due to Government should be left outstanding without sufficient reasons, where any dues appear to be irrecoverable; the orders of competent authority for their adjustment must be sought”.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs146.871 million was paid to various teaching staff for three years abroad with surety bond to return and serve the university, but the same have not returned as yet . Hence, the amount spent was not recovered from the following offices:

(Rupees in million)

Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
01	NED University Karachi	Non-recovery of Ph.D. scholarships fees	2015-16	02	66.215
02	SALU Khairpur	Non recovery of Hostel Fees from Students	2016-17	11	1.415
03	University of Sindh Jamshoro	Loss to university due to non-collection of inspection Fee.	2015-16	34	----
04	SZAB Law University Karachi	Short collection of fee	2015-16 to 2016-17	05	77.988
05	Sindh Madressatul Islam, Karachi	Non-recovery of students fee defaulters	2015-16	02	1.253
Total					146.871

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

32.4.33 Loss incurred due to non investments of funds Rs81.425 million

According to 3 (b) of OM No. F.4(1)/2002-BR-II dated 2-7-2003 of Finance Division, Govt. of Pakistan that the process of bank(s) should be transparent as the selection of bank and terms deposits will be approved by the concerned Board of Directors / Governing Body on the basis of competitive bids from at least three independent banks;

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that loss of Rs81.425 million incurred due to non investments of idle funds.

(Rupees in million)					
Sr.#	Entity	Particular	Financial Year	AIR Para#	Amount
1	NED University Karachi	Loss incurred due to non-investment of endowment funds	2015-16	07	15.847
		Loss to Govt. employees due to non-transfer of pension funds from Recurring head.	-do-	09	64.799
2	Director, Centre of Excellence in Arts & Design, Jamshoro	An amount of Rs.0.779 million was kept idle in the accounts up to June, 2016 on account of Insurance and pension and was not invested as required under the above clause.	2015	04	0.779
Total					81.425

Audit was of the view that Government sustained loss due to non investments of funds, which resulted into weak financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.34 Non recovery of taxes - Rs65.730 million

According to Rule 28 of General Financial Rule Volume-I, “no amount due to Government should be left outstanding without sufficient reasons, where any dues appear to be irrecoverable; the orders of competent authority for their adjustment must be sought”.

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that GST and income tax of Rs65.730 million was lying outstanding against various contractors / suppliers which need to be recovered. The detail is given at **Annex-12** of Chapter-32.

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.35 Loss to Govt due to non-completion of Degrees of Doctorates (PhDs.) within stipulated time-Rs62.377 million

As per P.C.I of Strengthening of NED University of Engineering and Textile Karachi (Mega-III), under Human Resources Development "121 Faculty Members will be sent abroad for Ph.D. Training for three years@ Rs. 7.00 million per Scholar".

During audit of office of the Vice Chancellor, NED University for the period 2015-16, it was observed that University recommended 08 Assistant / Associate Professors for Ph.D scholarships at a total cost of Rs62.377 million to different foreign Universities for a stipulated period of 3 years. But the officials have not completed the foreign degree within said period which resulted loss of quality education to be imparted to students and financial loss of Rs62.377 million. Either it creates doubts on selection of proper person recommended for scholarships or a deliberate inefficiency due to ill intention shown by teaching staff abroad. Some of teaching staff has spent more than additional three year in total six year, but still the extensions are being allowed to them. Moreover there was not any approved policy regarding extension of leave.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management January 2016 to November 2017, but no reply was received.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#05)

32.4.36 Non-imposition of penalty for delayed works - Rs34.056 million

According to clause-2 of the Contract Agreement, "the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 percent of the estimated cost of the work as shown in the tender".

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that works/assignments were awarded to various contractors / suppliers, but the same were not completed within the stipulated period. Thus penalty of Rs34.056 million was required to be imposed upon the contractors under clause-2 of agreement, hence Govt sustained a loss of Rs34.299 million which was not done.

(Rupees in million)

Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
1	NED University Karachi	Loss due to non-imposition of penalty	2015-16	20	0.758
2	LUMS Jamshoro	Non-imposition of penalty due to late delivery of furniture and fixture	2015-16	41	0.085
3	BISE Sukkur	Imposition of penalty on supplier	2016-17	08	0.063
4	SALU Khairpur	Non-imposition of penalty	2016-17	12	5.682
5	SMBB Medical University, Larkana	Non-imposition penalty of delayed work	2015-16	02	0.976
		Non-imposition penalty of delayed work	2015-16	12	2.311
6	BISE Larkana	Non-imposition of penalty	2015-16	01	1.000
7	University of Sindh Jamshoro	Non-imposition of penalty to the contractors on delayed work	2015-16	26	0.399
8	SZAB Law University Karachi	-do-	2015-16 to 2016-17	11	19.396
9	MD, STEVTA Karachi	Non-imposition of penalty	2016-17	02	3.386
Total					34.056

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.37 Non-inclusion of profit in Provident fund of employees -Rs22.857 million

As per rule-88 of Sindh Financial Rules Volume-I, "Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community".

During audit of office of the Vice Chancellor, NED University Karachi for the period 2015-16, it was observed that an amount of Rs22.857 million was earned on investments of provident fund, but the same was not added in the provident fund balances of employees while checking the provident fund software till the end of audit. The profit rate of provident fund was not approved till the end of audit period despite various syndicated meetings. Moreover, the employees who retired during the period 1-7-2016 to 15-4-2017 have not been paid profit till date.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to management during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

(AIR#41)

32.4.38 Wasteful expenditure under various heads of accounts- Rs 14.928 million

As per rule-88 of Sindh Financial Rules Volume-I, "Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community".

During audit of various institutions of Secretary, Universities/ Boards for the financial years 2015-16 & 2016-17, it was observed that unnecessary expenditure amounting to Rs14.928 million was incurred under various heads of accounts which sustained loss to Govt./University.

(Rupees in million)

Sr. #	Entity	Particular	Financial Year	AIR Para#	Amount
1	NED University Karachi	Purchased equipment(geysers) for residential colony for employees	2015-16	43	0.180
2	LUMHS Jamshoro	Wasteful/blockage of expenditure on account of purchase of machinery & equipment before function of college	2015-16	09	14.238
3	University of Sindh Jamshoro	Wastage of Government money due to sub-standard work	2015-16	25	0.510
Total					14.928

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

32.4.39 Loss to Govt. due to placement of recurring funds into PLA Accounts - Rs8.125 million

According to 3 (b) of OM No. F.4(1)/2002-BR-II dated 2-7-2003 of Finance Division, Govt. of Pakistan that the process of bank(s) should be transparent as the selection of bank and terms deposits will be approved by the concerned Board of Directors / Governing Body on the basis of competitive bids from at least three independent banks;

3(e)The working balance limit of each organization should be determined with the approval administrative ministry in consultation with Finance Division.

As per 137.1 Resolution of the 137th minutes of Finance & Planning Committee "the then Vice Chancellor showed his great concern on the bank accounts

list. Mr. Shabbar Zaidi suggested that the list should be categorized in accordance with nature of account. He also pointed out that heavy amounts which have been kept in idle account in current accounts should have been kept in saving / deposit accounts so that University would have earned substantial profit on bank balances. The Director HEC has also replied that University can maintain its recurring in saving accounts, however accounts of the development scheme should be maintained in the current accounts.

During audit of office of the Vice Chancellor, NED University for the period 2015-16, it was observed that huge average monthly funds Rs 1,949.885 million were kept in current accounts in the NBP and HMBL instead of PLS saving accounts which resulted loss of Rs8.125 million to the University / Govt. The profit could have increased by placing funds in the PLS daily product account.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the department during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#06)

32.4.40 Loss to Govt. /University due to unauthorized payment - Rs7.831 million

As per P.C.I of Strengthening of NED University of Engineering and Textile Karachi (Mega-III), under Human Resources Development "121 Faculty Members will be sent abroad for Ph.D. Training for three years@ Rs7.00 million per Scholar".

During audit of office of the Vice Chancellor, NED University Karachi for the period 2015-16, it was observed that an amount of Rs7.831 million was paid for Masters Program scholarship under Human Resource Development Program of Mega-III Project instead of Ph.D. scholarship as required in P.C.I. This seemed an undue favor was allowed to the employees without of revised PC.I. Thus University / Govt. sustained loss of Rs7.831 million, however recovery of Rs5.163 million was made but still Rs2.668 million is remaining balance to be recovered.

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#12)

32.4.41 Loss to university / employees due to non-reimbursement of medical claims outstanding to Insurance Company - Rs3.638 million

According to rule-88 of Sindh Financial Rules, volume-I, "Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of office of the Vice Chancellor, NED University for the period 2015-16, it was observed that university signed a contract of health insurance with United Insurance company on 10.9.2014 at a total premium amount of Rs24.646 million with quarterly advance payments, whereas there was a list of outstanding claims of employees Rs3.638 million pending since October, 2014 also premium payment of Rs6.164 million was paid vide cheque No.34869678 dated 30.6.2015, but the company has not reimbursed the claims till the end of audit. Moreover, the authorities have neither obtained any performance guarantee from the company while signing the agreement nor it was black listed. In addition to that various letters issued to the company for clearance of outstanding claims.

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#13)

32.4.42 Unauthorized salary payment after the date of superannuation - Rs3.100 million

Under Rule ‘1’ Appendix 18-A of Sindh Financial Rule Volume-I, Every Govt. Servant realizes 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 personally responsible for any loss arising from fraud or negligence on the part of any other Govt. Servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

During audit of office of the Vice Chancellor, NED University Karachi for the period 2015-16, it was observed that Mrs Shaheen Atique had been appointed on 1-11-1982 as Assistant Librarian. As per Matriculation certificate her date of birth was 12-12-1954 and her retirement on superannuation was due on 11-12-2014, but instead of retirement she had been still in service in fraudulent manner. Thus, management had paid Rs 3.1 million on account of pay & allowances after superannuation date.

Audit was of the view that management failed to recover inadmissible salary which constituted weak administrative and financial management.

The matter was reported to the department during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#15)

32.4.43 Non-recovery of stamp duty - Rs1.755 million

As per Para 22-A of Stamps Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.20 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit of following institutions of Secretary, Universities/ Boards for the financial years 2015-16 to 2016-17, it was observed that stamp duty was not affixed on the contracts executed with supplier/contractors. As a result the government sustained loss of Rs1.755 million.

(Rupees in million)

Sr. #	Entity	Particulars	Financial Year	AIR Para#	Amount
1	NED University Karachi	Non- recovery of stamp duty	2015-16	10	0.273
2	LUMS Jamshoro	Non recovery of stamp duty	2015-16	45	0.116
3	SALU Khairpur	Less recovery of stamp duty	2016-17	08	0.199
4	SMBBU Larkana	Non recovery of stamp duty	2015-16	26	0.352
		Less affixing of Stamp Duty	2015-16	30	0.116
5	University of Sindh Jamshoro	Non Affixing of stamp on the contract agreement	2015-16	52	0.021
		Non deduction of stamp duty	2015-16	51	0.192
6	Quest nawashah	Non-deduction of stamp duty	2016-17	11	0.486
Total					1.755

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of stamp duty into Government treasury, which resulted into weak financial management.

The matter was reported to the management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

32.4.44 Loss to Govt./employees due to non-investment of funds into National Savings - Rs1.062 million

According to 3 (b) of OM No. F.4(1)/2002-BR-II dated 2-7-2003 of Finance Division, Govt. of Pakistan that the process of bank(s) should be transparent as the selection of bank and terms deposits will be approved by the concerned Board of Directors / Governing Body on the basis of competitive bids from at least three independent banks;

During audit of office of the Vice Chancellor, NED University Karachi for the period 2015-16, it was observed that the funds Rs282.00 million were not invested in the National Savings which has highest rate of return and most secure from other banks. Also all Federal Govt. employees and Provincial Govt. employees deduction are being invested in the National Savings and the maximum rate of return of the National Savings are applied to employees deductions on compound interest rate basis. Even the University has not obtained quotations from Sindh Bank and National Savings which are also Govt. Banks. Thus the Govt. / employees sustained loss of Rs1.062 million.

Audit was of the view that Government sustained loss due to non-investment of funds into National Savings, which resulted into weak financial management.

The matter was reported to the department during December 2016, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#08)

32.4.45 Recovery of excess payment due to wrong fixation of pay – Rs0.526 million

As per terms & conditions of Chief Minister's Secretariat, Sindh's Notification No.SO/Univ CMH/Appt./Dir.Fin/2015,dated 09.02.2015, the pay of Director Finance will be fixed equivalent to BPS-20 (Minimum).

During the audit of office of Voice Chancellor, LUMHS, Jamshoro for the financial year 2015-16, it was observed that Director Finance Mrs Hina Talpur was appointed in BPS-20 (Minimum) but pay was fixed on maximum of BPS-20. Hence excess payment of Rs0.526 million was made to the officer without observing terms & conditions of the appointment. Furthermore, allowances to officer also paid at the rate of maximum. Details are as under;

(Amount in Rupees)

BPS-20 Pay scale	Minimum stage	Fixed on Maximum stage	Total months	Total Months	Difference per month	Total
(36000-2350-68900)	36,000	68,900	09-02-2015 To 30.06.2016	16 months	32,900	526,400

Audit was of the view that management failed to recover the excess payment which constituted weak administrative and financial management.

The matter was reported to management during January 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#12)

CHAPTER –33 WOMEN DEVELOPMENT DEPARTMENT

33.1 Introduction

Women constitute more than 50% population of Pakistan. Women Development Department being the sole government agency has to play the vital role of catalyst, lobbyist and influencer to attain the prime objective of women empowerment through gender mainstreaming in the project programmes, providing gender equality and equity.

33.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 05 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
655.113	10.671	41.901	(41.901)	(419.156)	246.628	168.644	77.984

The department was unable to spend the allocated budget in time. As a result savings of an amount Rs77.984 million was observed which was not surrendered in time.

33.3 Brief comments on the compliance of PAC directives

This department was not included in the audit reports (1992-93 to 2009-10) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

33.4 AUDIT PARAS

33.4.1 Non-production of record – Rs4.577 million

Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- (2) The officer Incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that the auditable record of Rs4.577 million was not produced for audit scrutiny.

(Rupees in million)

Sr. #	Particulars	AIR Para #	Amount
1	Record of Financial Assistance	01	4.577
2	Record of cost center KQ5042	02	--
Total			4.577

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

33.4.2 Irregular payment of Financial Assistance - Rs25.000 million

According to Para 88 of Sindh Financial Rules, Volume-I, “Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred

from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

Rule-13 of General Financial Rules, Volume-I, states that, “Every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During audit of the office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs25.000 million in the head of financial assistance to the committee for the welfare of prisoners Legal Aid Office, Karachi.

The following observations were noted:

- i. The expenditure incurred in absence of concurrence of the Secretary Women Development Department for utilization of funds as per priorities identified through consultation.
- ii. Constitution of the committee was not framed.
- iii. The details of expenditure incurred thereon were not produced.
- iv. Secretariats’ measures for monitoring the committee’s performance were not taken.
- v. Acknowledgement of the disbursement of financial assistance was not obtained from the Committee.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of relevant record, besides fixing responsibility on the person(s) at fault.

(AIR#05)

33.4.3 Irregular payment of Grant in Aid- Rs 40.000 million

According to Para 88 of Sindh Financial Rules, Volume-I, “Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs40.000 million was disbursed vide No: SO(B&A)/wdd/1-32/2017 (in pursuance of U.O.No.FD(B&E-X) WDD-1(10)/2016-17 dated: 9th March, 2017) from head of account “ A05270-TO OTHERS” as grant in aid to the Sindh Graduate Association, Islamabad Branch for construction of Working Women Hostel at Shah Abdul Latif Bhattai Complex, Islamabad.

The following observations were noted:

- i. The Planning and development department refused to provide funds to a NGO.
- ii. The Sindh Graduate Association (SGA) is a Civil Society Organization (CSO), and being a non-government organization (NGO) a huge amount was placed under its disposal.
- iii. The amount was placed at private bank fund account no. 009850210024324, MCB, CDA Secretariat Branch, Islamabad instead of Account Office / Government Treasury concerned.
- iv. The said project was not included in ADP program for 2016-17 as it would have been met out from development budget.
- v. The grant was sanctioned from non-development budget during financial year 2016-17.
- vi. The monitoring committee as directed by Planning & Development vide letter No PS/MIN/P&D/513 dt: 26-01-2017 was not notified / constituted.

Further, the approved criterion for eligibility along with genuineness of the said project (i.e Administrative Approval, Technical Sanction, Financial Sanction, SITE plan /MAP, labour & manpower deployment) was not produced to the audit, therefore the released grant in aid could not be authenticated which needs to be justified to audit.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of record, besides fixing of responsibility on the person(s) at fault.

(AIR #04&06)

33.4.4 Non-inviting tender and hoisting bid evaluation report – Rs3.440 million

As per Rule-17 (1) & (2) of Sindh Public Procurement Rules, 2010, Procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs3.440 million was incurred on account of stationery and uniform, but formal tender was not called for and bid evaluation report was also not hoisted on SPPRA website.

(Rupees in million)

Sr. #	Particulars	AIR Para #	Amount
1	Stationery, Uniforms and Protective Clothing	07	2.374
2	Non-hosting of bid evaluation report for furniture/fixture & machinery/equipment	12	1.066
Total			3.440

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

(AIR#07)

33.4.5 Irregular expenditure on repair & maintenance/POL – Rs1.129 million

According to Rule-23 of General Financial Rules, Volume-I, “Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and 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 needs to be shown that he contributed to the loss by his own action or negligence”.

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that an expenditure of Rs1.129 million was incurred on account of POL, repair and maintenance without fixing monthly ceiling, maintaining log books, NOC from Govt. workshop. Further the POL was filled in the vehicles having 50 liters capacity tank in excess of petrol tank limit of government vehicles.

(Rupees in million)

Sr.#	Particulars	AIR Para #	Amount
1	POL for vehicles of 50 Liters Tank	13	0.176
2	POL without fixing ceiling & maintaining log books	14	0.953
3	Allowed vehicle without entitlement	15	0.00
4	Non-registration of government vehicle	16	0.00
Total			1.129

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into matter, besides fixing responsibility on the person(s) at fault.

33.4.6 Unauthorized drawal of conveyance allowance – Rs0.240 million

As per Government of Sindh, Services, General Administration & Co-ordination Department (S&GAD) Notification No. PA-DS (G)/41133/76 dated: 27-07-1977 and No. SO (INSP) S& GAD VI (3) /79 dated: 20-07-1979, “the conveyance allowance is an allowance paid to employees to enable them to reach the office. The conveyance allowance is not required to be paid to those officers, who have been provided with government transport facilities and / or have gone on vacations.

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs0.240 million was drawn by the officers on account of conveyance allowance who were already availing the facility of government vehicles.

(Amount in Rupees)

Sr.#	Name of officer	Designation	Vehicle No.	Conveyance Allowance	Amount
1	Mudassir Iqbal	Secretary	GS-666-B	(5,000X12)	60,000
2	Hadi Bux Zardari	Addl. Secretary	GS-4992	(5,000X12)	60,000
3	Mussarrat Jabeen	Director	GS-6917	(5,000X12)	60,000
4	Qazi Abid Ali	Section Officer	GS-5637	(5,000X12)	60,000
Total					240,000

Audit was of the view that management failed to recover inadmissible allowances which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#18)

33.4.7 Non recovery of government dues – Rs0.154 million

According to sub section (1) of section 153 of Income Ordinance, 2001,” prescribed person making a payment in full or part including a payment by way of advance to a resident person(a) For the sale of goods; (b) For the rendering of or providing of services; (c) on the execution of a contract, other than a contract for the

sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

According to Para 22-A of Stamp Act, “it is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of office of the Secretary Women Development Department, Government of Sindh for the financial year 2016-17, it was observed that various items were purchased from M/s Efficient Services. However the required taxes as well as stamp duty were not recovered from the supplier. Thus government sustained the loss of Rs0.154 million.

(Rupees in million)

Sr. #	Particulars	Name of Supplier	Head of account	AIR Para #	Amount
1	Purchase of furniture	M/s Efficient Services	Income Tax	08	0.042
2	Purchase of furniture	M/s Efficient Services	Sales Tax	09	0.109
3	Procurement of assets for development scheme “Establishment of Women Development Complex at Divisional Level Shaheed Benazirabad”	M/s Efficient Services	Stamp duty	10	0.003
Total					0.154

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

CHAPTER – 34

WORKS AND SERVICES DEPARTMENT

34.1 Introduction

Initially, there was one Department namely Public Works Department (PWD) which consisted of Irrigation Department, Building Department, Roads Department and Public Health Engineering Department. Before mid-sixties, Buildings and Roads Department (B&R) was one Department. Later on it was bifurcated in two Departments; each one was headed by Chief Engineer under Secretary, C&W Department. After devolution in 2001, Communication & Works Department was renamed as Works & Services Department. The Education Engineering Works, previously functioning under Education Department was transferred to Works & Services Department.

Before devolution, Communication & Works Department was responsible for execution and maintenance of Roads and Buildings Projects in the entire province except works which were executed by civic agencies and some other agencies.

After devolution, workload was partly transferred to District Governments. The Education Engineering works after re-structuring were devolved at District level and none of its functions were retained at Provincial level. The Foreign Aided Projects of Education Engineering Works under Project Director (Education Works) were dealt by Education Department at Provincial level.

Works & Services Department, Government of Sindh is responsible for providing services in the form of road network and building facilities for various departments of Government of Sindh. Its main activities are planning, designing, construction and maintenance of Roads/Highways and Buildings. The W & S Department offices are spread over the length and breadth of the province. Since devolution in 2001, the functions of W&SD were divided between Provincial and District Governments to facilitate the end users. The road network was devolved to the District Government but, some important inter-district roads were retained by the Works & Services Department.

The following functions are undertaken by the department:

- a) Implementation of Annual Development Program (ADP) in terms of construction, and improvement, of new and existing facilities. It also includes all domestic and Foreign Aided Projects.
- b) Implementation of the Annual Maintenance & Repair Programme.

- c) Preparation of feasibility reports of roads / projects.
- d) Designing of roads and buildings and preparing detailed estimates.
- e) Preparation of Architectural Design & Drawing of Residential and Non-Residential Buildings.
- f) Quality Assurance of projects.
- g) Training of officers and staff in technical/other relevant fields.
- h) Providing technical/execution assistance to other departments and agencies.

Presently, W&SD is providing technical assistance for construction of roads, etc., to Mines and Minerals Department and Sindh Coastal Development Authority. Moreover, the W&SD also constructs buildings for other departments.

Departments attached/subordinate to the W & S Department are;

- a) Highways Department
- b) Building Department

34.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 188 formations (DDOs), out of which 62 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year 2016-17 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rupees in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
28,427.53 1	16,643.33 0	5,662.54 4	(5,662.544)	(1,399.094)	43,671.76 8	41,766.903	1,904.865

The department was unable to spend the allocated budget in time. As a result savings of Rs1,904.865 million was observed which was not surrendered in time.

(Rupees in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
500.000	500.000	302.113	197.887

34.3 Brief comments on the compliance of PAC directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 16.7%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	25	4	0	4	-
2	1998-99	19	10	0	10	-
3	1999-2000	25	1	0	1	-
4	2001-02*	25	5	0	5	-
5	2004-05*	28	22	2	20	9.1
6	2005-06	13	8	0	8	-
7	2006-07	5	2	0	2	-
8	2007-08	18	5	0	5	-
9	2008-09	15	4	0	4	-
10	2009-10	21	11	10	1	81.8
11	2014-15	0	0	0	0	-
Total		194	72	12	60	16.7

Note: Audit Reports of the years 2002-03 and 2003-04 were not discussed in PAC.

34.4 AUDIT PARAS

34.4.1 Irregular expenditure on civil works -Rs8,517.789 million

As per Para-209(d) of CPWD Code, “all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately”

According to Para-72 of CPWA Code “As a general rule, every payment including repayment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full particulars of the claim and all information necessary for its classification and identification in the accounts and be signed by the contractor and authorized officer ”

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that expenditure of Rs8,517.789 million was incurred on various works. The detail is given at **Annex-1** of Chapter-34.

The following observations were noted.

- i. Payment was made without 10% check measurement.
- ii. Sanction of estimate was not available.
- iii. Rush of expenditure in the month of June.
- iv. Completion report was not available.
- v. Technical committee was not constituted.
- vi. Progress report was not available.
- vii. Expenditure without B-1 agreement.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during December 2016 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on person (s) at fault.

34.4.2 Doubtful disproportionate cost of similar construction works – Rs551.525 million

According to Sub section 1 of Section-I of Appendix 18-A under Rule 40-B of Sindh Financial Rules Volume-II, “Means should devised be to ensure that every Government officer realize fully and clearly that he will be held personally responsible for any loss arising from fraud or negligence on his part, and that he will also be held personally responsible for any loss arisen from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or capable negligence”.

During audit of **following** offices of Works & Services Department, Government of Sindh for the financial year 2015-16, it was observed that expenditure of Rs551.525 million was incurred disproportionately on various works of similar nature of construction of link roads. Thus, disproportionate expenditure raised doubt over the genuineness of the works.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	XEN Provincial Highway Division, Larkana	2015-16	3	Construction of various roads	277.395
2	XEN Highway Division, Kamber-Shahdadkot	2015-16	8	Construction of various roads	105.88
3	XEN Highway Division, Shikarpur	2015-16	1	Construction of various roads	168.25
Total					551.525

The following auditable record was not produced:

- i. Detailed Engineer Estimate
- ii. PC-I
- iii. Technical Sanctions

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during February to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the persons(s) at fault.

34.4.3 Non-production of record – Rs5,104.621 million

Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provide as under:

- 2) The officer incharge of any office or Department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition
- 3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, the auditable record involving financial impact of Rs5,104.621 million was not produced to audit. The detail is given at **Annex-2** of Chapter-34.

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of record, besides fixing responsibility on the person(s) at fault.

34.4.4 Wastage of public money due to abandoned works – Rs541.001 million

As per Para 23 of General Financial Rules, “ Every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held 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 following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that various works of Rs541.001 million were remained as abandoned and not completed after lapse of several years. Those incomplete works were not re-awarded and no action was taken against defaulting contractors as per contract agreement.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	XEN Provincial Highway Division, Larkana	2015-16	7	3 schemes pertaining to year 2011-12 to 2012-13	266.942
2	XEN Highway Division, Sukkur	2016-17	4	17 schemes pertaining to year 2011-12 not completed	157.825
			1	4 schemes pertaining to year 2005-06 to 2007-08	15.398
3	XEN Highway Division, Kamber-Shahdadt	2016-17	6	15 schemes not completed	73.461
		2015-16	9	21 works not completed despite lapse of three to four years.	20.000
4	XEN Highway Division, Shikarpur	2015-16	16	1 schemes pertaining to year 2013-14	7.375
Total					541.001

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the persons(s) at fault.

34.4.5 Excess working strength of various officials – Rs63.422 million

According to Rule-23, General Financial Rules, “Every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that expenditure of Rs63.422 million was incurred on head of pay & allowances in excess of working strength.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Irregularities	Amount
1	XEN Machinery Maintenance Division @ Shikarpur	2015-16	11	Payment to various employees in excess of sanctioned strength	50.998
2	Secretary Works & Services, Karachi	2016-17	7	Payment to various employees in excess of sanctioned strength	10.740
3	XEN Provincial Highway Division, Larkana	2015-16	12	Payment to various employees in excess of sanctioned strength	1.684
Total					63.422

Audit was of the view that excess appointment/posting of staff constitutes weak financial & administrative management.

The matter was reported to the management during February to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

34.4.6 Non-crediting of revenue into government account – Rs2,622.408 million

As per Rule-26 of General Rule “it is duty of controlling officer to see that all sums due to Government are regularity and promptly assessed, realized and credited in public account.”

During audit of various offices of Works & Services Department for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs2622.408 million was deducted on account of taxes, duties & charges, other miscellaneous and security deposits. However, the revenues under the same heads were kept and the same were not credited into government account. The detail is given at **Annex-3** of Chapter-34.

Audit was of the view that non-crediting of revenue into government account constitutes weak financial & administrative management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends depositing of revenue into treasury, besides fixing the responsibility on persons(s) at fault.

34.4.7 Irregularities noticed in tendering of works – Rs1,972.230 million

According to Rule 4 of Sindh Public Procurement (SPP) Rules 2010, “Principles of Procurements - While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical”. According to Rule 2(jj) of Sindh Public Procurement (SPP) Rules 2010, “Value for Money means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements”.

During audit of offices of Works & Services Department, Government of Sindh for the years 2014-15 to 2016-17, it was observed that an expenditure of Rs1972.230 million was incurred on execution of works in contravention of several provisions of SPP Rules/Regulations mentioned against each office. The detail is given at **Annex-4** of Chapter-34.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during December 2016 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.8 Unauthorized expenditure without approval of Standing Rates Committee - Rs1,183.742 million

According to Para 8(4) of section-Introduction under Schedule of Rates-2012, the schedule of rate may be found inadequate to carry out certain items of works. In such cases, the only competent body to review the position is the Standing Rates Committee. All such cases should therefore, be referred to the Secretary, Standing Rates Committee for decision of the committee.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that a cumulative expenditure of Rs1,183.742 million was incurred on various non-scheduled items without market rate analysis and without referring such cases for concurrence of the competent forum, i.e., Standing Rates Committee. The detail is given at **Annex-5** of Chapter-34.

Audit was of the view that works on non-scheduled items without obtaining approval constituted weak financial and administrative management.

The matter was reported to the management during January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person at fault, besides taking remedial measures.

34.4.9 Irregular payment of escalation charges – Rs1,128.573 million

According to Para 6 of Schedule of Rates, Volume-(Part-II) 5th Edition, 2004 “if any national Education Works / Agency wants to allow the difference in cost of material such as cement, steel or bricks, they have to refer the matter to the Standing Rates Committee Sindh for its consideration / approval.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs1,128.573 million was paid on account of difference cost of various items of works without obtaining approval of competent authority as well as supporting invoices of items. The detail is given at **Annex-6** of Chapter-34.

Audit was of the view that difference cost of various items without obtaining approval constituted weak financial and administrative management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

34.4.10 Non-hoisting of Bid Evaluation Report on SPPRA’s website – Rs1,073.406 million

As per Rule 45 of Sindh Public Procurement Rules, 2010, “The procurement agency shall, immediately upon award of contract, make the evaluation report of the bid and the contract agreement public through hosting it on authority’s website as well as on procuring agency website, if the procuring agency has a website”.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs1073.406 million was incurred without hoisting of bid evaluation report on SPPRA’s website in violation of the above rule.

(Rupees in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Highway Division, Naushehro Feroz	2015-16	9	462.149
		2015-16	6	259.700
2	XEN Buildings Division, Sukkur	2015-16	4	99.653
		2016-17	5	4.263
3	XEN Building Division, Badin	2015-16	7	84.165
4	XEN Provincial Highway Division, Naushahro Feroze	2015-16	10	43.250
5	XEN Highway Division, Tando Muhammad Khan	2015-16	6	33.657
6	XEN Building Division, Larkana	2015-16	17	18.202
		2015-16	13	16.162
7	XEN Highway Division, Kamber-Shahdakot	2016-17	7	13.995
8	XEN Highway Division, Jamshoro	2016-17	5	5.379
9	XEN Provincial Building Division, Mirpurkhas	2015-16	2	11.441
10	XEN Highway Division Kandhkot	2016-17	2	9.699
11	XEN Highway Division, Shaheed Benazirabad	2015-16	6	8.233
12	XEN Building Division Kandhkot	2015-16	4	1.729
		2015-16	6	1.729
Total				1,073.406

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management during December 2016 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.11 Non-inviting International Competitive Bids – Rs1,044.263 million

As per Rule-15(2)(a)(ii) of SPPRA, 2010, “International Competitive Bidding shall be the default method of procurement for all procurement with an estimated cost equivalent to US \$10 million or above”.

During audit of office of the Executive Engineer Provincial Highway Division, Larkana for the financial year 2015-16, it was observed that bids were invited for a work of Rs1,044.263 million without observing International Competitive Bidding method in violation of the above rule.

Audit was of the view that unauthorized expenditure was incurred without international tender which constituted weak administrative and financial management.

The matter was reported to the management in February 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#01)

34.4.12 Irregular payment on reduced rates – Rs915.800 million

Clause-8: Reduced Rates: of the standard bidding document for the works provides that in cases where the items of work are not accepted as so completed, the Engineer-in-charge may make payment on account of such items at such reduced rates

as he may consider reasonable in the preparation of final or on running account bills with reasons recorded in writing.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the payment for various items of work of Rs915.800 million was allowed on reduced rates to the contractor without recording reasons. Further, the reduced rates were not sanctioned by the competent authority. In the absence of justification. The detail is given at **Annex-7** of Chapter-34.

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.13 Irregular execution of work over & above the estimated cost – Rs727.532 million

As per Para-532 of Public Works Department Manual, “A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to exceed by more than 5% either rising from the rate being found insufficient or from other cause whatsoever.”

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that a cumulative expenditure of Rs727.532 million was incurred over & above the estimated cost of various works without approval of revised estimates. The detail is given at **Annex-8** of Chapter-34.

Audit was of the view that irregular expenditure was incurred over and above estimated cost without approval, which constituted weak financial and administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

34.4.14 Award of contracts without procurement committee – Rs662.156 million

According to Rule 7 of Sindh Public Procurement (SPP) Rules 2010, “The procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by a gazetted officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency”.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that contracts of Rs662.156 million were awarded to contractors without Procurement Committee in violations of SPP Rules, 2010.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Highway Division, Naushahro Feroze	2015-16	1	524.000
2	XEN Building Division, Sukkur	2016-17	1	4.263
3	XEN Building Division, Badin	2015-16	6	85.185
4	XEN Highway Division, Jamshoro	2016-17	2	13.297
5	XEN Building Division, Sanghar	2016-17	1	9.532
6	XEN Building Division, Jamshoro	2016-17	1	8.323
7	XEN Building Division, Mirpurkhas	2014-15 to 2016-17	1	2.556
8	XEN Building Division, Dadu	2015-16	3	13.123
9	XEN Provincial Building Division, Mirpurkhas	2015-16	7	1.877
Total				662.156

Audit was of the view that violation of SPPRA Rules resulted into non-transparency in the award of contract and weak administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.15 Non-furnishing of information regarding execution of works to NAB – Rs256.000 million

As per Bureau letter No.195-(14) A&P/NAB/2008 dated 13th February 2012 issued by National Accountability Bureau, “all departments of Provincial and Local Government are required to furnish to NAB a copy of any agreement, contract, undertaking entered into an auction, bidding, planned to be conducted of the minimum monetary value of fifty million (50 million) rupees or more with the fastest available means of communication.”

During audit of following offices of the Works & Services Department, Government of Sindh for the financial years 2015-16 and 2016-17, it was observed that contract valuing Rs256.000 million were awarded, but the information regarding the works planned to be executed was not furnished to the NAB authorities.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	XEN Highway Division, Kandhkot	2016-17	1	Rehabilitation of road from Kandhkot vide project ID-KK16171047	50.000
2	XEN Building Division, Larkana	2015-16	2	various schemes	206.000
Total					256.000

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management in September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the persons(s) at fault, besides taking remedial measures.

34.4.16 Unauthorized payment on extra lead – Rs255.198 million

As per Introduction to the schedule of rates (composite) for finished items of works 2012 “No lead small or long, for carriage of material for items is to be paid separately, however, provision for the carriage of materials from a predetermined nearest source of supply may be made in the estimate”.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that excess amount of Rs255.198 million was paid to the contractors on account of extra lead/carriage without preparation of lead chart. The detail is given at **Annex-9** of Chapter-34.

Audit was of the view that irregular expenditure was incurred on extra lead/carriage without preparation of lead chart, which constituted weak financial and administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.17 Imprudent expenditure beyond operational jurisdiction/without NOC - Rs213.995 million

As per Rule 88 of Sindh Financial Rules, Volume-I, "Every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of following offices of Works & Services Department, Government of Sindh for the financial year 2015-16 and 2016-17, it was observed that expenditure of Rs213.995 million was incurred on execution of various works

beyond the operational jurisdiction or without obtaining NOC from the departments concerned. The details are as under:

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	XEN Building Division, Larkana	2016-17	1	Construction of Rice Canal existing retaining wall inspection and non inspection path pertaining to Irrigation Department	120.048
2	XEN Provincial Highway Division, Sukkur	2015-16	2	Rehabilitation of road from Lab-e-Mehran to Shikarpur Phatak pertaining to Disrrict Road Division, Sukkur	43.996
3	XEN Highway Division, Sukkur	2016-17	2	Construction of paving block & CC drains at various streets of district Sukkur pertaining to PHE Department	23.453
4	XEN Building Division, Ghotki	2014-15 to 2015-16	3	Drainage works pertaining to PHE Department	14.733
5	XEN Building Division, Matiari	2016-17	10	Executed Work pertained to jurisdiction of PHE Department	11.765
Total					213.995

Audit was of the view that expenditure beyond operational jurisdiction without NOC, which constituted weak financial and administrative management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.18 Un-justified payment on account of bitumen – Rs191.123 million

According to Planning & Development Department Notification number 421/P&D/T&C/85 dated 20th February, 1997 the contractor would only use bitumen from the National Refinery Ltd. and that the invoice from National Refinery Ltd would be provided to the Department in support of procurement of bitumen.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that a cumulative amount of Rs191.123 million was paid to various contractors on account of an item of work cost of bitumen, but any documentary evidence was not produced regarding the procurement of bitumen from National Refinery Ltd.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN District Roads Division, Karachi	2016-17	1	158.418
2	XEN Highway Division, Shikarpur	2015-16	13	19.086
3	XEN Machinery Maintenance Division, Khairpur @ Shikarpur	2016-17	14	9.377
4	XEN Highway Division, Tando Muhammad Khan	2015-16	14	4.242
			Total	191.123

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during March to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

34.4.19 Unjustified award of balance work – Rs170.888 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every 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 responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that balance works of Rs170.888 were awarded to the contractors.

The following observations were noted:

- i. Works were awarded without preparing financial review.
- ii. Details of works already executed before award of balance works was not produced.
- iii. Amount of rough cost and contract cost for schemes were not produced.
- iv. Measurement book of the balance work was not produced.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Highway Division, Sukkur	2016-17	7	160.964
2	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	6	9.924
Total				170.888

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during April to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

34.4.20 Irregular expenditure on works by splitting up – Rs145.737 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan;

Rule 17 (1) ibid provides that Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2013-14 to 2015-16, it was observed that an expenditure of Rs145.737 million was incurred on various works through splitting to avoid invitation of open tenders.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Provincial Building Division-III, Karachi	2015-16	13	33.974
2	XEN Highway Division, Tando Allahyar	2015-16	3	30.235
3	XEN Provincial Highway Division, Larkana	2015-16	4	14.154
4	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	2	26.008
5	XEN Building Division, Tando Allahyar	2013-14 to	2	10.784
		2015-16	7	0.449
6	XEN Highway Division, Umerkot	2015-16	8	9.496
7	XEN Building Division, Tando Muhammad Khan	2015-16	7	8.310
8	XEN Building Division, Umerkot	2015-16	12	7.216
9	XEN Building Division, Dadu	2015-16	1	4.000
10	XEN Building Division, Sanghar	2015-16	17	0.631
11	Resident Engineer Sindh House Islamabad	2015-16	14	0.480
Total				145.737

Audit was of the view that due to failure of the management to following SPPRA Rules resulted into non-achievement of competitive rates.

The matter was reported to the management during January to April 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

34.4.21 Less deduction of performance security deposit – Rs128.907 million

According to the clause-10.1 Performance Security of the standard bidding document approved by government regarding large civil work exceeding Rs 50.000 million, the contractor shall provide Performance Security to the procuring agency in the prescribed form. The Performance Security shall be 5% of the Contract Price stated in the Letter of Acceptance. Besides obtaining 5% as Performance Security, the

Security Deposit at rate of 5% will also be deducted from running bills, thus amount equal to 10% of the Contract Price is obtained from contractor, i.e., 5% as performance security and 5% security deposit as retention money. Deductions from interim/running bills will be made from successful bidder after the bidder has furnished the required performance security and signed the contract agreement.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the performance security was not/less obtained than the prescribed rates from various contractors amounting to Rs128.907 million. The detail is given at **Annex-10** of Chapter-34.

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depicted weak administrative management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

34.4.22 Irregular refund of security deposit – Rs90.490 million

According to Clause-I of the Contract Agreement, “the security deposit lodged by a contractor (in cash or recovered in installment from his bills) shall be refunded to him after the expiry of three months from the date on which work is completed”.

During audit of various offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs90.490 million was refunded to the contractors on account of Security Deposit. However, starting and completion date of works were not mentioned on the bills. Further the record regarding refund of Security Deposit was not produced to audit.

Moreover, the register of security deposit was also not maintained. The detail is given at **Annex-11** of Chapter-34.

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depicted weak administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

34.4.23 Excess execution of items of work-Rs78.357 million

According to Rule 16(1)(e) of Sindh Public Procurement (SPP) Rules 2010, "Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that;

- (i) the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and
- (ii) the original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract.
- (iii) in case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2013-14 to 2016-17, it was observed that excess expenditure of Rs78.357 million was incurred due to excess execution of items of works against the quantity provided in the estimates/BOQ of tender documents in contravention of provision about Repeat Orders in SPP Rules 2010.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division, Sanghar	2014-15 & 2015-16	3	64.820
2	XEN Machinery Maintenance Division, Digri @ Kotdigi Khairpur Shikarpur	2015-16 & 2016-17	4	5.717
3	XEN Building Division-I, Karachi	2016-17	11	1.461
4	Resident Engineer Sindh House Islamabad	2015-16	7	1.406
5	XEN Building Division, Jamshoro	2015-16	19	1.109
6	XEN Building Division, Shikarpur	2015-16	8	1.833
7	XEN Building Division, Umerkot	2015-16	16	0.443
			21	0.180
8	XEN Provincial Building Division, Mirpurkhas	2015-16	7	0.485
9	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	15	0.181
10	XEN Highway Division, Tando Allahyar	2015-16	25	0.476
11	XEN Building Division, Tando Allahyar	2013-14 to 2015-16	14	0.246
Total				78.357

Audit was of the view that excess execution of items of works constitutes weak financial & administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

34.4.24 Unauthorized execution of earth work through contractors instead of Mechanical Division – Rs67.935 million

Earth works are to be carried out through Mechanical Divisions as per Finance Department Circular No. B-IV -8/131/85 dated 9th April, 1987 read with circular # DAIFD/ID-EX/10/87/698 dated 27-04-1998.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that

earth work costing to Rs67.935 million was carried out through local contractors instead of Mechanical Division. Further, NOC from the Mechanical Division was also not obtained.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Machinery Maintenance Division, Khairpur @ Shikarpur	2016-17	12	30.174
2	XEN Highway Division, Jamshoro	2015-16	6	16.167
3	XEN Highway Division, Tando Muhammad Khan	2016-17	11	14.252
4	XEN Highway Division, Mirpurkhas	2015-16	3	5.115
5	XEN Highway Division, Tando Allahyar	2016-17	6	2.227
Total				67.935

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management during February to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.25 Non-invitation of open tender – Rs60.224 million

As per Rule 17 of Sindh Public Procurement Rules, 2010, Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs60.224 million was incurred on construction work and supplies without inviting tender.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para#	Amount
1	XEN, Building Division, Naushero Feroze	2015-16	05	40.303
2	XEN, Building Division, Naushero Feroze	2015-16	04	5.940
3	XEN, Building Division, Kandhkot	2015-16	02	1.393
4	XEN, Building Division, Larkana	2015-16	08 & 09	3.385
5	XEN, Provincial Highway Division, Shaheed Benazirabad	2015-16	11	0.400
6	XEN, Highway Division, Kamber-Shahdadkot	2016-17	03	4.830
7	Secretary, Works & Services Department, Karachi	2016-17	01	1.743
8	XEN, Building Division, Sukkur	2015-16	01	1.172
9	XEN, Building Division, Mirpurkhas	2014-15 to 2016-17	05	0.700
10	Comptroller Sindh House Islamabad/ Muree	2015-16	28	0.358
			Total	60.224

Audit was of the view that unauthorized expenditure was incurred without tender which constituted weak administrative and financial management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

34.4.26 Excess payment on account of premium – Rs59.723 million

According to Chief Engineer, Building Department Sindh, Hyderabad letter No: Scheduled/Rates-T(ii)/D.S/1365 dated 05-05-2014 the ceiling of premium fixed by this department as under:

S. No.	Reference of Schedule of Rates	Maximum Ceiling on Cost Estimate
01	Schedule of Rates (General) for finished item of work Vol-III Part-II, Sixth Edition 2012 Publication No. 52	
	(i) All items Except following	At Par
	(ii) Item of Fabrication of Steel Work, Steel Grills, Steel Grated Doors & other Steel Work	10% Above

The above premium ceiling will equally apply to original as well as M & R works.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that premium rate was allowed over and above the prescribed limits, which resulted in excess payment of Rs59.723 million to the contractor.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Irregularities	Amount
1	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	4	Allowed Premium @ 35.60% to 60.10% over Schedule of Rates 2012	21.837
2	XEN Provincial Building Division, Mirpurkhas	2016-17	2	Allowed Premium @ 5% to 40.75% over Schedule of Rates 2012	16.89
3	XEN Highway Division, Jamshoro	2015-16	17	Allowed Premium @ 9.80% to 10.75% over Schedule of Rates 2012	12.121
4	XEN Building Division, Kandhkot	2015-16	3	Allowed Premium @ 44.54% to 61.73% over Schedule of Rates 2012	2.796
5	XEN Building Division, Shaheed Benazirabad	2015-16	4	Allowed Premium @ 42% over Schedule of Rates 2012	2.597
6	XEN Highway Division, Naushahro Feroze	2015-16	13	Allowed Premium @ 54.15% to 80.15% over Schedule of Rates 2012	1.201
7	XEN Building Division, Sanghar	2015-16	2	Allowed Premium @ 40.66% to 52.20% over Schedule of Rates 2012	1.195
8	XEN Highway Division, Mirpurkhas	2015-16	10	Allowed Premium @ 30.5% to 65% over Schedule of Rates 2012	0.613
9	XEN Building Division, Shikarpur	2015-16	12	Allowed Premium @ 21.30% to 55.10% over Schedule of Rates 2012	0.473
Total					59.723

Audit was of the view that excess payment over and above prescribed limit constitutes weak financial & administrative management.

The matter was reported to the management during January to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing of responsibility on the person(s) at fault.

34.4.27 Irregular payments for third party monitoring – Rs52.034 million

The planning & Development Department is required to issue monitoring report before getting payment @ 1% of total capital expenditure of a project.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that payment of Rs52.034 million was made to Planning & Development Department on account of Third Party Monitoring (TPM) without getting any report.

(Rupees in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division, Shaheed Benazirabad	2015-16	6	10.814
2	XEN Highway Division, Kamber-Shahdadkot	2016-17	4	10.579
3	XEN Machinery & Maintenance Division, Khairpur @ Shikarpur	2015-16	9	8.569
4	XEN Building Division-II, Karachi	2016-17	7	5.373
5	XEN Provincial Highway Division, Badin	2015-16	8	2.885
6	XEN Provincial Highway Division, Sukkur	2015-16	8	2.727
7	XEN Provincial Building Division-III, Karachi	2015-16	6	2.608
8	XEN Roads Division, Karachi	2016-17	13	2.268
9	XEN Provincial Highway Division, Larkana	2015-16	20	1.838
		2016-17	8	1.213
10	XEN Building Division-I, Karachi	2016-17	10	1.745
11	XEN Highway Division, Tando Allahyar	2015-16	16	0.928
12	PD Implementation unit Construction of Sindh Secretariat Complex No.07 & 08, Karachi	2015-16	4	0.487
Total				52.034

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management during December 2016 to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends production of reports, besides fixing responsibility on the person(s) at fault.

34.4.28 Irregular excess payment on works by allowing excess rate – Rs51.062 million

According to appendix-18-A, Section-I of Sindh Financial Rules, Volume-I, “Means should be devised to ensure that every Government servant realizes 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 following offices of Works & Services Department, Government of Sindh for the financial years 2013-14 to 2016-17, it was observed that excess payment of Rs51.062 million was made to contractors by allowing higher rates as compared to rates provided in bill of quantities or schedule rate.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Highway Division, Jamshoro	2015-16	15	17.285
			16	7.625
			14	5.975
2	XEN Provincial Highway Division, Sukkur	2016-17	4	8.735
3	XEN Provincial Highway Division, Naushahro Feroze	2015-16	14	3.000
4	Secretary Works & Services Department, Govt. of Sindh, Karachi	2016-17	3	2.480
5	XEN Building Division, Jamshoro	2015-16	1	2.199
			18	1.225
6	XEN Highway Division, Tando Allahyar	2015-16	11	0.816
7	XEN Provincial Building Division, Larkana	2015-16	10	0.464
8	XEN Highway Division, Kamber-Shahdadkot	2016-17	5	0.395
9	XEN Building Division, Tando Allahyar	2013-14 to 2015-16	16	0.359
10	XEN Building Division, Tando Muhammad Khan	2015-16	13	0.273
11	Resident Engineer Sindh House Islamabad	2015-16	10	0.231
			Total	51.062

Audit was of the view that excess payment constituted weak financial & administrative management.

The matter was reported to the management during January to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.29 Irregular execution of extra items of works - Rs39.468 million

As per Para 711 of P.W.D Manual Volume-II appendix-8, the estimate of extra item is required to be sanctioned by the competent authority, who have sanctioned the main estimate of the work.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that the excess expenditure of Rs39.468 million was incurred on extra items works without sanction of competent authority. The management did not exercise due care while preparing original estimates resulting in undue favour to contractors.

(Rupees in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Building Division, Larkana	2015-16	16	14.95
		2015-16	9	5.644
2	XEN Building Division-II, Karachi	2016-17	5	6.481
3	XEN Provincial Highway Division, Sukkur	2015-16	15	5.684
4	XEN Highway Division, Naushahro Feroze	2016-17	9	3.293
5	XEN Building Division, Matiari	2016-17	8	1.295
6	XEN Building Division, Kamber-Shahdadkot	2016-17	7	1.289
7	XEN Building Division, Naushahro Feroze	2015-16	13	0.136
8	PD Implementation unit Construction of Sindh Secretariat Complex No.07 & 08, Karachi	2015-16	6	0.696
Total				39.468

Audit was of the view that irregular expenditure was incurred on extra items of works without obtaining approval, which constituted weak financial and administrative management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.30 Irregular payment of mobilization advances – Rs37.636 million

Clause 14.2 of SPPR Standard Form of Bidding Documents (Civil Works-Large Works) provides as under

(i) Mobilization advance up to 10 % of the Contract Price may be paid by the procuring agency to the Contractor on the works costing Rs 2.5 million or above on following conditions:

- a. on submission by the Contractor of a mobilization advance guarantee for the full amount of the advance in the specified form, from a Scheduled Bank in Pakistan, acceptable to the procuring agency;
- b. contractor shall pay interest on the mobilization advance at the rate of 10% per annum on the advance; and

(ii) This Advance including the interest shall be recovered in 5 equal installments from the 5 R.A bills and in case the number of bills is less than 5 then 1/5 of the advance inclusive of the interest thereon shall be recovered from each bill and the balance together with interest be recovered from the final bill. It may be insured that there is sufficient amount in the final bill to enable recovery of the Mobilization Advance.

During audit of office of the Executive Engineer Machinery and Maintenance Division, Khairpur @ Shikarpur for the financial year 2015-16, it was observed that mobilization advance of Rs37.636 million was paid to contractors without recovering interest @ 10% per annum and bank guarantee before payment of the advance.

Audit was of the view that management gave undue favour to contractor and failed to secure government interest which depicted weak administrative management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

(AIR#07)

34.4.31 Irregular payments into DDOs account – Rs31.317 million

As per Rule-303 of Central Treasury Rules, “A contingent bill for payment to suppliers etc which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawal and disbursement of cash.”

During audit of the following offices of Works & Services Department, Government of Sindh for the years 2015-16 & 2016-17, it was observed that funds of Rs31.317 million were deposited into DDO’s accounts instead of crediting into accounts of actual vendors.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Secretary Works & Services, Karachi	2016-17	8	13.954
		2016-17	4	12.600
2	XEN Provincial Highway Division, Sukkur	2015-16	14	3.964
3	XEN Highway Division, Umerkot	2016-17	8	0.519
4	XEN Highway Division, Tando Muhammad Khan	2016-17	9	0.280
Total				31.317

Audit was of the view that in the light of above mentioned fact, authenticity of expenditure could not be verified. Besides, chances of misappropriation of public funds could not be ruled out, which constituted weak financial management.

The matter was reported to the management during December 2016 to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

34.4.32 Irregular payment of Secured Advance – Rs 21.556 million

As per standard Form of Bidding Documents issued by SPPRA, the contractor shall be entitled to receive Secured Advance from the procuring agency against an Indenture Bond in P.W. Account Form 31 (Fin R. Form No.2) in respect of non-perishable materials brought at site but not yet incorporated in the permanent works and sum payable for such materials on site shall not exceed 75% of the landed cost of imported materials, of ex-factory / ex-warehouse price of locally manufactured or produced materials, or market price of standard materials. Detail account of advance must be kept in part-II of running account bill. The Secured Advance may be permitted only against materials / quantities anticipated to be consumed / utilized on the work within a period of 3 months from the date of issue of secured advance.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs21.556 million was paid to the various contractors as secured advance, but Indenture Bond in P.W. Account Form No.31 and detailed report of consumption account of materials along with recovery of advance was not produced to audit.

(Rupees in million)

Sr.#	Name of office	Financial Year	AIR Para #	Amount
1	XEN Building Division-I, Karachi	2016-17	8	5.810
2	XEN Building Division, Jamshoro	2016-17	2	4.953
3	XEN Building Division, Sanghar	2015-16	10	3.505
4	XEN Building Division, Shaheed Benazirabad	2015-16	6	2.296
5	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	11	2.025
6	Resident Engineer Sindh House Islamabad/Murree	2015-16	5	1.988
7	XEN Building Division, Sukkur	2015-16	7	0.979
			Total	21.556

Audit was of the view that due to non-provision of record, authenticity of expenditure could not be ascertained by audit, which constituted weak administrative and financial management.

The matter was reported to the management during January to October 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the person(s) at fault, besides taking remedial measures.

34.4.33 Irregular expenditure on land acquisition – Rs17.500 million

According to rule-110 (iii) of Sindh Financial Rules, volume-I “(Land Acquired by Negotiation), the officer who settles the price should draw up Form-A in Appendix 5 prescribed for use in the case of an award and this should be made the basis of the subsequent payment”,

During audit of the office of Executive Engineer, Provincial Highway Division, Larkana for the financial financial years 2015-2016 & 2016-17, it was observed that an amount of Rs17.500 million was paid in advance to Assistant Commissioner/Land Acquisition Officers for land acquisition.

(Rupees in million)

Name of Office	Financial Year	AIR Para #	Amount
XEN Provincial Highway Division, Larkana	2016-17	6	12.500
	2015-16	11	5.000
Total			17.500

The following observations were noted:

- i. The payment was made to Land Acquisition Officers through hand receipts without obtaining land assessment, adjustment account and Form-07 for transfer of land.
- ii. The rate assessment of land was not available on record.
- iii. The acknowledgement receipt of payees was not obtained from Land Acquisition Officers.

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter, besides fixing responsibility on the person(s) at fault.

34.4.34 Excess consumption of steel – Rs5.083 million

As per rule-528 of Public Works Department Manual, “No material alteration sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction.”

During audit of following offices of Works & Services Department, Government of Sindh for the year 2015-16 & 2016-17, it was observed that contractors utilized excess quantities of steel over and above the quantity provided in the technical estimates, without any change in design and specification resulting in excess payment of Rs5.083 million to the contractors.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Provincial Building Division, Shaheed Benazirabad	2015-16	10	2.277
2	XEN Building Division, Larkana	2016-17	3	0.868
3	Resident Engineer Sindh House Islamabad	2015-16	11	0.867
4	XEN Building Division, Shaheed Benazirabad	2015-16	9	0.809
5	XEN Building Division, Umerkot	2015-16	18	0.262
Total				5.083

Audit was of the view that lapse on the part of management indicates improper watch, and weak internal controls.

The matter was reported to the management during April to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides fixing remedial measures.

34.4.35 Irregular expenditure on various repairs – Rs1.831 million

According to Rule-88 of S.F.R. Vol-I, “Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in spending his own money”.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs1.831 million was incurred on account of repair of furniture, transport, machinery & equipment.

The following observations were noted:

- i. Requisitions from concerned sections / branches not available.
- ii. Acknowledgement receipts were not obtained.
- iii. Neither the old spare parts accounted for in scrap register nor the same were disposed off.
- iv. Repair register was not maintained.
- v. Satisfactory work completion report was not obtained.
- vi. Vouchers were not stamped as “Paid & Cancelled”.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para#	Amount
1	Comptroller Sindh House Islamabad/ Muree	2015-16	06, 13 & 22	1.112
2	Secretary, Works & Services Department, Karachi	2016-17	12	0.34
3	XEN, Building Division, Larkana	2015-16	26	0.197
4	XEN, Building Division, Shikarpur	2015-16	13	0.182
Total				1.831

Audit was of the view that irregular expenditure was incurred without fulfilling codal formalities, which constituted weak financial and administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides fixing remedial measures.

34.4.36 Non imposing penalty for delayed works – Rs831.972 million

According to clause-2 of the contract agreement, in the event of contractor failing to comply with this condition, he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the work remains incomplete; provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10% of the estimated cost of the work as shown in the tender”.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2014-15 to 2016-17, it was observed that various works awarded to the contractors, which were required to be completed within the stipulated time period. The contractors failed to complete the works in time but the penalty of Rs 831.972 million at the rate of 10 percent of the contract value was not imposed by the management on account of delayed work, which tantamount to extending undue favour to the contractors. The detail is given at **Annex-12** of Chapter-34.

Audit was of the view that undue favour was extended to contractors resulting into weak financial and administrative management.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.37 Non-recovery of various taxes – Rs437.233 million

According to Para 153 (1)(a),(b)&(c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001, Income tax is required to be deducted at source while making payment to suppliers/contractors w-e-f 01-07-2015.

Description		Filer of Tax Return	Non Filer of Tax Return
Sales of Goods-(Section 153(1)(a))			
1	Companies	4%	6%
2	Other than Companies	4.5%	6.5%
Supply of Services-Section 153(1)(b)			
1	Companies	8%	12%
2	Other than Companies	10%	15%
Contract Payment to Residents-Section-153(1)(c)			
1	Companies	7%	10%
2	Other than Companies	7.5%	10%

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 14%.

According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

As per schedule of professional tax required to be charged from the contractors engaged in construction work or supplying goods or providing services or labour at the below prescribed rates.

i.	Upto 0.5 million	Rs. 500/-
ii.	Exceeding Rs. 0.5 million but not exceeding Rs. 5 million	Rs. 1,500/-
iii.	Exceeding Rs. 5 million but not exceeding Rs. 25 million	Rs. 2,500/-
iv.	Exceeding Rs. 25 million but not exceeding Rs. 100 million	Rs. 5,000/-
v.	Exceeding Rs. 100 million but not exceeding Rs. 500 million	Rs. 10,000/-
vi.	Exceeding Rs. 500 million but not exceeding Rs. 1000 million	Rs. 30,000/-
vii.	Above 1000 million	Rs. 100,000/-

Audit was of the view that Government sustained loss of revenue due to non-deduction/non-deposit of deducted taxes into Government treasury, which resulted into weak financial management.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2014-15 to 2016-17, it was observed that various taxes (i.e., Income Tax, Sales Tax and Professional Tax) amounting to Rs437.233 million were not recovered from the contractors. The detail is given at **Annex-13** of Chapter-34.

The matter was reported to the management during December 2016 to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.38 Non-adjustment of advances – Rs92.085 million

According to Para-668 of Federal Treasury Rules, advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

During audit of the following offices of Works & Services Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that advance of Rs92.085 million was made to various contractors/organizations for several works. However, subsequent adjustment accounts were not available on record. The detail is given at **Annex-14** of Chapter-34.

Audit was of the view that due to non-adjustment of advance payment and non-provision of detail account, audit could not verify the authenticity of expenditure.

The matter was reported to the management during February to September 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

Audit recommends fixing responsibility on the person(s) at fault, besides taking remedial measures.

34.4.39 Non-deduction of voids from stone boulders – Rs57.172 million

As per Standing Rate Committee letter No.Rate/60/948/42/66 dated 29th October 1969, “25% voids is required to be deducted from the bills of contractors.”

During audit of Executive Engineer Machinery and Maintenance Division, Khairpur @ Shikarpur for the financial year 2015-16, it was observed that an expenditure of Rs228.687 million was incurred on account of stone boulders, but the void @ 25% amounting to Rs57.172 million was not deducted from the bill of contractor. Detail is as under:

(Rupees in million)

C.V. # & Date	Name of work	Name of contractor	Item	Amount
73/20-6-2016	Rehabilitation/Improvement of road from Qayas Rah Tori Banglow to Manjhipur	M/s Muhammad Ramzan & Co	Dumping Single spawls and boulders	228.687
Voids @ 25%				57.172

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management in March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

(AIR#12)

34.4.40 Non recovery of shrinkage allowance – Rs38.240 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2012, “Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

During audit of various offices of Works & Services Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that the an amount of Rs38.240 million was not recovered/ deducted from the bills of contractors on account of shrinkage allowance. The detail is given at **Annex-15** of Chapter-34.

Audit was of the view that Government sustained loss of revenue due to non-deduction of shrinkage allowance, which resulted into weak financial management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.41 Non-recovery of government dues – Rs22.570 million

According to Rule 41(a) of Sindh Financial Rules Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury.

During audit of following office of Works & Services Department, Government of Sindh for the years 2015-16, it was observed that an amount Rs22.570 million was not recovered. Details are as under:

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Comptroller Sindh House, Islamabad.	2015-16	27	Non-recovery on account of Lodging & Vehicle Charges from MNAs and various officials	11.627
2	XEN Building Division, Larkana	2015-16	22	Tender fee and call deposit	10.639
3	XEN Building Division, Tando Muhammad Khan	2015-16	15	Non-deduction of Water Charges from contractor	0.304
Total					22.570

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during February to March 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.42 Non recovery of stamp duty – Rs20.074 million

As per Para 22-A of Stamps Act, “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of various offices of Works & Services Department, Government of Sindh for the years 2014-15 to 2016-17, it was observed that stamp duty of Rs20.074 million was not recovered from the contractors. The detail is given at **Annex-16** of Chapter-34.

Audit was of the view that Government sustained loss of revenue due to non-recovery of stamp duty, which resulted into weak financial management.

The matter was reported to the management during December 2016 to November 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

34.4.43 Excess payment to contractors – Rs3.170 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on the part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that excess payment of Rs3.170 million was made to various contractors due to over-billing of works or wrong calculations.

(Rupees in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Building Division, Umerkot	2015-16	3	2.705
		2015-16	17	0.295
2	XEN Provincial Building Division, Larkana	2016-17	14	0.110
3	XEN Highway Division, Tando Allahyar	2015-16	1	0.060
Total				3.170

Audit was of the view that management failed to recover the outstanding dues which constituted weak administrative and financial management.

The matter was reported to the management during February to August 2017, but no reply was received.

Despite written requests, no DAC meeting was convened by the PAO till finalization of this report.

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

ANNEXES
