



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF SINDH
AUDIT YEAR 2018-19**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AA	Administration Approval
AC	Assistant Commissioner
ADP	Annual Development Plan
AERC	Applied Economics Research Center
AG	Accountant General
AIG	Additional Inspector General
AIR	Audit Inspection Report
APPM	Accounting Policies and Procedures Manual
BISE	Board of Intermediate & Secondary Education
BOQ	Bill of Quantities
CGA	Controller General of Accounts
CNIC	Computerize National Identity Card
CPWA	Combined Public Works Account
CPWD	Combined Public Works Department
CVT	Capital Value Tax
DAC	Departmental Accounts Committee
DAO	District Account Office/Divisional Accounts Officer
DC	Deputy Commissioner
DCS	Direct Credit System
DDO	Drawing and Disbursing Officer
DG	Director General
DHO	District Health Officer
DIGP	Deputy Inspector General of Police
DPO	District Police Officer
DPWO	District Population Welfare Officer
DSP	Deputy Superintendent of Police
DUET	Dawood University of Engineering & Technology
EIA	Environmental Impact Assessment
EMD	Earnest Money Deposit
FAM	Financial Audit Manual
FASB	Financial Accounting Standards Boards
FBR	Federal Board of Revenue
FD	Finance Department
FIR	First Information Report
FY	Financial Year

GAAP	Generally Accepted Accounting Principle
G.F.R	General Financial Rules
GL	General Ledger
GST	General Sales Tax
HEC	Higher Education Commission
HESCO	Hyderabad Electric Supply Company
ICU	Intensive Care Unit
IPSAS	International Public Sector Accounting Standard
JICA	Japan International Cooperation Agency
JV	Joint Venture
L/C	Letter of Credit
LUMHS	Liaquat University of Medical & Health Sciences
M&R	Maintenance & Repair
MB	Measurement Book
MS	Medical Superintendent
NAB	National accountability Bureau
NBP	National Bank of Pakistan
NEQS	Enforcement National Environmental Quality Standard
NGOs	Non-Government Organizations
NICH	National Institute of Child Health
NICVO	National Institute of Cardiovascular Diseases
NIT	Notice for Inviting Tender
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PD	Project Director
PEC	Pakistan Engineering Council
PHE	Public Health Engineering
PMIU	Project Management and Implementation Unit
POL	Petrol Oil and Lubricant
PSDP	Public Sector Development Program
RBOD	Right Bank Outfall Drain
RCC	Reinforced Cement Concrete
Rs	Rupees
SAP	Systems, Applications & Products
SBBV	Shaheed Benazir Bhuto University

SEF	Sindh Education Foundation
SEPCO	Sukkur Electric and Power Company
SGA&CD	Services, General Administration and Coordination Department
SIDA	Sindh Irrigation Development authority
SITE	Sindh Industrial Trading Estate
SPPRA	Sindh Public Procurement Regularity Authority
SPSC	Sindh Public Service Commission
SROs	Statutory Regulatory Orders
SSGC	Sui Southern Gas Company
SSP	Senior Superintendent of Police
TOR	Terms of Reference
TS	Technical Sanction
UNICEF	United Nations international Children's emergency funds
USAID	United States Agency
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 mainly on the audit of accounts for FY 2017-18 of various departments and autonomous bodies of Government of Sindh. However, it also includes audit findings pertaining to FY 2016-17 which were reported to PAOs after finalization of Audit Report 2017-18.

The Directorate General of Audit Sindh conducted audit on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes significant issues and audit findings carrying value of Rs one 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.

Most of the observations included in the report were discussed with respective Principal Accounting Officers in Departmental Accounts Committee (DAC) meetings, and decisions there of have been duly incorporated. 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:

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 mandate 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 at 165 fund 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 2017-18 was Rs1,020.957 billion with the segregation of non-development budget of Rs764.640 billion and development budget of Rs256.317 billion. The actual expenditure was Rs936.327 billion including Rs710.286 billion on non-development budget and Rs226.041 billion on development budget. The combined percentage of utilization of budget comes to 91.71%.

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 2017-18, total expenditure under the jurisdiction of Director General Audit Sindh was Rs936.327 billion covering 40 PAOs and 10,634 cost centers which constituted 2,813 formations. The audit of 37 PAOs (audit coverage 92%) has been conducted on the basis of sampling of respective formations and amount pointed out in observations is **Rs225.788 billion**. In addition, accounts of 17 Foreign Aided Projects and four Universities were also audited. Results of these audits were included in this report.

b. Recoveries at the instance of audit

Recoveries of **Rs3,133.293 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). During the Audit Year 2017-18, recoveries amounting to Rs12.114 million have been effected on pointation of Audit. However, recovery of Rs272.297 million has been effected on pointation of audit during Audit Year 2018-19 (July 2018 to January 2019).

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 “Revised 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 contradiction of prescribed rules.
- d. Another common issue observed by Audit was non-recording of different purchases in the stock register, which was the reflection of weak Internal Control System.

- e. Prescribed record was neither maintained nor produced to Audit, which was also a serious failure of 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 37 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 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 – Rs529.926 million.¹
- ii. Non-maintenance and non-production of records – Rs31,901.962 million.²
- iii. Instances of wasteful expenditures identified – Rs8,858.532 million.³
- iv. Significant instances in which propriety principle and rules were violated – Rs32,890.464 million.⁴

¹Paras-10.4.18, 12.4.2, 17.4.23, 20.4.8, 25.4.2, 28.4.1, 28.4.37, 4.4.12, 4.4.14, 4.4.6, 5.4.10, 6.4.21, 6.4.36, 6.4.50, 6.4.53, 6.4.54.

²Paras-1.1.15, 1.1.19, 10.4.2, 10.4.5, 10.4.6, 11.4.1, 12.4.8, 13.4.1, 13.4.2, 13.4.3, 13.4.4, 14.4.1, 14.4.15, 14.4.2, 14.4.9, 15.4.1, 16.4.1, 17.4.1, 18.4.1, 19.4.1, 19.4.7, 19.4.8, 19.4.9, 2.4.1, 2.4.3, 2.4.6, 2.4.7, 20.4.1, 20.4.9, 21.4.1, 22.4.4, 23.4.1, 25.4.1, 26.4.1, 26.4.14, 26.4.21, 27.4.1, 28.4.2, 28.4.5, 3.4.1, 4.4.1, 4.4.19, 5.4.1, 6.4.1, 6.4.13, 6.4.3, 6.4.45, 7.4.4, 8.4.1, 9.4.1.

³Paras-13.4.10, 13.4.9, 19.4.12, 28.4.3, 7.4.2, 9.4.2.

⁴Paras-1.1.17, 1.1.18, 1.1.2, 1.1.26, 1.1.27, 1.1.8, 10.4.10, 10.4.11, 10.4.14, 10.4.15, 10.4.16, 10.4.17, 10.4.19, 10.4.20, 10.4.7, 11.4.4, 12.4.11, 12.4.12, 12.4.13, 12.4.14, 12.4.15, 12.4.3, 12.4.5, 12.4.6, 13.4.11, 13.4.14, 13.4.15, 13.4.17, 13.4.19, 13.4.21, 13.4.22, 13.4.23, 13.4.24, 13.4.25, 13.4.5, 13.4.7, 13.4.8, 14.4.12, 14.4.13, 14.4.14, 14.4.16, 14.4.18, 14.4.21, 14.4.23, 14.4.4, 14.4.5, 15.4.10, 15.4.11, 15.4.2, 15.4.5, 15.4.6, 15.4.7, 15.4.8, 15.4.9, 17.4.10, 17.4.12, 17.4.13, 17.4.14, 17.4.15, 17.4.16, 17.4.17, 17.4.18, 17.4.19, 17.4.2, 17.4.20, 17.4.24, 17.4.25, 17.4.4, 17.4.5, 17.4.6, 17.4.7, 17.4.8, 17.4.9, 19.4.10, 19.4.11, 19.4.13, 19.4.5, 19.4.6, 2.4.10, 2.4.11, 2.4.5, 2.4.9, 20.4.2, 20.4.3, 20.4.4, 20.4.7, 21.4.2, 22.4.3, 23.4.5, 23.4.6, 23.4.7, 24.4.1, 26.4.10, 26.4.11, 26.4.12, 26.4.16, 26.4.17, 26.4.18, 26.4.19, 26.4.2, 26.4.22, 26.4.24, 26.4.25, 26.4.26, 26.4.27, 26.4.3, 26.4.30, 26.4.5, 26.4.6, 26.4.7,

- v. Weak internal control instances – Rs151,607.209 million.⁵

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 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-recording of cash and stores and take appropriate corrective action;

26.4.8, 27.4.4, 28.4.10, 28.4.11, 28.4.14, 28.4.15, 28.4.17, 28.4.18, 28.4.19, 28.4.20, 28.4.21, 28.4.22, 28.4.24, 28.4.25, 28.4.26, 28.4.27, 28.4.28, 28.4.29, 28.4.31, 28.4.32, 28.4.33, 28.4.34, 28.4.35, 28.4.36, 28.4.4, 28.4.6, 28.4.9, 3.4.10, 3.4.11, 3.4.3, 3.4.4, 3.4.6, 3.4.7, 3.4.8, 3.4.9, 4.4.10, 4.4.11, 4.4.15, 4.4.17, 4.4.20, 4.4.21, 4.4.22, 4.4.4, 4.4.7, 4.4.8, 5.4.11, 5.4.12, 5.4.13, 5.4.2, 5.4.4, 5.4.7, 5.4.8, 5.4.9, 6.4.11, 6.4.14, 6.4.15, 6.4.16, 6.4.17, 6.4.18, 6.4.19, 6.4.20, 6.4.24, 6.4.29, 6.4.33, 6.4.35, 6.4.37, 6.4.38, 6.4.39, 6.4.40, 6.4.42, 6.4.43, 6.4.46, 6.4.49, 6.4.5, 6.4.52, 6.4.7, 7.4.3, 8.4.2, 8.4.3, 8.4.4, 9.4.10, 9.4.11, 9.4.12, 9.4.13, 9.4.14, 9.4.5, 9.4.7, 9.4.8, 9.4.9.

⁵Paras-1.1.1, 1.1.10, 1.1.11, 1.1.12, 1.1.13, 1.1.14, 1.1.16, 1.1.20, 1.1.21, 1.1.22, 1.1.23, 1.1.24, 1.1.25, 1.1.28, 1.1.29, 1.1.3, 1.1.30, 1.1.4, 1.1.5, 1.1.6, 1.1.7, 1.1.9, 10.4.1, 10.4.12, 10.4.13, 10.4.3, 10.4.4, 10.4.8, 10.4.9, 11.4.2, 11.4.3, 12.4.1, 12.4.10, 12.4.4, 12.4.7, 12.4.9, 13.4.12, 13.4.13, 13.4.16, 13.4.18, 13.4.20, 13.4.6, 14.4.10, 14.4.11, 14.4.17, 14.4.19, 14.4.20, 14.4.22, 14.4.3, 14.4.6, 14.4.7, 14.4.8, 15.4.3, 15.4.4, 17.4.11, 17.4.21, 17.4.22, 17.4.3, 19.4.2, 19.4.3, 19.4.4, 2.4.2, 2.4.4, 2.4.8, 20.4.5, 20.4.6, 22.4.1, 22.4.2, 23.4.2, 23.4.3, 23.4.4, 23.4.8, 24.4.2, 26.4.13, 26.4.15, 26.4.20, 26.4.23, 26.4.28, 26.4.29, 26.4.4, 26.4.9, 27.4.2, 27.4.3, 28.4.12, 28.4.13, 28.4.16, 28.4.23, 28.4.30, 28.4.38, 28.4.39, 28.4.7, 28.4.8, 3.4.2, 3.4.5, 4.4.13, 4.4.16, 4.4.18, 4.4.2, 4.4.3, 4.4.5, 4.4.9, 5.4.3, 5.4.5, 5.4.6, 6.4.10, 6.4.12, 6.4.2, 6.4.22, 6.4.23, 6.4.25, 6.4.26, 6.4.27, 6.4.28, 6.4.30, 6.4.31, 6.4.32, 6.4.34, 6.4.4, 6.4.41, 6.4.44, 6.4.47, 6.4.48, 6.4.51, 6.4.6, 6.4.8, 6.4.9, 7.4.1, 7.4.5, 9.4.3, 9.4.4, 9.4.6.

- 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) of 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

(Rs. in million)

Sr. #	Description	Nos.	Expenditure 2017-18
1	Total Entities (PAOs) in Audit Jurisdiction	40	936,327
2	Total formations in audit jurisdiction	2,813*	936,327
3	Total Entities(PAOs) Audited	37	762,808
4	Total formations Audited	407	762,808
5	Audit & Inspection Reports	407	-
6	Special Audit Reports	0	-
7	Performance Audit Report	01	-
8	Other Reports (Foreign Aided Projects)	17	-

* 10,634 cost centers which constitute 2,813 formations.

Table 2: Audit observations regarding financial management

(Rs. in million)

Sr. #	Description	Amount Placed under Audit Observation
1	Unsound asset management	10,284.982
2	Weak financial management	120,184.345
3	Weak Internal controls relating to financial management	48,360.440
4	Others	46,958.326
	Total	225,788.093

Table 3: Outcome Statistics

(Rs. in million)

Sr #	Description	Expd. on Acquiring Physical Assets- Procurement	Civil Works	Receipts	Others	Total current year (2017-18)	Total last year
1	Outlays Audited	66,106.000	21,1647.000	838,530.300	658,574.000	1,774,857.300	1,560,926.000
2	Amount Placed under Audit Observation /Irregularities	1,310.509	16,793.201	2,514.164	205,170.219	225,788.093	292,847.370
3	Recoveries Pointed Out at the instance of Audit	-	1,982.433	133.911	1,016.949	3,133.293	19,105.630
4	Recoveries Accepted /Established at the instance of Audit	-	1,982.433	133.911	1,016.949	3,133.293	19,105.630
5	Recoveries Realized at the instance of Audit	-	-	-	-	12.114	69.622

Table 4: Irregularities pointed out

(Rs. in million)		
Sr. #	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	36,264.231
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	529.926
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.	134,732.020
4	Weaknesses of internal control systems.	5.500
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies	3,133.293
6	Non -production of record.	26,915.170
7	Others, including cases of accidents, negligence etc.	24,207.953
Total		225,788.093

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

Table 5: Cost-Benefit

(Rs. in million)		
Sr.#	Description	Amount
1	Outlays Audited (Items 1 of Table 3)	1,774,857.300
2	Expenditure on Audit	45.000
3	Recoveries realized at the instance of Audit	12.114
4	Recoveries pointed out at the instance of Audit	3,133.293
	Cost-Benefit Ratio (on basis of recoveries realized)	0.27
	Cost-Benefit Ratio (on basis of recoveries pointed out)	69.63

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 capability to deliver public services annually as expressed in policy statements, output commitments, and work plans. An assessment was undertaken to analyze the extent of the provincial government budget accuracy and overall budget variances were determined. Comparative analysis of budget and actual expenditure is as follows:

Original Budget to Aggregate Expenditure ratio

(Rs. in million)

Particulars	FY2017-18	FY2016-17
Budget (original)	1,060,950	923,322
Actual Expenditure	936,327	863,363
Difference between budget and actual expenditure (%)	-11.75%	-6.49%

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.

Final Budget to Actual Expenditure ratio

(Rs. in million)

Particulars	FY2017-18	FY2016-17
Budget (Revised)	1,020,956	934,455
Actual Expenditure	936,327	863,363
Difference between budget and actual expenditure (%)	-8.29%	-7.61%

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 -8.29% represents that all efforts of government to adjust budget variations from original budget were futile as the deviation rate increased at this stage and it also implicates that Mid Term Budgetary Framework of the government has remained inoperative to provide any insight to the government to manage public finances.

To prove this point another measure can be determined, i.e., comparison of original budget with revised budget.

Original Budget compared with Revised Budget

Particulars	(Rs. in million)	
	FY2017-18	FY2016-17
Budget (original)	1,060,950	923,322
Budget (Revised)	1,020,956	934,455
Difference between original budget and final budget (%)	3.77%	-1.21%

There was a positive difference of original budget with actual expenditure, but despite keeping budget difference minimum, that was enhanced up to 3.77%, and more resources were engaged to keep budget at higher 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	78,149,726,268	46,063,172,894	41.05
Voted	942,806,806,057	890,263,995,865	5.57
	1,020,956,532,325	936,327,168,759	8.28
Nature of Expenditure	Final Budget	Actual Expenditure	Difference %
Revenue	672,317,888,669	639,711,493,231	4.84
Capital	348,638,643,656	296,615,675,528	14.92
	1,020,956,532,325	936,327,168,759	8.28
Nature of Expenditure	Final Budget	Actual Expenditure	Difference %
Non-Development	764,639,719,059	710,286,151,610	7.10
Development	256,316,813,266	226,041,017,149	11.81
	1,020,956,532,325	936,327,168,759	8.28

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

Grant wise budget variations

The threshold set by department of finance for grant wise budget variations is;
 Excess expenditures: of Re 1 and more are explainable
 Savings : more than 5% are explainable

Excess expenditure of Rs 8,516.396 million was incurred in following two grants out of total expenditure of Rs 936,327.168 million, i.e., approximately only 0.90%.

Demand No.	Name of Grant / Appropriation	Final Grant / Appropriation	Expenditure 2017-18	Excess	%
118	SC15168-Foreign Projects Assistance (Loans)	-	6,948,087,808	6,948,087,808	-
119	SC15169-Foreign Projects Assistance (Grants)	-	1,568,308,262	1,568,308,262	-
Total		-	8,516,396,070	8,516,396,070	

However, remaining grants are showing savings, have not been 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 4% of last year while that in actual expenditure is -26% of last year.

	2017-18		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	48,256,348,000	18,032,543,000	30,223,805,000
Debt Servicing (Interest Payment)	23,947,340,000	23,559,517,172	387,822,828
	72,203,688,000	41,592,060,172	30,611,627,828
	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
	Change		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	-4,536,191,000	-18,507,212,001	13,971,021,001
Debt Servicing (Interest Payment)	1,448,480,000	3,629,831,608	-2,181,351,608
	-3,087,711,000	-14,877,380,393	11,789,669,393
Payment %age current year	42%		
Payment %age last year	24%		
Increase/decrease in Debt Servicing Principal and Interest Budget	4%		
Increase/decrease in Debt Servicing Actual Expenditure	-26%		

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.

(Rs. in million)

Sr. #	Function	Original	Revised	Actual Expend	Variance Original Budget/ Exp	Variance Revised Budget/ Exp	% with base amount original allocation	% with base amount revised allocation
1	General Public Service	301,181	279,357	233,726	67,455	45,631	22.40%	16.33%
2	Defence Affairs & Services	105	89	72	33	17	31.43%	19.10%
3	Economic Affairs	202,087	202,338	199,785	2,302	2,553	1.14%	1.26%
4	Public Order and Safety Affairs	106,714	104,179	97,776	8,938	6,403	8.38%	6.15%
5	Education Affairs and Services	198,523	169,748	165,446	33,077	4,302	16.66%	2.53%
6	Health Affairs and Services	14,201	11,045	10,378	3,823	667	26.92%	6.04%
7	Housing & Community Amenities	108,962	103,906	97,967	10,995	5,939	10.09%	5.72%
8	Recreation, Culture and Religion	16,881	16,764	14,494	2,387	2,270	14.14%	13.54%
9	Social Protection	110,987	132,913	116,194	-5,207	16,719	-4.69%	12.58%
10	Environment Protection	1,309	617	489	820	128	62.64%	20.75%
Total		1,060,950	1,020,956	936,327	124,623	84,629	11.75%	8.29%

Object wise revenue budget variance

(Rs. in million)

Function	Budget		Actual Receipts	Variance Original Budget	Variance Revised Budget
	Original	Revised			
<u>Revenue</u>					
Taxation	744,378	724,799	689,953	7.31%	4.803%
Non-Taxation	109,882	91,310	96,429	12.24%	-5.60%
Total Revenue Receipts	854,260	816,109	786,382	7.94%	3.64%
<u>Capital</u>					
Domestic Debt	9,332	10,227	20,000	-114.31%	-95.56%
Foreign Debt	42,742	27,617	5,836	86.32%	78.86%
Recovery of Loans & Advances	48,182	50,000	13	99.97%	99.97%
State Trading Activities	83,784	77,000	26,299	68.61%	65.84%
Miscellaneous Recoveries	-	-	-		
Total Capital Receipts	184,040	164,844	52,148	71.66%	68.36%
Total Receipts	1,038,300	980,953	838,530	19.24%	14.51%

Based on above data a budget deficit analysis has been performed in following table;

	2017-18	2016-17
Original Budget	-22,650	-157,977
Revised Budget	-40,003	-168,910
Actual Surplus/Deficit	-97,797	-98,018
%age of original Vs. Actual	431%	62%
%age of revised Vs. Actual	244%	58%

The above analysis clearly indicates lack of reality based commitments by management, inefficient resource utilization and ineffective use of planning toolkit.

It is recommended to take the following actions:

- i) Proper categorization of expenditures across functional classification levels in the budget document as well as on actual expenditure reporting.
- ii) Prudent resources allocation which should be aligned with the changing sector requirements.
- iii) Decentralization of authority to the spending units once projects cost are approved and included in the PSDP.

- iv) Reducing the number and stages of approval while ensuring transparency and efficiency in service delivery.
- v) Limiting in-year re-appropriations.

1.1.2 Expenditure without provision in budget and schedule of authorized expenditure - Rs8,516.00 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 2017-18, it was observed that an expenditure of Rs8,516.00 million was incurred without provisions in budget, schedule of authorized expenditure and schedule of authorized supplementary expenditure under Grant No-18 (SC15168) Foreign Project Assistance (Loans) and Grant No-19 (SC15169) as per page Nos. 507 to 510 of Appropriation Accounts.

(Rs. in million)

Demand No.	Name of Grant / Appropriation	Expenditure 2017-18
118	SC15168-Foreign Projects Assistance (Loans)	6,948.00
119	SC15169-Foreign Projects Assistance (Grants)	1,568.00
	Total	8,516.00

Audit is of the view that incurring expenditures without budget allocation reveals poor financial management and override of government policies and these are subject to clarification and reasoning on the part of the executing authorities.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that expenditure has been part of budget. However, it could not be included in the schedule of authorized expenditure. The DAC directed Finance Department to obtain post facto sanction from Chief Minister. No progress was reported till finalization of this report.

Audit requires compliance of 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 provide maintenance of Fixed Assets Register as elaborated below:

Direction 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:

Land & buildings	Livestock
Vehicles	Civil works
Plant and machinery	Office / Computer equipment
Furniture & fittings	

Direction 13.4.1.2

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

Description	Cost in foreign currency (where applicable)
Classification of asset	Asset identification number
Date of purchase or date of completion	Current location
Original purchase cost in Rupees	Ownership of/responsibility for asset

During certification audit of Government of Sindh for the financial year 2017-18, it was observed that Long Term Assets (details are at Annex-1 of Chapter 01) for Rs1,650.370 billion (2016-17: Rs 1,391.649 billion) 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 (Detail on page# 12 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 audit observation has been raised in all Management Reports issued to date since 2006-07 to 2017-18, but no action had been taken to comply with the requirements made in the APPM.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, 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 directed to take up again the matter with CGA/FABS for policy guidelines. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.4 Non-disclosure of Profit or loss of Sindh Bank in Finance Accounts of Government of Sindh

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was revealed that an amount of Rs10.00 billion was invested in establishment of Sindh Bank from Sindh Consolidated fund but figures of profit or loss from the investment were not incorporated in Finance Accounts of Government of Sindh. (Details available on page No. 105 of Finance Accounts).

Audit is of the view that there is overstatement/understatement of profit due to non-disclosure of profit or loss of Sindh Bank.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that as a result of Qualified Opinion on the accounts of Government of Sindh for the Financial Year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy proceed further. However, no progress was produced till finalization of this report.

Audit requires compliance with DAC directives.

1.1.5 Non-recording of profit earned from investment

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that an amount of Rs17,372.40 million was earned from the investment fund managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2018-19 (details are at Annex-2 of Chapter 01), 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.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that as a result of Qualified Opinion on the accounts of Government of Sindh for the financial year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.6 Non-recording/non-recovery of interest from loan

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that Sindh Government had obtained loan of Rs16.00 billion during 2012-13 from Sindh Social Relief Fund to meet immediate budgetary exigencies through two summaries approved by the Chief Minister, Sindh. However, details of interest deposits into Sindh Social Relief Fund were not mentioned in accounts.

(Rs. in billion)

Sr. #	Date of CM Summary	Amount of Loan	Interest Rate mentioned in CM Summary
1	2/7/2012	6.00	12%
2	2/5/2013	10.00	9.35%
Total		16.00	

The management provided interest deposit on loan of Rs10.00 billion into Sindh Social Relief Fund but details of interest on Rs6.00 billion were still awaited.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the matter would be referred to Finance Department for details of interest of loan. The DAC directed that the matter may be referred to Finance Department for details of interest on loan. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.7 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 2017-18, it was observed that value of investments as appearing in the breakup on page # 105 of Finance Account seemed 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 carried any return for any period of our review. This resulted into 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.

(Rs. in million)	
Description	Investment at year end
Payment of 100% Equity Share of the Pakistan Textile City Ltd.	200.000
Total	200.00

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that as a result of Qualified Opinion on the accounts of Government of Sindh for the financial year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.8 Un-justified investment

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 2017-18 and while analyzing Financial Statements of the Government of Sindh for the financial year 2017-18, it was observed that Rs10,460.00 million were invested during the year 2017-18. Such investment when the Government of Sindh is running at deficit budget is unjustified. Audit is of the view that surplus amount of consolidated fund, if any, could be utilized for investment.

(Rs. in million)	
Receipts	838,530.00
Payments	936,327.00
Deficit	97,797.00
<i>Source: Financial Statements of GoS 2017-18</i>	

Thus, it is clear from the above position that the account of government is in deficit not in surplus.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that Government of Sindh has planned to pay off the pension / GP fund liabilities from the respective funds which they have invested in various financial institutions instead of its own revenue as they are regularly allocating the budget for investment. However, some unforeseen/necessary expenditure was incurred during the year which was unavoidable for the Government. The DAC directed that the matter may be referred to Finance Department. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.9 Non-recording of expenditure incurred from investment funds – Rs3,177.85 million

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that an expenditure of **Rs3,177.85** 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 2018-19, but the disclosure of the same was not recorded in Financial Statement and Finance Account of Government of Sindh prepared by Accountant General Sindh (details are at Annex-3 of Chapter 01).

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied

that as a result of Qualified Opinion on the accounts of Government of Sindh for the financial year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further. No progress was reported till finalization of this report.

Audit requires compliance with DAC directives.

1.1.10 Difference of amount released to various investment funds

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that no amount was shown released to various investment funds managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2018-19. However, as per Finance Account of Government of Sindh prepared by Accountant General Sindh, an amount of Rs 3,300.00 million was released/transferred during financial 2017-18 against the various investment funds. This resulted into difference of Rs3,300.000 million between AG Sindh and FD Sindh which reflected understatement of investment on one side and overstatement on another side.

(Rs. in million)

S. No	Description of Investment	Releases in 2018-19 As per Finance Department, Government of Sindh Budget Book Volume-I 2018-19	Expenditure during 2017-18 As per Finance Account, Government of Sindh prepared by Accountant General Sindh
1	Sindh Leasing Co. Equity Injection	0	1,500.00
2	Sindh Energy Holding Co. Equity Injection	0	800.00
3	Sindh Insurance Ltd. Equity Injection	0	500.00
4	Sindh Mudarba (City & Intercity) Bus Project	0	500.00
Total		0.00	3,300.00

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the amount shown in budget book is the estimated expenditure which was compiled in the month of April/May 2018, whereas the expenditure shown in the Finance Account was the actual releases received from the Finance Department, Government of Sindh. The DAC directed Finance Department that the reconciliation/confirmation may be produced to audit. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.11 Difference of year end balances in various investment funds

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that there was year-end closing balance of Rs193,400.880 million in various investment funds managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2018-19. However, as per Finance Account of Government of Sindh prepared by Accountant General Sindh, there was year-end closing balance of Rs159,968.59 million appeared under various investment funds. There was a difference of Rs33,432.30 million between AG Sindh and FD Sindh which reflects understatement of investment on one side and overstatement on another side.

(Rs. in million)

Sr. #	Description of Investment	Accumulated Value of Investments as on 30th June 2018 as per Finance Department, Government of Sindh Budget Book Volume-I 2018-19	Accumulated Value of Investments as on 30th June 2018 as per Finance Account, Government of Sindh prepared by Accountant General Sindh	Difference
1	Sindh Pension Fund	104,176.99	86,428.73	17,748.26
2	Sindh General Provident Fund	58,753.55	47,397.65	11,355.90
3	Sindh Employees Group Insurance Fund	2,801.94	2,151.06	650.88
4	Sindh Project Development Facility	387.6	200.00	187.60
5	Sindh Social Relief Fund	20,336.84	17,986.00	2,350.84
6	Investment Fund For Sindh Civil Servants Housing Foundation	6,943.96	5,805.15	1,138.82
Total		193,400.88	159,968.59	33,432.30

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that as a result of Qualified Opinion on the accounts of Government of Sindh for the financial year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.12 Improper disclosure of various investment funds in Finance Account

As per Generally Accepted Accounting Principle (GAAP), 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 that 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 2017-18, it was observed that there was year-end closing balance of Rs1,476.88 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, but the same was not recorded in Financial Statement and Finance Account of Government of Sindh prepared by Accountant General Sindh. As a result, government investment was understated on one side and overstated on another side (details at Annex-4 of Chapter 01).

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that as a result of Qualified Opinion on the accounts of Government of Sindh for the financial year 2015-16, the team of DG Audit Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its report. The DAC directed that the outcome of the committee constituted for the purpose will be the guiding policy to proceed further. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.13 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 money withdrawn from the public account.

During certification audit of Government of Sindh for the financial year 2017-18, it was observed that current assets of the Government of Sindh classified into sub-headings as Civil Department Balances, Receivables, Other Receivables, and Other Assets, were unadjusted/unrealized. Following observations were noted:

Receivables

I. O.B. Advances (Civil) - Rs43.350 million

O.B. Advance (Civil) comprises mainly the payments on account of Pay and T.A. on transfer and payments of one month salary to the Government Servants on Eid festival. The Eid advance is recovered in 02 or 03 installments and its recovery appears in next month's payroll. Balances are appearing at Page # 129 of Finance Account of Government of Sindh.

The amount of O.B advances were not recovered during the year, which reflects poor cash management.

a) Special advances Rs1.707 million

Special Advance records advance of the special nature under the orders of the Provincial Government. These advances except District Accounts Officer Khairpur

relate to the period prior to 1970-71 and have not been repaid so far. The details are at Page # 132-133 of Finance Account of Government of Sindh as under:

(Rs. in million)

Sr. #	Description	Amount
1	Advances paid for test purchase made by Price Control Department	0.005
2	Advances for Taraviah Prayer	0.001
3	Trap money advance for Anti-Corruption Department	0.070
4	Advance for Students of District Municipal Corporation Karachi	0.002
5	Advances to Board of Management of Muslim Education Cess, Karachi	0.012
6	Advances by revenue department for Flood Relief	0.185
7	Advances by Deputy Commissioner Lahore for Flood Relief	0.677
8	Advances for purchase of Coconut Seeds	0.005
9	Advances for Agriculture Department for East Pakistani Families.	0.435
10	District Account Officer Khairpur	0.315
Total		1.707

Item Nos. 7 and 8 were transferred by A.G. West Pakistan, Lahore on disintegration of One Unit.

b) Payment for fertilizer Rs1.839 billion

The debits received from Federal Government on account of supply of Fertilizer to Sindh Agriculture Supply Corporation are booked under this head pending recovery from the Corporation. The balance represents amount outstanding against the corporation. The acceptance of the balance is awaited. This is a stagnant balance which appears at Page # 133 of Finance Account of Government of Sindh.

II. Other Receivables

All the following balances are stagnant balances since more than three decades.

a) Permanent Advance - Rs6.204 million

According to Para 140 of General Financial Rules, permanent advances may be granted to officers who may have to make payments before they can place themselves in funds by drawing bills on the Accounts Offices. According to these rules, any advances made out of the permanent advance may be recovered out of the amounts drawn from the Bank on expense bills. The balances include an amount of Rs130,639

transferred by the A.G West Pakistan, Lahore on disintegration of one unit. Balances are appearing at Page # 132 of Finance Account of Government of Sindh.

b) Account with Government of India - Rs4.660 million

The above head records transaction between the Government of Sindh and the various Provincial Governments in India requiring settlement. The balance represents the outstanding balance for which settlement could not be carried out through the account of the Stand Bank up to the year 1982-83. The matter is correspondence with the various Accountant Generals in India. Balances are appearing at Page # 133 of Finance Account of Government of Sindh.

c) Account with Government of Burma - Rs0.366 million

This head records transactions between the Government of Burma and the Government of Sindh requiring settlement through State Bank. The balance represents the outstanding for which settlement could not be carried out through the accounts of the State Bank up-to the year 1982-83 and is under investigation. The ledger balance is under agreement with broadsheet figures. Balances are appearing at Page # 133 of Finance Account of Government of Sindh.

d) East Pakistan suspense - Rs4.540 million

This head is intended to accommodate Payment on behalf of the Government of East Pakistan and their autonomous bodies after Separation of that Government with the Government of Pakistan. The balance will be settled only upon agreement between the two Governments. Balances are appearing at Page # 133 of Finance Account of Government of Sindh.

This has serious implications as non-deposit of government moneys held by any government official in fiduciary trust is a legal mistrust on his part and he can be subject to legal and pecuniary obligations under such circumstances.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that these balances were very old, such as account with Government of India, account with Govt. of Burma, etc. The DAC directed that FD will take up the matter with

concerned authorities for resolution. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.14 Un-reconciled long outstanding difference between book and bank balances - Rs757.52 million

The State Bank of Pakistan and the National Bank of Pakistan, acting as an agent for the State Bank of Pakistan, are the Government's banker, unless otherwise authorized by the Government. For the purpose of Bank Reconciliation branches of the National Bank are described as follow:

- **Category A branch** - these are main branches of the NBP and are normally situated in urban areas
- **Category B and C branch** - these branches are normally situated in rural and remote areas.

The following key internal controls must be observed in the bank reconciliation processes:

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

The head office of SBP should report cash balances of each government bank account on a daily basis and in the form prescribed by the Auditor-General to the following, as applicable to each government as Finance Department, Sindh and Accountant General, Sindh.

A monthly reconciliation of bank accounts is a necessary part of financial management and is also an effective measure for detecting and deterring fraud and irregularities. Every DAO shall prepare a monthly reconciliation statement for expenditures and receipts. At the end of each day the DAO/AG office shall send payment advice notes to the Main Designated Branch of the bank it deals with.

On receiving the daily bank returns from the Main Designated Branch, the delegated officer in the Account Section of the DAO/AG shall carry out the following checks:

- Supporting documents detail (i.e. paid cheques, receipt vouchers, transfer advice) agrees with the bank scroll
- Bank scroll entry agrees with a payment advice note entry previously sent to the Main Designated Branch of the bank.

Where there are any discrepancies in the bank scroll, the officer shall immediately inform the Main Designated Branch and resolve any differences in writing. The delegated officer shall make note of those payments which have not yet been cleared by the bank and check these payments against the daily bank returns until they are cleared or have passed their encashment time limit. The delegated officer in the DAO/AG office shall also update the cheque register. The following is a summary of the relationship between the DAO/AG, the bank and the payee/payer.

Bank reconciliation is an important control over the cash and bank balances maintained by an entity. This process covers reconciling the bank balances as per the entity's books with the balances as appearing in the bank statement issued by the entity's bank. This ensures that all transactions are intact between the entity and the bank. As appearing at cash balance statement of Finance Account of Government of Sindh.

During certification audit of Government of Sindh for the financial year 2017-18, it was observed that there was a net un-reconciled difference in bank account as per # 166 of Finance Account of Government of Sindh. Details are as under:

Transaction awaited for adjustment by Bank	2017-18
Breakup of un-reconciled difference	(Rs. in million)
Provincial Account Current period 2017-18 (1997-98 to 2017-18)	611,847,111 Dr.
Provincial Account Previous period 1995-2017(1994-95 to 1996-97)	145,673,784 Dr.
Total	757,520,895 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 management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that differences appearing between book and bank were being regularly reconciled. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.15 Long outstanding loans and advances

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 2017-18, it was observed that there was a huge loan balances outstanding against various

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

(Rs. in million)

Institution	Opening	Payments	Receipts	Closing
	Balance			Balance
To non-financial institutions	1,957.005	-	-	1,957.005
To Government Servants	53.844	-	12.724	41.119
To private sector	175.00	-	-	175.00
Total	2,185.849	-	12.724	2,173.124

It was further observed that no interest has been received on outstanding balance of loans and advances except recovery of Rs12.724 million against the loans to government servants.

The above outstanding loan balances against various institutions have been appearing at page No. 123 of Finance Accounts of Government of Sindh. During the course of audit, it was observed except recovery of Rs12.724 million all loans and advances were outstanding.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that Finance Department Government of Sindh was already working to clear the amount. The DAC directed to provided details to audit for verification. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.16 Un-justified retention of federal receipt in public account

As per Generally Accepted Accounting Principle (GAAP), 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 that the same are not over- or under-stated and present proper and fair picture in all respects of

presentation. Further 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 2017-18, it was observed that federal receipts of Rs4,772.769 million were retained in public account, as a result, federal receipts were understated and liabilities of government of Sindh were overstated by Rs4,772.769 million.

Head	Balance on 1st July 2017	Receipts	Payment	Balance on 30th June 2018
G103045-Zakat Collection Accounts	907,772,410	16,122,156	21,125,755	902,768,811
G12713-Income Tax deduction from Salaries	133,317,130	4,543,966,341	4,365,916,421	311,367,050
G12714-Income Tax deduction from Contractors / Suppliers	3,506,025,699	15,288,536,249	15,423,642,314	3,370,919,634
G12777-Sales Tax Deduction at Source under Sales Tax Special Procedure	31,211,112	731,583,397	575,080,705	187,713,804
Total	4,578,326,351	20,580,208,143	20,385,765,195	4,772,769,299

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that amount under observation has been credited to respective authorities in following month as per procedure. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.17 Excess capital expenditure

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 2017-18 and while analyzing Finance Account of the Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs548.00 million was incurred in excess over revised capital budget as under:

(Rs. in million)

Name of Function	Revised capital budget	Actual expenditure	Excess capital expenditure	Excess in %
Economic Affairs	112,336	112,858	522	0.5%
Health Affairs and Services	3,490	3,516	26	1%
Excess Payment			548	
<i>Source: Statement of Comparison of Budget and Actual Expenditure at page No. 9</i>				

Audit is of the view that incurring expenditures in excess of budget allocation reveals poor financial management and override of government policies and called for clarification and reasoning on the part of the executing authorities.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that excess expenditure was due to demands pertaining in FPA. The DAC directed that post facto sanction from CM may be obtained. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.18 Excess expenditure over revised budget - Rs41.00 million

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 2017-18 and while analyzing Finance Account of the Government of Sindh for the financial year 2017-18, it was observed that Rs41.00 million was incurred in excess over revised budget in College Education Department as under:

(Rs. in million)

Particulars	Revised budget	Actual expenditure	Excess expenditure
College Education	15,230	15,371	41
Excess expenditure			41

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

Audit is of the view that incurring expenditures in excess of revised budget allocation reveals poor financial management and override of government policies and require clarification and reasoning on the part of the executing authorities.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the payment pertaining to pension and salary was unavoidable and within overall grant. The DAC directed for verification of relevant record by audit. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.19 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 certification audit of Government of Sindh for the financial year 2017-18, sample vouchers for substantive test amounting to Rs4,198.223 million were not provided for audit scrutiny (details at Annex-5 of Chapter 01).

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management stated that the record has been arranged which may be verified. The DAC directed for verification of record by audit. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.20 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 2017-18, it was observed that an expenditure of Rs64,511.179 million was incurred by executing 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 management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the post audit of assignment account has been conducted except 5 projects which were also in process. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.21 Non-uniformity in payment of Commuted Value of Pension in DAOs of Sindh

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 2017-18, it was observed that eight (8) District Accounts Offices (Badin, Dadu, Hyderabad, Jamshoro, Tando Allahyar, Umderkot, Matiari, and Naushahro Feroze) of Sindh paid Commuted Value of Pension through cheques instead of payroll which could lead to fake payments from public money. However, six (6) accounting offices (AG Sindh, Sukkur, Jacobabad, Kashmore, Khairpur, Tharparkar) paid commuted value of pension through payroll which is the safest mode of payment. Some DAOs paid commuted value of pension partly through cheques and payroll. Payment of commuted value of pension through cheques is riskier, and there is room available for fake payments (details are at Annex-6 of Chapter 01).

Audit is of the view that due to payment through cheques on account of commuted value of pension, the chances of fake payment cannot be ruled out.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that efforts were being taken for the uniformity with Finance Department, Government

of Sindh. The DAC directed to forward the matter to FD for implementation of policy. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.22 Manual payment of monthly pension to pensioners instead of DCS

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 2017-18, it was observed that monthly pension to pensioners amounting Rs16,161.256 million was paid manually from NBP instead of Direct Credit System (DCS) which is 28% of total monthly pension payments. Moreover, it was revealed that Rs217.841 million were paid on account of monthly pension through cheques which is also questionable. Detail are as under:

MONTHLY PENSION PAYMENT 2017-18		
Object Type	Expenditure	%
AB	40,614,098,394	71%
ET	16,161,256,271	28%
FH	218,052,837	0%
KA	(3,487,768)	
KR	217,841,556	0.38%
RT	(5,980)	
SA	(91,253,183)	
Total	57,116,502,127	

Audit is of the view that due to manual payment and payment through cheques, the chances of excess payment cannot be ruled out.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that efforts were being taken for Direct Credit System (DCS) system. Manual payment was made only on account of gratuity and commutation. The DAC directed for

verification of record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.23 Irregular disclosure of liabilities

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 2017-18, it was observed that in any cash basis accounting system, there could be no negative receipt and no negative payment. Negative balances can only arise if any payment or receipt is excess booked in contra account and corresponding payment or receipt has not been booked or has been short booked. Thus, it may be implied that any negative balance is a wrong entry which must be corrected in timely manner. Following debit balances as appearing at Page # 135, 136 & 145 of Finance Account of Government of Sindh be cleared:

		(Rs. in million)
	Head of Accounts	Balance
G01175	Cheque Payment Clearing Account (District Account) SBP	(1,063.310)
G01191	Assignment Account Cheques	(947.990)
G01201	Outstanding Commitments	(1,177.511)
G08117	Railways Reserve Fund	(66.066)
Total		(3,254.877)

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 management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management stated that balances appeared since long and under examination. However, current year's amount was cleared. The DAC directed for verification of current year balances. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.24 Un-reconciled balance in controlled account G-05

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 2017-18, it was observed that certain un-reconciled inter-governmental balances were 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 under:

(Rs. in million)

Head of Accounts	Account Code	Balance 2017-18	Balance 2016-17	Difference
Wages Clearing Account	G05105	(41.519)	(40.942)	(0.577)
Inter provincial settlement account	G05106	34.467	30.735	3.732
Adjusting account b/w federal and provincial government	G05107	(605.798)	(9,337.107)	(8,731.309)
Miscellaneous Government Accounts Blocked	G05108	0.665	0.665	0
State Bank Suspense	G05110	334.945	339.391	4.446
District Accounts Offices-Suspense	G05111	0.098	(39.582)	(39.484)
Adjusting account b/w provincial & district government	G05115	(268.506)	(268.506)	0
Total		(554.542)	(9,315.349)	(8,763.29)

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the balances were being regularly reconciled and cleared in the following months of next financial year. The DAC directed for verification of figures of financial year 2017-18. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.25 Un-authorized utilization of Public Account in Government Operations - Rs118,506.00 million

According to Para 14.3.1.1 of the APPM; No authority shall incur expenditure or enter into any commitment involving expenditure from the Public Account, unless it is sanctioned under the governing Act, Order or other regulation for the particular trust account or special deposit account.

And

According to Note 24.1 of Financial Statements “The public account consists of those moneys received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of Government, unless provided under an Act of Provincial Assembly or rules made by the Governor. The balances in the public account are carried forward at year end and to be used for the specific purpose for which they are established”.

During certification audit of Government of Sindh for the financial year 2017-18, and while analysing the Financial Statements of the Government of Sindh for the financial year 2017-18, it was observed that Public Account of Rs118,506.00 million was utilized in general services of Government in two years which was un-authorized use of public account.

(Rs. in million)

Sr. #	Year	Amount
1	2017-18	89,694.00
2	2016-17	28,812.00
Total		118,506.00
<i>Source: Financial Statements of GoS for the FY 2017-18</i>		

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that this practice was prevalent all over Pakistan through single bank account. Government of Sindh has invested funds into various investment funds which would be used for the specific purpose. The DAC directed that the matter may be forwarded to FD for not utilizing liability of subscribers. No progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.26 Non-recovery / Less-recovery of tax and other revenues

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 2017-18, it was observed that an amount of Rs17.187 million on account of government taxes / revenue was not recovered / withheld while making payments. As a result government was deprived of its due revenue.

(Rs. in million)

Particulars	Sections	Memo #	Amount
Short-deduction of Income Tax	CAA-III	30	0.254
Less deduction of taxes	CAA-V	45	0.015
Short deduction of income tax in absence of income tax filing documents	Education-II	46	13.227
Non-deduction of taxes	Health-III & CA-IV	74	3.691
		Total	17.187

The matter was reported to the department during the month of October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that the all deductions of taxes are made through system generated rates. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.27 Non-crediting of revenues

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 2017-18, it was observed that an amount of Rs44.373 million on account of government

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

(Rs. in million)

Sr#	Particulars	Section	O.M#	Amount
1	Non-remittance of Government revenue	WAD-VII	75	23.131
2	Non-remittance of deposits	WAD-V	77	20.713
3	Non-depositing of Government revenue	WAD-I	79	0.256
4	Non-depositing of Government receipt	WAD-VI	76	0.197
5	Non-remittance of Professional Tax	WAD-II	82	0.076
Total				44.373

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that matter pertains to various works divisions of Works and Services, Irrigation and Public Health Engineering Departments. The matter will be forwarded to the concerned departments. The DAC directed that the matter may be expedited. No any progress was reported till finalization of this report.

Audit requires compliance of DAC directives.

1.1.28 Irregular payment through DDO account

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 drawl and disbursement of cash”.

During certification audit of Government of Sindh for the financial year 2017-18, it was observed that payments of Rs12,119.979 million were made to unconcerned payees i.e. DDO instead of actual payees.

(Rs. in million)

Sr#	Particulars	Section	O.M #	Amount
1	Payment through DDO account	AG Sindh	13	8,158.000
2	Unauthorized payment of pension through DDO account	Pension	84	3,920.587
3	Irregular payment of GP Fund through DDO account	Fund Sections	69	41.392
			Total	12,119.979

These lapses on recurring basis will cause an effect of losing control over the system.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that GP Fund permanent advances, pension and gratuity were made through DDO account. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.29 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 2017-18, various irregularities and non-compliances were observed in different sections of AG Sindh relating to execution of their duties and routine works to appropriately

perform pre-audit (details of such instances are at Annex-7 of Chapter-01). Audit reports and certifications that accompany the statements are significant, since they attest the veracity of the financial data. They also serve as endorsements of an entity's financial conditions and the results of its operations-that the statements embody fair and accurate presentations. Certain irregularities may invalidate the proceedings begun with a rightful intention to comply with legal obligation under a set duty and sometimes may instigation of law to invoke a legal proceeding against the person(s) at fault besides rendering him into a pain of punishment or pecuniary penalties.

The matter was reported to the management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that required record and justifications were available. The DAC directed for verification of relevant record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

1.1.30 Irregularities due to negligence on the part of financial managers

According to Appendix 18-A of Sindh Financial Rules, "Every Government servant 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 servant 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 Government of Sindh for the financial year 2017-18, negligence was observed in certain sections of AG Sindh relating to execution of their duties and routine works to appropriately perform pre-audit (details are tabulated at Annex-8 of Chapter-01). Instances of negligence and overlook may lead to instigation of law to invoke legal proceedings against the person(s) at fault besides rendering him for punishment or pecuniary penalties.

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 management in October 2018, but no reply was received. During DAC meeting held on 28th November 2018, the management replied that required record and justifications were available. The DAC directed for verification of available record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

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 11 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
14,508.619	164.795	5,491.605	(5,491.605)	(1,518.748)	14,673.4130	12,390.369	2,283.044

The department was unable to spend the allocated budget in time. As a result, savings of Rs2,283.044 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
800.000	250.000	166.202	(83.798)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs83.798 million was observed.

2.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	-	Audit Report not yet discussed
Total		128	61	3	58	4.9	

2.4 AUDIT PARAS

2.4.1 Non-production of auditable record – Rs10.892 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.

In the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2013-14 to 2016-17, the auditable record of Rs10.892 million was not provided for audit scrutiny. In absence of provision of record, authenticity of expenditure could not be ascertained by audit.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particulars	Amount
1	Deputy Director, Agriculture Extension, Jamshoro	15, 16 & 20	Arrear of pay and allowance, rent of building	9.145
2	Vegetable Specialist, VRS, Mirpurkhas	01	Appointment of officials	0.972
3	Deputy Director, on Farm Management, Larkana	07	Adjustment account	0.540
4	Director, Agriculture Farms & major Crops Development Sindh Hyderabad	04	Arrear of pay and allowance,	0.235
5	Additional Director, Agriculture Extension, Jacobabad	08	Services books	-
6	Controller, Weight & Measure cell, Karachi	01	Services books	-
7	Vegetable Specialist, Tomato Research Station, Badin	01	Details of crops cultivated, income expenditure of crops, details of agreements etc	-
Total				10.892

The matter was reported to the department in November 2017 and January 2018, but no reply was received. During DAC meeting held on 19th December 2018,

the management replied that the required record was available for verification. The same could not be produced at the time of audit due to various reasons. DAC directed that the relevant record be produced to audit within 15 days. However, no record was produced till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person (s).

2.4.2 Non-achievement of important milestones by the G-3 Consultants – Rs12.023 million

According to Terms of Reference mentioned in clause 3 under the subject “Scope of services, Tasks (Components) and expected deliverables” in Appendix A of the Contract Agreement between the Project Director, Sindh Agricultural Growth Project (Agriculture Component) and Consortium of G-3 Engineering Consultants (Pvt) Limited. “The Consultant will be responsible for all contracts related to the tasks and will carry out but not limited to the following activities;

- 3.2 Mobilization of Farmers / Producers groups.
- 3.3 Training & capacity building
- 3.4 Communication Strategy & awareness campaign

During audit of the office of the Project Director, Sindh Agricultural Growth Project, Agriculture Supply & Prices Department, Government of Sindh for the financial year 2016-17, it was observed that payments amounting to Rs12.023 million were made to G-3 Engineering Consultants Private Limited on account of Technical and Advisory Services but following targets were not achieved;

- i. Neither NGOs were identified nor hired for mobilizing farmers who were associated with selected value chains.
- ii. Database for farmers active in value chains was not developed.
- iii. Detailed Training needs of farmers & officials of the department were not assessed.
- iv. Comprehensive Media Plan was not developed.
- v. Training Capacity Building Reports were not prepared.
- vi. Detailed Communication Strategy was not developed.

- vii. Project Website was not designed.
- viii. Media Firm for awareness campaign was not hired.

The matter was pointed out to the department in December 2017, but no reply was received. During DAC meeting held on 19th December 2018, the management replied that milestones as identified by audit have been achieved which may be verified. Audit asked for verification of achievement of milestones such as training regarding mobilizing farmers, development of database, hiring of media firms for awareness along with media plan etc. DAC directed to get the record verified within 15 days. However, no record was produced till finalization of this report.

Audit requires reason for non-achievement of milestone besides fixing of responsibility on the person(s) at fault.

(AIR # 4.5.1)

2.4.3 Non-recording of store articles – Rs35.790 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2014-15 & 2016-17, it was observed that miscellaneous items amounting to Rs35.790 million were purchased, but the same were not accounted for in the relevant stock registers (details at Annex-1 of Chapter-02).

Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was pointed out to the department in October 2017 & June 2018, but no reply was received. During DAC meeting held on 19th December 2018, the

management replied that relevant record was ready for verification. DAC directed for verification of the record within 15 days. However, no record was produced till finalization of this report.

Audit recommends accountal of store items in relevant stock registers and its verification by Audit.

2.4.4 Irregular payment through DDO account – Rs22.488 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned”.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh, for the financial years 2013-14 to 2016-17, it was observed that an amount of Rs22.488 million was paid to DDO account instead of payees in violation of the above rule (details at Annex-2 of Chapter-02).

Due to irregular procedure, authenticity of expenditure could not be verified.

The matter was pointed out to the department in October 2017 & February 2018, but no reply was received. During DAC meeting held on 19th December 2018, the management replied that the payment involved did not pertain to contingency payments to contractors. DAC directed all sub-ordinate offices to get the record verified from audit within one month. However, no record was produced till finalization of this report.

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

2.4.5 Non-obtaining of performance security from consultant firm – Rs7.800 million

According to Rule-39 (i) of Sindh Public Procurement Rules, 2010, “The Procuring Agency shall, in all procurements of goods, works & 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 the Project Director, Sindh Agricultural Growth Project, Agriculture Supply & Prices Department, Government of Sindh for the financial year 2016-17, it was observed that an agreement amounting to Rs7.800 million was executed with the consulting firm G-3 Engineering Consultants Private Limited but performance security amounting to Rs7.800 million was not obtained.

The matter was reported to the department in December 2017, but no reply was received. In DAC meeting held on 19th December 2018, the management replied that as per World Bank Guidelines, deduction of Performance Security/ guarantee from consultant was not required. However, the concerned office failed to identify the relevant clause in support of their contention. DAC directed that the necessary clarification from the donor agency may be sought and submitted to audit for verification. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure from the competent authority besides fixing of responsibility on the person(s) at fault.

(AIR # 4.3.1)

2.4.6 Non-maintenance of consumption account - Rs4.566 million

According to Rule - 113 of Sindh Financial Rules, Volume-I 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 Agriculture, Supply & Prices Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was

observed that an expenditure of Rs4.566 million was incurred on purchase of various consumable articles, but the consumption account of same was not maintained.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Amount
1	Deputy Director, Agriculture Extension, Ghotki	05	1.861
2	Secretary, Agriculture, Supply & Prices, Karachi	11	0.622
3	Deputy Director, Agriculture Extension, Jamshoro	11	0.615
4	Deputy Director, Agriculture Extension, Naushero Feroze	05 & 08	0.551
5	Millet Botanist, Agriculture Research institute, Dadu	01	0.493
6	Controller, Weight & Measure cell, Karachi	07	0.221
7	Director, Wheat Research Institute, Sakrand	11	0.203
Total			4.566

In absence of relevant record, authenticity of expenditure could not be verified.

The matter was pointed out to department in November 2017 & January 2018, but no reply was received. In DAC meeting held on 19th December 2018, the management was directed to produce record for verification within 15 days. However, no record was produced till finalization of this report.

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

2.4.7 Irregular expenditure without supporting vouchers – Rs4.164million

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 Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs4.164 million was incurred under various heads, but the bills/supporting vouchers were not available to authenticate the expenditure.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Amount
1	Vegetable Specialist, VRS, Mirpurkhas	03	1.167
2	Deputy Director, Agriculture Extension, Ghotki	01	0.933
3	Director, Rice Research Institute, Dokri	07	0.903
4	Deputy Director, Agriculture Extension, Jamshoro	10	0.292
5	Agronomist, Agriculture Research Institute, Tando Jam	03	0.276
6	Agriculture Engineer, Agriculture Workshop, Tando Jam	01	0.265
7	Director, Wheat research Institute, Sakrand	12	0.186
8	Controller, Weight & Measure cell, Karachi	08	0.142
Total			4.164

Audit is of the view that payment made without supporting documents was irregular which reflected weak internal controls.

The matter was reported to the department in November 2017 & January 2018, but no reply was received. In DAC meeting held on 19th December 2018, the management was directed to produce record for verification within 15 days. However, no record was produced till finalization of this report.

Audit recommends that production of supporting vouchers to authenticate payments may be ensured.

2.4.8 Un-authorized appointment of contingent paid staff – Rs1.855 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 the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2014-15 & 2016-17, it was observed that an amount Rs1.855 million was paid to the contingent paid staff without prior approval of Finance Department.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Amount
1	Director, Rice Research Institute, Dokri	04	1.547
2	Director, Quaid-e-Awam Research Institute, Naudero	08	0.308
Total			1.855

The matter was reported to the department in October 2017 & January 2018, but no reply was received. In DAC meeting held on 19th December 2018, the management failed to satisfy queries of audit regarding number of contingent paid staff hired by the Institute. Moreover, approval of Finance Department for remuneration paid was not obtained. DAC directed the Institute management to furnish details of hired contingent paid staff during last two years, muster roll, payees acknowledgment receipt within one month. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

2.4.9 Non-recovery of outstanding dues – Rs10.172 million

As per Rule 41 (a) of Sindh Financial Rules, “The 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 the office of Agriculture Engineer, Agriculture Engineering Workshop, Thatta, Agriculture Supply & Prices Department, Government of Sindh for the year 2015-17, it was observed that an amount Rs10.172 million was outstanding against various departments, but the same was not recovered.

Thus Government sustained a loss due to non-recovery of outstanding dues from the concerned departments.

The matter was reported to the department in November 2017, but no reply was received. In DAC meeting held on 19th December 2018, the management informed that the recovery pertains to the usage of bulldozers hired by the Irrigation Department, Government of Sindh. DAC directed to expedite the recovery process and intimate progress before DAC within 6 months. No progress was reported till finalization of this report.

Audit recommends expeditious recovery of outstanding dues besides fixing responsibility on person (s) at fault.

(AIR # 11)

2.4.10 Non-adjustment of advances – Rs5.280 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 audit of the office of Project Director, Sindh Agricultural Growth Project, Agriculture Supply & Prices Department, Government of Sindh for the financial year 2016-17, it was observed that payment of Rs5.280 million was made to project implementation unit for training of growers but adjustment account was not produced.

The matter was reported to the department in December 2017, but no reply was received. In DAC meeting held on 19th December 2018, the management informed that the advances were allocated to various Implementation Units and the necessary accounts have been submitted by them. DAC directed for verification of relevant documents. However, no record was produced till finalization of this report.

Audit requires adjustment account besides fixing of responsibility on the person(s) at fault.

(AIR # 4.2.1)

2.4.11 Non-deduction of taxes – Rs1.545 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011, “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 according to Section 153 & 233 of Income Tax Ordinance 2001, as amended 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 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

During audit of the following offices of Agriculture, Supply & Prices Department, Government of Sindh for the financial years 2013-14 to 2016-17, it was observed that taxes of Rs1.545 million of were not/ less deducted while making payments to consultants/service providers.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particular	Amount
1	Deputy Director, on Farm Management, Larkana	18	Sindh Sales Tax	0.600
2	Deputy Director, Agriculture Extension, Jamshoro	13	Sindh Sales Tax	0.478
3	Project Director, Sindh Agricultural Growth Project	4.2.3	Sindh Sales Tax	0.174
4	Director, Agriculture Farms & major Crop Development Sindh Hyderabad	03	Income Tax	0.133
5	Director, Rice Research Institute, Dokri	15	Sindh Sales Tax	0.100
6	Deputy Director, Agriculture Extension, Jamshoro	12	Income Tax	0.060
Total				1.545

The Government sustained a loss due to non-recovery of income tax and Sindh Sales Tax.

The matter was pointed out to the department in October & December 2017, but no reply was received. In DAC meeting held on 19th December 2018, the management admitted that Sindh Sales Tax was not deducted at applicable rates. The DAC expressed displeasure regarding non-compliance of government financial rules and directed all the concerned offices to make necessary recovery and get it verified by audit within 3 months. No progress was reported till finalization of this report.

Audit recommends expeditious recovery of taxes besides fixing responsibility on person (s) at fault.

CHAPTER-3

AUQAF, RELIGIOUS AFFAIRS & ZAKAT & USHR DEPARTMENT

3.1 Introduction

Department's main functions are detailed below:-

1. Management and looking after of shrines, *dargahs* and mosques,
2. Making proper arrangements for lighting, cleanliness, drinking water, *wazoo khana*(Ablution Place) for the performance of religious rites at shrines and mosques,
3. Construction of *musafirkhanas* (Resting Place), *langarkhanas* (Eating Place), lavatories, etc. at the shrines/*dargahs* to facilitate *zairreen* (Devotees),
4. To generate maximum revenue from the *waqf* properties, contracts, rents and lease, etc. so that the same amount be utilized on maintenance and reconstruction of old shrines, *dargahs* and mosques,
5. To assist and coordinate district wise Hajj trainings to group leaders and the intending pilgrims,
6. To extend welfare / financial assistance out of its self-generated funds to orphans, destitute and disabled persons on yearly basis,
7. The Auqaf Department also maintains agriculture land and property as *Waqf* properties.

3.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 26 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
1,250.718	2.823	118.520	(118.520)	(330.636)	1,253.541	761.130	492.411

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs492.411 million was observed which was not surrendered in time.

3.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	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	4	3	0	3	-	
Total		4	3	0	3	0	

3.4 AUDIT PARAS

3.4.1 Non-production of auditable 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.

In the office of Director, Religious Affairs, Karachi for the financial years 2014-15 to 2016-17, complete auditable record pertaining to Administrator Zakat all district offices was not produced audit for scrutiny. Due to non-provision of record, authenticity of expenditure could not be ascertained.

The matter was reported to the department in May 2018, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person (s).

(AIR # 01)

3.4.2 Irregular procedure for handling of Waqaf properties – Rs72.383 million

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 office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs72.383 million was collected on account of various rented out properties. Following observations were made:

- i. Tenant agreement/files were not available.
- ii. No schedule rates have been fixed by the department for rented properties.
- iii. Rental rates were much less than market rates.

(Rs. in million)

Sr. #	Head of income	Collection 2016-17
1	Rent	28.673
2	Lease contract	24.692
3	Shoes contract	5.841
4	Flower contract	1.480
5	Animal contract	1.813
6	Lavatory contract	0.889
7	Chatai contract	0.138
8	Minara contract	0.514
9	Piri charges	0.094
10	Car parking / other contract	1.974
11	Auqaf rest house	0.908
12	Miscellaneous	0.237
13	Arrears	5.130
Total		72.383

Audit is of the view that due diligence was not observed resulting in loss of government revenue.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for rented out government property at lesser rates.

(AIR # 09)

3.4.3 Excess payment over sanctioned estimate – Rs13.557 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 the office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that the payment of Rs13.557 million was made to contractor under the ADP No.04 in excess of approved/sanctioned cost without approval of revised estimate by the competent authority

(Rs. in million)

Sr. #	Name of work	Name of contractor	Work awarded	Expenditure up to June-17	Excess %
1	Construction of compound wall and fixing of iron gate at Dargah Umed Ali Shah, district Mirpurkhas	M/S Emaan construction	1.819	2.664	46%
2	Construction of compound wall and fixing of iron gate at Dargah Abdullah Shah Asahabi District, Thatta	M/S Emaan construction	0.689	0.944	37%
3	Construction of compound wall and fixing of iron gate at Dargah Shah Karim Bulri (North & Western side) Tando Muhammad Khan	M/S Emaan construction	3.152	4.586	46%
4	Construction of compound wall & fixing of iron gate at Lal Bagh Sewhan Sharif District Jamshoro.	M/S Manzoor Hussain Shah and Company	2.042	2.473	21%
5	Construction of compound wall and fixing of iron gate at Dargah Mangho Peer Karachi.	M/S Emaan construction	1.953	2.890	48%
Total			9.655	13.557	

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 02)

3.4.4 Loss due to non-imposition of penalty – Rs13.555 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.

During audit of the office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that various works were awarded to the contractors under ADP No.75 amounting to Rs115.586 million but contractors failed to complete the works on time. However, penalty was not imposed on contractors due to non-completion of work within stipulated period. This resulted into loss of Rs13.555 million (details at Annex-1 of Chapter-03)

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing responsibility.

(AIR # 13)

3.4.5 Irregular retention of government money – Rs12.944 million

According to Rule 290 of 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 office of Chief Administrator Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs12.944 million was shown as balance in DDO account on close of financial year. The same was neither disbursed to actual payees nor surrendered as savings.

(Rs. in million)

Name of Bank	Account No.	Closing balance as on 30-06-2017
NBP Fatima Jinnah Branch	4054807544	12.944

Audit apprehends that chances of misappropriation of public funds could not be ruled out.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires details of utilization of these funds and submission of related record to audit for scrutiny.

(AIR # 01)

3.4.6 Non-recovery of Waqaf properties income – Rs10.262 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 office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that the Waqaf properties income amounting to Rs10.262 million was not recovered as under:

(Rs in million)

Sr.#	Waqaf property	Outstanding up to June-2017
1	Sukkur circle	2.568
2	Thatta circle	5.194
3	Hyderabad circle-1	2.128
4	Shikarpur circle	0.372
	Total	10.262

Audit is of the view that management failed to recover the outstanding dues which reflected weak administrative and financial controls

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 8)

3.4.7 Splitting of sanctions to avoid open tenders – Rs6.775 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 audit of the office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that an expenditure of Rs6.775 million was incurred on account of hiring of walk through gates at various Dargahs through splitting of the sanction in order to avoid open tenders (details at Annex-2 of Chapter-03). Thus, government was deprived of competitive rate.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 14)

3.4.8 Non-adjustment of advance Hajj payment – Rs5.103 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 audit of the office of Secretary, Auqaf, Zakat & Usher Department Government of Sindh, Karachi for the financial years 2016-17, it was observed that an amount of Rs5.103 million was paid to 19 employees of different departments of Government of Sindh on pre-receipt bill as advance vide Cheque No.2462209 dated 29-07-2016, however, the adjustment account was not submitted by them.

The matter was reported to the department in May 2018, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate submission of adjustment account.

(AIR # 08)

3.4.9 Non-retrieval of government vehicles – Rs2.300 million

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 Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that the following vehicles costing Rs2.300 million were under the use of Minister’s staff, but the same vehicles were not returned back.

(Rs. in million)

Sr. #	Vehicle	Model	Vehicle No.	Retention at	Amount
1	Toyota Corolla	2009	GS-7519	Mr. Shahabuddin Mahllah Ex-PS to Ex-Minister Mr. Zia-ul-Hussain Lunjar	1.000
2	Suzuki Alto	2009	GS-9896	PS to Minister Auqaf	0.600
3	Suzuki Alto	2010	GS-757	Minister office	0.700
Total					2.300

Audit apprehends that with passage of time it would be difficult to get back vehicles.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate recovery of vehicles besides fixing responsibility on the person(s) at fault.

(AIR # 05)

3.4.10 Non-crediting of government revenue – Rs1.692 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 office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs1.692 million was collected on account of tender fees and income tax (details at Annex-3 of Chapter-03), but the collected amount was not deposited into government account.

(Rs. in million)

Sr.#	Particulars	AIR Para #	Amount
1	Income Tax	07	1.383
2	Tender fees	06	0.309
Total			1.692

Audit is of the view that lapse on the part of management indicates improper watch and weak administrative and financial controls.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires deposit of the recovered amount besides fixing of responsibility on the person(s) at fault.

(AIR # 6 & 7)

3.4.11 Loss to Government due to excess consumption of steel – Rs1.307 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 office of Chief Administrator, Auqaf Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs1.307 million was paid to the contractors against excess quantity of steel without any change in design and specification (details at Annex-4 of Chapter-03).

Excess consumption of steel without justification and approval depicted weak internal and financial control.

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

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 03)

CHAPTER – 4 BOARD OF REVENUE

4.1 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.

4.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 55 formations (DDOs), out of which 25 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
8,319.201	140.564	1,487.864	(1,487.864)	(2,365.385)	8,459.7650	6,036.950	2,422.815

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs2,422.815 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
122,728.502	120,585.456	116,801.420	(3,784.036)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs3,784.036 million was observed.

4.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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						No audit para pertaining to this department was printed in these Audit Reports
6	2005-06						
7	2006-07	7	7	0	7	-	
8	2007-08	5	5	0	5	-	
9	2008-09	10	10	0	10	-	
10	2009-10						No audit para pertaining to this department was printed in this Audit Report
11	2014-15	0	0	0	0	-	Audit Report not yet discussed
Total		114	61	0	61	-	

4.4 AUDIT PARAS

4.4.1 Non-production of auditable record – Rs1,165.255 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.

In the twelve (12) offices of Board of Revenue Department, the auditable record of Rs1,165.255 million was not provided for audit scrutiny. In absence of provision of record, authenticity of expenditure could not be ascertained by audit (details at Annex-1 of Chapter-04).

The matter was reported to the department in July 2018 and September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate production of record for scrutiny and initiation of disciplinary proceedings against responsible officer (s).

4.4.2 Non-achievement of targets - Rs55.987 million

According to Budget Book 2017-18 Volume-II, Finance Department, Government of Sindh, following receipts targets were fixed:

(Rs. in million)

Sr. #	Name of Taluka	Target fixed by FD
1	Thatta	23.644
2	Mirpur Sakro	22.533
3	Ghorabari	22.531
Total		68.708

During audit of the office of Deputy Commissioner, Thatta for the financial year 2017-18, it was observed that targets fixed by Finance Department (FD) were not achieved. The targets were revised in budget book and estimated receipt targets were fixed by FD as Rs68.708 million, however an amount of Rs12.721 million only was realized against the revised target.

(Rs. in million)

Sr. #	Name of Taluka	Target	Achievement	Less achievement
1	Thatta	23.644	4.245	19.399
2	Mirpur Sakro	22.533	4.749	17.784
3	Ghorabari	22.531	3.727	18.804
Total		68.708	12.721	55.987

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding non-achievements of revenue targets besides fixing of responsibility on the person(s) at fault.

(AIR # 10)

4.4.3 Unauthorized retention of funds in DDO account – Rs16.619 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 for the financial year 2017-18, it was observed that an amount of Rs16.619 million was drawn from government treasury and kept into DDO account till close of the financial year, which resulted in blockage of government money. The unutilized amount should have been surrendered in time.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Amount
1	DC, Larkana	8	7.119
2	DC, Tando Muhammad Khan	17	5.516
3	Secretary, BOR, Hyderabad	22	3.984
Total			16.619

The matter was reported to the department in July 2018 and September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

4.4.4 Non-invitation of open tenders - Rs17.153 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 Board of Revenue, for the financial year 2017-18, it was observed that an expenditure of Rs17.153 million was incurred without calling open tenders. Audit is of the view that failure of the management to follow SPPRA Rules resulted into non-obtaining of competitive rates.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Head of account	Amount
1	DC, Kashmore @ Kandhkot	1	Diet/Feeding charges	9.730
2	DC, Thatta	11	Diet/Feeding charges	2.737
3	Commissioner, Karachi	9	Hiring of containers	2.698
4	DC, Tharparkar @ Mithi	40	Office Building	1.988
Total				17.153

The matter was reported to the department in January and September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

4.4.5 Irregular payment through DDO account – Rs34.065 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 drawl and disbursement of cash”.

During audit of the following offices of Board of Revenue, it was observed that an expenditure of Rs34.065 million was incurred on account of various heads, but the payments were made in DDO account instead of crediting into actual payee account.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Amount
1	DC, Larkana	1	2017-18	4.897
2	Secretary, BOR, Hyderabad	20	2017-18	3.421
3	DC, Sanghar	2	2017-18	2.569
4	DC, Tharparkar	7	2017-18	1.588
5	Commissioner, Karachi	12, 13 & 21	2016-17	10.101
		20		4.969
6	DC, Malir	13	2016-17	4.122
7	Commissioner, Larkana	06	2016-17	0.990
8	Regional Directorate of Inspection & Evaluation, Larkana	05	2016-17	0.957
9	Landless Haris Program	04	2016-17	0.451
Total				34.065

The matter was reported to the department in January and September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

4.4.6 Award of work at high cost by maneuvering of bidding documents - Rs24.551 million

Rule-23 of General Financial Rules, volume-I states that “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 the office of Deputy Commissioner West Karachi for the financial year 2016-17, it was observed that work of Rs.24.551 million was awarded at higher cost as detailed under:

- i. The work was awarded to 6th lowest contractor by disqualifying others on the grounds of invalid PEC certificate, not signing of bidding documents etc. It was observed that lowest bidder (M/s. Sheikh Hayat & Sons) who offered bid of Rs12.142 million, was disqualified on the basis of invalid PEC certificate, despite the fact that PEC certificate was attached with bidding documents. Moreover, letters of disqualifications were also not issued to rejected contractors as required under SPPRA.
- ii. On bidding documents, the original amount of bid of M/s. Shaikh Rahim was Rs14.954 million, whereas Rs.24.551 million were mentioned with pencil on same bidding documents without narrating reasons and revising estimates.
- iii. The detailed estimate & drawings were also not available on record.

Audit is of the view that undue favor was extended to the contractor by maneuvering bidding documents.

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

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry at higher level for fixation of responsibility.

(AIR #19)

4.4.7 Irregular expenditure on repair of road-Rs24.180 million

According to schedule-II of Sindh Rules of Business 1988, the work of “construction, maintenance and repairs of road, bridges, ferries tunnels, rope ways, causeway and tramway lines” was distributed to Communication Department.

During audit of the office of Deputy Commissioner Malir Karachi for the year 2016-17, it was observed that an expenditure of Rs24.180 million was incurred on account of repair and maintenance of road. The following observations were pointed out:

- i. Provincial Highway Division was not asked to execute road repair work. Moreover, NOC from Highway Department was also not obtained.
- ii. The site survey report and work completion report were not available on record.
- iii. Income tax and Sindh Sales tax dues were not recovered.

The matter was reported to the department in November 2017, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification on the subject matter and its regularization by competent authority.

(AIR # 10)

4.4.8 Excess payments over and above the estimated cost - Rs21.443 million

As per rule no rate should be excess in bill provided in the PC-I, and 30% excess on quantity is permitted in bill provided in PC-I.

During audit of the office of Deputy Commissioner West Karachi for the financial year 2016-17, it was observed that excess payment of Rs21.443 million was made to the contractors over and above the estimated cost of various item of work without revising work estimates.

Audit is of the view that lapse on the part of management indicates improper oversight and weak administrative and financial management controls.

(Rs. in million)

Sr. #	Particulars	Amount
1.	Excess payment due to excess rate	5.324
2.	Excess payment due to excess quantity	16.119
	Total	21.443

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

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends revision of estimates besides fixing of responsibility on person(s) at fault under intimation to audit.

(AIR # 12)

4.4.9 Irregular award of works - Rs12.257 million

According to Rule-88 of Sindh Financial Rules Volume-I, states “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 office of Deputy Commissioner West Karachi for the financial year 2016-17, it was observed that various works amounting to Rs12.257 million (details at Annex-2 of Chapter-04) were awarded to contractors without fulfillment of codal formalities as under:

- i. Advertisement of works was given in dummy newspapers.
- ii. Measurement book was not maintained.
- iii. The copy of PC-I was not produced.
- iv. The agreement was not executed with contractor.
- v. The drawings were not available on record.

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

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification on the subject matter and its regularization by the competent authority.

(AIR # 13)

4.4.10 Splitting of expenditure to avoid tenders – Rs21.846 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 the following offices of Board of Revenue, for the financial year 2017-18, it was observed that an expenditure of Rs21.846 million was incurred under different heads of account. The work orders were split up in order to avoid the tender process and sanction of higher authority. Due to non-inviting of open tenders, the government was deprived of the most economical rates (details at Annex-3 of Chapter-04).

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Particulars	Amount
1	DC, West	11	Hiring of Machinery & Equipment	14.959
2	DC, Kashmore @ Kandhkot	2	Others	3.323
3	DC, Badin	6	Repair of building	2.000
4	DC, Larkana	2	Diet/Feeding charges	1.564
Total				21.846

The matter was reported to the department in October 2017 and September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification in this regard and regularization of the expenditure by the competent authority

4.4.11 Allowing of excess rate against approved scheduled rates - Rs6.664 million

Rule-23 of General Financial Rules, volume-I states “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”. As per standing orders the estimates shall be prepared and approved as per schedule of rates.

During audit of the office of Deputy Commissioner West Karachi for the financial year 2016-17, it was observed that excess rate of Rs6.664 million was allowed to the contractor on account of various items of works over & above the approved rates given in schedule of items.

(Rs. in million)

Name of Work	Item of Work	Amount as per Schedule Rate	Actual amount allowed	Excess Amount
Improvement of water supply to P/L 250 MM PE pipe from Gulabi to Maripur Rex Bilal Pump Keamari, M/S. Shaik Raheem Khan & Brothers, 1st & Final	Execution for pipe lin in trenches and pits in all king of siol i/c trimming and dressing.	0.458	1.479	1.021
Improvement of water supply to P/L 250 MM PE pipe from Gulabi to Maripur Rex Bilal Pump Keamari, M/S. Shaik Raheem Khan & Brothers, 1st & Final	P/L & fixing in trench i/c fitting, jointing & testing etc complete in all respect the high density polythene PE pipe (HDPE-100) for W/S confirming ISO 4427/DIN 8074/8075 B.S 3051 (PN 10) 250 mm	16.661	21.829	5.168
P/L/T and J of Sewerage Line at Musharaf Colony Block-98 10-E, 10-D & Gulshan-e-Benazirabad UC Lal Bakhar Dist. Council Karachi, M/s. Zaid, 1st & Final	Const. of manhole 4' dia as per approved design	1.005	1.480	0.475
			Total	6.664

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

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for excess payment besides fixing of responsibility against the person(s) at fault under intimation to audit.

(AIR # 20)

4.4.12 Doubtful expenditure under various heads of account - Rs6.047 million

According to Rule-88 of Sindh Financial Rules Volume-I, states “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 office of Secretary, Board of Revenue, Hyderabad for the financial year 2017-18, it was observed that an expenditure of Rs6.047 million was incurred under various heads of account. Following irregularities were noticed:

- i. Payments regarding all purchases and repair works were made to two vendors without quotations.
- ii. Invoices were without serial numbers and dates.
- iii. Purchases were made almost every day without requirement and approval in writing.
- iv. Purchases were made without requisitions and delivery challans.
- v. Stock registers were not been maintained.
- vi. Consumption account was not maintained.
- vii. Acknowledgement receipts were not obtained.

The matter was reported to the department in July 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 5)

4.4.13 Un-authorized retention of government vehicles - Rs4.500 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 Commissioner Karachi for the year 2016-17, it was observed that various vehicles valuing Rs4.50 million were allowed to be retained in the custody of ex-officers. Management had not made efforts to retrieve official vehicles.

(Rs. in million)

Vehicle #	Make & Model	Allotted to	Designation	Amount
GL-8888	Toyota Corolla	Mr. Shabbir Siddiqui	Director Media	1.80
GL-4310	Suzuki Mehran	Mr. Abdul Malik	Senior PS to Commissioner	0.80
GL-4312	Suzuki Mehran	Mr. Sattar Javed	PRO to Commissioner	0.80
GL-5578	Suzuki Cultus	Mr. Syed Zahid Hussain	In-charge control room	1.10
Total				4.50

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires early recovery of vehicles besides fixing of responsibility on person(s) at fault.

4.4.14 Doubtful expenditure on printing and publication - Rs3.894 million

According to Rule-88 of Sindh Financial Rules, Volume-I stated 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 spending his own money”.

During audit of the office of Secretary, Board of Revenue, Hyderabad for the financial year 2017-18, it was observed that an expenditure of Rs3.894 million was incurred on account of printing and publication. Following observations were noticed:

- i. Tenders were not invited for procurement of printing material
- ii. Sanction orders were split to avoid approval of higher authority.
- iii. NOC from government printing press was not obtained.
- iv. Invoices were without serial numbers and on consecutive dates.
- v. Articles were not accounted for in relevant stock register.
- vi. Consumption account was not maintained.
- vii. Delivery challans were not available.

The matter was reported to the department in July 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 19)

4.4.15 Unjustified expenditure on drinking water - Rs3.801 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 office of Deputy Commissioner, Jamshoro for the year 2017-18, it was observed that an expenditure of Rs3.801 million was incurred on mineral water bottles shown consumed during Annual Urs of Hazrat Lal Shahbaz Qalandar 2018 without justification (detail at Annex-4 of Chapter-04).

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires proper justification and regularization of the expenditure by the competent authority.

(AIR # 5)

4.4.16 Un-justified retention of services of retired officer since 2009 – Rs22.40 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 office of Secretary, Board of Revenue, Hyderabad for the financial year 2017-18, it was observed that Mr. Nazar Muhammad Laghari was hired as Consultant in the year 2009. He was a grade-20 officer in Board of Revenue and had retired in year 2009 but was appointed on contract basis as Consultant in BPS-20 in the same year without advertisement in newspaper and approval of Chief Minister. The said vacancy did not exist at that time but after appointing him on contract basis, the said vacancy was created by the Finance Department to accommodate him. He drew salary as per the pay scale with other allowances. Later-on, in the year 2016, his contract was renewed for two more years as a legal advisor instead of consultant and his remuneration was fixed as Rs300,000 per month. This was unjustified, as he was also drawing monthly POL and various utility allowances for which he was not entitled being a contract employee.

Audit is of the view that no proper procedure was followed for hiring of consultant through open merit. His appointment on contract basis was against the order

of Supreme Court of Pakistan (without existing vacancy) and retention since 2009 was unjustified.

The matter was reported to the department in July 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends thorough probe in the matter besides fixing of responsibility on the person(s) at fault.

(AIR # 2)

4.4.17 Irregular payment of allowances - Rs3.245 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 Regional Revenue Officer Directorate of Inspection & Evaluation Larkana for the financial years 2013-14 to 2016-17, it was observed that various allowances amounting to Rs3.245 million were paid to the officers/officials without entitlement of such allowances in laiddown rules / Regulations. Payment of allowances without entitlement was irregular.

(Rs. in million)

Sr. #	Allowance	Amount
1	Special Allowance	1.007
2	Additional Allowance	1.138
3	Instruction Allowance	0.275
4	Incentive Allowance	0.825
Total		3.245

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure by the competent authority.

(AIR # 07)

4.4.18 Misclassification of expenditure – Rs1.365 million

As per Para 99 of GFR Volume-I “Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilized in full, or that savings can be effected in the appropriation for that unit. Any allotment or re-appropriation within a grant or appropriation may be authorized at any time before but not after the expiry of the financial year to which such grant or appropriation relates.”

During audit of the office of Deputy Commissioner, Kashmore @ Kandhkot for the financial year 2017-18, it was observed that an expenditure of Rs1.365 million was incurred on POL but the same was charged to head “others-3970”. Due to this negligence, funds allocated for specified head of account were utilized on another head which was irregular. This was done to avoid the process of re-appropriation through Finance Department (details at Annex-5 of Chapter-04).

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure besides taking remedial measures.

(AIR # 3)

4.4.19 Non-recording of store articles - Rs30.076 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of the following offices of Board of Revenue, Government of Sindh for the financial year 2016-17, it was observed that miscellaneous items amounting to Rs30.076 million were purchased, but the same were not accounted for in the relevant stock registers.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
1	DC Central Karachi including ACs.	08	Stationary and Printing material	28.084
2.	DC Thatta including ACs.	03 & 04	Computers, Chairs, Printer etc.	1.992
Total				30.076

Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was reported to the department in December 2017, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that account of store items in relevant stock registers may be made and its verification by Audit be ensured.

4.4.20 Non-realization of Advance Tax / Capital Value Tax - Rs58.697 million

According to Finance Act, 2014, a new section 236K has been introduced which requires that the purchaser of immovable property shall pay the advance tax at the rate specified in Division XVIII of Part IV of the first schedule of the Income tax

Ordinance, 2001, on the value of the property. According to Notification issued vide No.CIS/BOR/SW/2010-1202 dated 30-06-2010 by Board of Revenue Government of Sindh, “CVT will be levied on the immovable property and collected by the Board of Revenue, through offices of Sub Registrar along with stamp duty at the time of Registration of documents w.e.f. July 1, 2010 at the prescribed rates.

During audit of the following offices of Board of Revenue Department, Government of Sindh, it was observed that immovable properties were registered, but the withholding tax amounting to Rs58.697 million was not realized by sub-registrar’s office.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
1	Sub-Registrar Saddar II	04,05,06,08	Non-realization/ short-realization of Advance tax/ Capital Value Tax	22.50
2	Sub-Registrar Clifton I	03,04,05, 06 & 07		17.372
3	Sub-Registrar Saddar I	03, 04, 05		13.663
4	Sub-Registrar Clifton II	03,04,05		5.162
			Total	58.697

Due to non-recovery of advance taxes, government sustained a loss of Rs58.697 million.

The matter was reported to the department in April & May 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of taxes besides fixing of responsibility on person (s) at fault to avoid recurrence of such practice.

4.4.21 Non /less-deduction of income tax - Rs10.561 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended 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 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

During audit of the following offices of Board of Revenue, Government of Sindh it was observed that an amount of Rs10.561 million on account of income tax was not deducted while making payments to consultants/service providers.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
01	Deputy Commissioner West Karachi	12	Income Tax @ 7.5%	7.832
02	PD Automation of Stamps and Registration	15	Deduction of Income Tax at 7% instead of 8% on consultancy service	1.985
03	DC Central including ACs	10	Less deduction of Income Tax	0.744
Total				10.561

The matter was reported to the department in December 2017 and March 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that expeditious recovery of taxes may be made besides fixing of responsibility on person (s) at fault.

4.4.22 Non / less-deduction of sales tax on supplies - Rs4.077 million

According to Notification issued to Sales Tax Department for Sales Tax Special procedure (withholding) Rules, 2007 vide letter No. S.R.O 77 (i) 2008 dated 23-01-2008, withholding agent shall deduct an amount equal to 1/5th 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 following offices of Board of Revenue, Government of Sindh, for the year 2016-17, it was observed that Sales tax Rs4.077 million was not/less deducted from suppliers/contractors while making payments.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
1	Director Anti Encroachment Karachi	08	Less deduction of sales tax	1.728
2	DC Malir	09	Hiring of excavators/loaders	1.643
3	DC Central including ACs	11	Non deduction of Sales Tax	0.706
Total				4.077

The matter was reported to the department in December 2017 and January 2018, but no reply was received.

Despite written requests vide letters dated 29-10-2018, 15-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that expeditious recovery of taxes may be made besides fixing of responsibility on person (s) at fault to discourage such practice.

CHAPTER – 5 CULTURE, TOURISM & ANTIQUITIES DEPARTMENT

5.1 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.

5.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 56 formations (DDOs), out of which 05 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
4,999.471	305.163	934.879	(934.879)	(365.281)	5,304.634	4,796.036	508.598

The department was unable to spend the allocated budget in time. As a result, of savings of Rs508.598 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
101.500	75.000	44.628	(30.372)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs30.372 million was observed.

5.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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 14.2%.

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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
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	-	No audit para pertaining to this department was printed in this Audit Report
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	-	No audit para pertaining to this department was printed in this Audit Report
11	2014-15	17	14	06	08	-	
Total		83	42	06	36	14.2	

5.4 AUDIT PARAS

5.4.1 Non-production of auditable record – Rs1.954 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 Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the financial years 2013-14 to 2016-17, auditable record of Rs1.954 million was not produced to audit for scrutiny as under:

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Director Provincial Sindh Museum, Hyderabad	01	2016-17	Receipt	1.954
2	Director Liaquat Memorial Library, Karachi	07	2013-14 to 2016-17	Appointment record	-
Total					1.954

Due to non-provision of record, authenticity of receipts could not be ascertained by audit, which reflected weak administrative and financial management oversight.

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating of disciplinary proceedings against the responsible person(s).

5.4.2 Irregular investment of funds - Rs115.0 million

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 Coordinator National Fund for Moen-jo-Daro for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs115.0 million was drawn vide cheque No.9462757 dated 25-11-2016 from Account No.4100003467 of N.B.P Income Tax Building Branch Karachi and deposited into JS Bank as investment. Following observations were made:

- i. JS Bank was selected without any competitive process.
- ii. Approved minutes of investment committee were not available on record.
- iii. Approval of competent authority was not obtained.

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry on irregular investment of funds without following due process.

(AIR # 01)

5.4.3 Irregular expenditure on international conference – Rs11.629 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 the office of Coordinator National Fund for Moen-jo-Daro for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs11.629 million was incurred on air tickets for attending international conference at Mohenjo Daro. Following observations were made:

- i. Purpose of program/conference was not notified.
- ii. Copies of passports & NICs of guests invited from abroad were not available.
- iii. Approval from competent authority was not obtained.
- iv. Invitation letters to different guests were not available.

(Rs. in million)

Sr. #	AIR Para #	Particulars	Amount
1	04	International conference	8.781
2	02	Air tickets	2.848
Total			11.629

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure by competent authority besides production of required documents for audit verification.

5.4.4 Irregular payment of salaries to contractual staff - Rs10.493 million

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 Coordinator National Fund for Moen-jo-Daro for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs10.493 million was incurred on account of pay of contractual staff (details at Annex-1 of Chapter 5). Following observations were noticed:

- i. Payment was made to DDO/Curator instead of cross cheques in the names of actual payee.
- ii. Work performance report of staff was not available.
- iii. Attendance registers along with certificates duly signed by in-charge were not available.

Audit is of the view that payment to contractual staff without fulfillment of codal formalities was irregular and lacked transparency.

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification for payment through DDO account.

(AIR # 03)

5.4.5 Variation between financial statement & bank statement – Rs7.869 million

As per Para 2.3.2.2 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. As per Para 7.3.2 of APPM on Rectification of errors, errors or omissions found prior to the cut-off date for production of the Annual Accounts may be made by w of journal entry, submitted to the AG office for approval. Such errors or omissions typically include mis-classification of accounts, usually requiring an adjustment between heads. In interpreting the direction, an error or omission is considered to be material, if it exceeds 10% of the reported expenditure or revenue reported against a particular head.

During audit of the office of Director, Pakistan Institute of Hotel Management, Karachi for the financial year 2016-17, it was observed that there was variation of Rs7.869 million in fees account between the financial statement/ledger & bank statement as under:

(Rs. in million)

As per ledger & Financial Statement			As per NBP-4515		
Head of Account	Page No.	Amount	Transfer from	Total credit	Amount
Tuition Fee	50-59	20.612	Sindh Bank	7.893	36.329
Tuition Fee (Bank)	111-174	4.975	NBP-1493-3	4.000	
Convocation Fee	78-82	0.727	Profit on investment	2.725	
Admission Fee	70-76	1.572	Total	14.618	
Certificate/Diploma	86-91	0.402			
Supp Exam	94-96	0.191			
Misc/Tender Fee	F/S	0.071			
Prospects	100-101	0.272			
Restaurant Sale	103	0.181			
Convocation Charges	F/S	0.517	Less transfer		14.618
Total		29.52			21.651
			Variation		7.869

Audit is of the view that lapse on the part of management indicates improper / poor administrative and financial management controls.

The matter was reported to the department in June 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that reconciliation may be carried out, and be got signed from competent authority.

(AIR # 04)

5.4.6 Irregular payment through DDO account - Rs5.839 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned”.

During audit of following offices of Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the financial years 2013-14 to 2016-17, it was observed that an expenditure of Rs5.839 million was incurred, but the cheques were issued in favour of DDO instead of vendors/actual payees. Thus, the chances of misappropriation cannot be ruled out.

(Rs. in million)

S. No.	Name of office	AIR Para #	Financial Year	Amount
1	Director Liaquat Memorial Library, Karachi	10	2013-14 to 2016-17	5.026
2	Director Provincial Museum Sindh, Hyderabad	18	2016-17	0.813
Total				5.839

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of payment made in cash and fixing of responsibility on the person(s) at fault.

5.4.7 Irregular payment through cash – Rs5.718 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 drawl and disbursement of cash.”

During audit of office of Director Liaquat Memorial Library, Karachi for the financial years 2013-14 to 2016-17, it was observed that various payments amounting to Rs5.718 million were made in cash instead of crossed cheque (details at Annex-02 of Chapter 05). Thus, the chances of miss-appropriation could not be ruled out.

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of payment made in cash and fixing of responsibility on the person(s) at fault.

(AIR # 06)

5.4.8 Non-recovery of electricity charges – Rs3.384 million

As laid down in Rule-28 of G.F.R. Vol-I, “No amount should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of the competent authority for their adjustment must be sought”.

During audit of the office of Director Provincial Sindh Museum, Hyderabad for the financial year 2016-17, it was observed that an amount of Rs3.384 million was paid to HESCO on account of electricity charges for colony of Sindh Museum, but management failed to recover electricity dues from the employees residing in colony. This resulted in loss to government exchequer.

(Rs. in million)

S.No.	Reference No.	Amount paid
1	28-37181-00003775	0.750
2	28-37181-00003775	0.750
3	28-37181-00003775	1.086
4	28-37181-00003775	1.926
Total		4.512
Residential portion of consumption		3.384

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that expeditious recovery may be made besides fixing of responsibility on the person(s) at fault.

(AIR # 27)

5.4.9 Irregular cash drawal from bank – Rs2.769 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 advised 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 Director General Antiquities, Karachi for the financial year 2016-17, it was observed that an amount of Rs2.769 million was drawn in cash from bank account, but the details of expenditure and the name of payees were not available on record. In absence of this vital record, the authenticity of expenditure could not be ascertained.

(Rs. in million)

Account No.	Period of drawal	Cost center	Amount
4100005956 NBP	2014 to 2017	KQ-0738	2.769

The matter was reported to the department in November 2017, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that inquiry in the matter may be conducted and fixing of responsibility on the person(s) at fault under intimation to audit.

(AIR # 02)

5.4.10 Doubtful payment on account of electricity charges – Rs2.214 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 the office of Director Liaquat Memorial Library, Karachi for the financial years 2013-14 to 2016-17, it was observed that as per SAP data, an expenditure of Rs2.214 million was incurred on account of electricity charges, but payment was made to M/s Amisco instead of M/S K-Electric (details at Annex-03 of Chapter 05).

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification in the matter besides taking remedial measures for stoppage of such practice.

(AIR # 11)

5.4.11 Non-deduction of Sales Tax - Rs1.914 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011, “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 14% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of following offices of Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the financial years 2013-14 to 2016-17, it was observed that an amount of Rs13.393 was paid to various suppliers; however, sales tax at prescribed rate was not deducted. This resulted into loss of Rs1.914 million to the public exchequer.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount paid	Sales Tax
1	Director Liaquat Memorial Library, Karachi	2013-14 to	04	2.470	0.321
		2016-17	12	2.143	0.364
2	Coordinator National Fund for Mohen-jo-Daro	2014-15 to 2016-17	05	8.780	1.229
Total					1.914

The matter was reported to the department in January 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that expeditious recovery may be made besides fixing of responsibility on the person(s) at fault.

5.4.12 Unauthorized payment of cash reward – Rs1.345 million

As per memorandum by Govt. of Sindh Vide No, B1/22(1) / 19998-99 dated 3-8-1999, issued by the Secretary to Govt., of Sindh, Finance Department, the cash reward shall be awarded to those officers / officials who performed extra ordinary duties / work assigned by the office other than their own duties, and the same should be recorded in service book of the officials.

During audit of the office of Director General Antiquities, Karachi for the financial year 2016-17, it was observed that an amount of Rs1.345 million was paid as cash reward (details at Annex-4 of Chapter 05) without fulfilling following codal formalities:

- i. Approval from competent authority was not obtained.
- ii. Justification/ evidence against cash awards was not mentioned.
- iii. Acknowledgement receipt from payee was not obtained.

The matter was reported to the department in November 2017, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides regularization of expenditure by the competent authority.

(AIR # 05)

5.4.13 Non-deposit of government revenue – Rs1.038 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 office of Director Provincial Sindh Museum, Hyderabad for the financial year 2016-17, it was observed that the revenue collected on account sale of tickets amounting to Rs1.038 million was not deposited into the Govt. treasury. This resulted into loss to government exchequer.

(Rs. in million)

Financial Year	Books printed		Sale		Missing tickets	Rate	Amount Less deposited	
	No. of books	No. of tickets	No. of books	No. of tickets				
2015-16	1,220	122,000	387	38,700	83,300	100	0.833	
2016-17	550	55,000	345	34,500	20,500	100	0.205	
Total								1.038

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 23-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate deposit of revenue may be ensured besides fixing of responsibility on the person(s) at fault.

(AIR # 02)

CHAPTER – 6
EDUCATION AND LITERACY DEPARTMENT

6.1 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

6.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 520 formations (DDOs), out of which 65 formations were selected and audited during Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
181,791.615	15,309.040	48,218.414	(48,218.414)	(41,996.380)	197,100.655	150,248.161	46,852.493

The department was unable to spend the allocated budget in time. As a result, savings of Rs46,852.493 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
600.000	401.879	273.632	(128.247)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs128.247 million was observed.

6.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	

6.4 AUDIT PARAS

A- Education & Literacy Department (Colleges)

6.4.1 Non-production of auditable record – Rs155.620 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 the following offices of College Education Department, Government of Sindh for the financial years 2016-17 to 2017-18, auditable record was not produced to audit for scrutiny. Due to non-provision of record, authenticity of expenditure could not be ascertained.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, (Colleges) Education & Literacy Department, Sindh Karachi	13	2017-18	Grant in aid	115.760
		01		Twelve cheques	11.760
		04		Others	8.500
2	Regional Director Colleges, Sukkur	01	20113-14 to 2016-17	Various records	17.366
3	Govt. Degree College Murad Memon Goth, Karachi	12	2014-15 to 2016-17	Bills, vouchers, sanction orders & other detail	2.000
5	Govt. Girls Degree College Azam Basti Karachi	07	2016-17	Non-Government fund	0.234
6	Govt. Degree College, Obaro	01	2011-12 to 2016-17	Bank statement, details of enrollment, fee collected, challans & cash book	-
7	Principal Govt. College physical Education University Road, Karachi	01	2016-17	Various records	-
Total					155.620

The matter was reported to the department in December 2017 & May 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate production of record for scrutiny and initiation of disciplinary proceedings against responsible officer(s).

6.4.2 Irregular payment through DDO account – Rs174.619 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 drawl and disbursement of cash.”

During audit of the following offices of College Education Department, Government of Sindh, Karachi, for the financial years 2012-13 to 2016-17, it was observed that an expenditure of Rs174.619 million was incurred, but the cheques were issued in favour of DDO instead of vendors/actual payees. Thus, the chances of misappropriation cannot be ruled out.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Secretary, (Colleges) Education & Literacy Department, Sindh, Karachi	02	2017-18	164.294
2	Govt. Boys Degree College, Larkana	09	2013-14 to 2016-17	3.131
3	Shaheed Mohtarma Benazir Bhutto Cadet College, Khairpur	08	2016-17	2.336
4	Govt. Degree College, Sujawal	07	2014-15 to 2016-17	1.40
5	Govt. Degree College, Dadu	04	2012-13 to 2016-17	0.815
6	Govt. Degree College, Sehwan Sharif	01	2014-15 to 2016-17	0.615
7	Govt. Girls degree college, Ghotki	01	2013-14 to 2016-17	0.688
8	Principal, Khatoon-e-Pakistan Govt. College for Women, Karachi	01	2017-18	0.501
9	Govt. Ghazali College, Hyderabad	03	2014-15 to 2016-17	0.431
10	Govt. Boys Degree College, Dokri	09	2013-14 to 2016-17	0.408
Total				174.619

The matter was reported to the department in August 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of payment made in cash and fixing of responsibility on the person(s) at fault.

6.4.3 Irregular payment without supporting vouchers – Rs99.263 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 College Education Department, Government of Sindh for the financial years 2013-14 to 2016-17, it was observed that an expenditure of **Rs99.263** million was incurred under various heads, but the bills/supporting vouchers were not available.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Shaheed Mohtarma Benazir Bhutto Cadet College, Khairpur	01	2016-17	97.300
2	Director General Colleges, Karachi	07	2014-15 to 2016-17	1.181
3	Dukhtar-e- Mashriq Govt. Girls Degree college Jamshed Road, Karachi	01	2016-17	0.358
4	Govt. Mehran Degree College, Moro	08	2014-15 to 2016-17	0.221
5	Govt. Degree College, Kandiaro	07	2013-14 to 2016-17	0.203
Total				99.263

Audit is of the view that payment made without supporting documents was irregular which reflected weak internal controls.

The matter was reported to the department in December 2017 & May 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that production of supporting vouchers may be ensured to verify the authenticity of payment.

6.4.4 Maintenance of cash book without signatures of the DDO - Rs95.771 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 the office of Principal Govt. Degree College Murad Memon Goth, Karachi for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs95.771 million were incurred without signatures of the DDO on cash book.

The matter was reported to the department in December 2017, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 10)

6.4.5 Non-obtaining of performance security deposit – Rs94.308 million

According to SPPR 2010 Rule 39, Performance Security (1) 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 Principal, Shaheed Mohtarma Benazir Bhutto Cadet College Khairpur for the financial year 2016-17, it was observed that works amounting to Rs943.08 million were awarded to the various contractors without obtaining performance security @ 10% of Rs94.308 million.

(Rs. in million)

Sr. #	Nature of work	Name of contractor	Amount of contract	10% Performance guarantee
1	Non-Residential & Residential Buildings Package-I	M/S Nawab Brothers Pvt. L.td	674.471	67.447
2	Communal & Misc. Facilities Package-II	M/S Gul Construction Company	268.613	26.861
Total				94.308

Audit is of the opinion that undue favour was extended to contractor which depicted weak administrative and financial controls.

The matter was reported to the department in December 2017, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 05)

6.4.6 Irregular expenditure on scholarships - Rs40.643 million

As per policy of Sindh Educational Endowment Fund the following students can be benefited through this scholarship:

- i. Poor and meritorious students having at least 2.5 GPA (60%).
- ii. Students whose parents/guardian annual income is not more than Rs 1.00 million for private citizens and Rs 1.2 million for Sindh Government Employees.
- iii. 5% seats are reserved for children of the teaching staff working in Govt. School & College.
- iv. 2% seats are reserved for children of the employees of Sindh Secretariat.
- v. Foreign Education is not covered under the criteria of Endowment Fund Scholarship.

- vi. The grant of funds is not covered under the domain of College Education Department.

During audit of the office of Secretary, College Education Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs40.643 million was paid on account of scholarships to students. Following irregularities were noticed:

- i. Criterion set for endowment fund scholarship was not followed.
- ii. Children of influential people were awarded scholarships in Pakistan and overseas and in few cases they were awarded scholarships more than two times.
- iii. Advertisement in leading newspapers and on internet for award of scholarships was not made for providing opportunity to poor students relating to lessor income all over Sindh.

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that mechanism should be devised for providing equal opportunity of scholarship to every eligible student of Province.

(AIR # 12)

6.4.7 Payment made without sanction of contract agreement - Rs33.00 million

Para 514-A PWD Manual provides that no work should be permitted to be started unless the tenders for it in one of the prescribed form is sanctioned by the competent authority.

During audit of the office of Principal Shaheed Mohtarma Benazir Bhutto Cadet College, Khairpur for the financial year 2016-17, it was observed that an amount of Rs33.00 million was paid to the contractors without sanction of contract B-1 agreement.

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR # 11)

6.4.8 Irregular retention of government money – Rs22.198 million

According to Rule 290 of 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 office of Secretary, College Education Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs22.198 million was shown as balance in DDO account on close of financial year. The same was neither disbursed to actual payees nor surrendered as savings.

Audit apprehends that chances of misappropriation of public funds could not be ruled out.

The matter was reported to the department in September 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires details of utilization of these funds and submission of related record to audit for scrutiny.

(AIR # 05)

6.4.9 Unjustified retention of fees in DDO account - Rs15.393 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 College Education Department Government of Sindh Karachi for the years 2013-14 to 2016-17, it was observed that an amount of Rs15.393 million was collected in shape of fees from students and retained into DDO account. However, the same was not utilized for intended purposes.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Govt. Girls Degree college, Shaikarpur	06	2013-14 to 2016-17	6.534
2	Govt. Boys Degree Science College, Shaikarpur	06	2013-14 to 2016-17	5.183
3	Govt. Degree college, Kandhkot	02	2014-15 to 2016-17	1.055
4	Principal, Sir Syed Govt. Degree College, Nazimabad	03	2014-15 & 2015-16	1.627
5	Govt. Boys Degree college, Sakrand	1	2014-15 to 2016-17	0.994
Total				15.393

The matter was reported to the department in February 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification of the matter besides fixing of responsibility on the person(s) at fault.

6.4.10 Payment of inadmissible allowances – Rs6.552 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 College Education Department Government of Sindh Karachi, for the financial years 2014-25 to 2016-17, it was observed that various allowances amounting to Rs6.552 million were paid to the staff which were not admissible. This, resulted into loss to government exchequer.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Allowances	Amount
1	Govt. Degree College, Kandhkot	05	2014-15 to 2016-17	Un-attractive allowance	1.329
2	Govt. Boys Sachal Sarmast College, Benazirabad	01	2015-16 to 2016-17	Un-attractive allowance	1.538
3	Govt. Degree College, Qasimabad,	03	2016-17	Un-attractive allowance	0.334
4	Govt. Degree College, Sehwan Sharif	04	2014-15 to 2016-17	Un-attractive allowance	1.234
5	Govt. Girls Degree college Benazirabad	01	2015-16 & 2016-17	Unattractive area Allowance	1.977
6	Govt. Boys National College No.01, Karachi	02	2016-17	Utility allowance, CM Secretariat allowance, Honorarium, Project allowance.	0.140
Total					6.552

The matter was reported to the department in December 2017 & January 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that expeditious recovery may be made besides fixing of responsibility on the person(s) at fault.

6.4.11 Splitting of sanctions to avoid open tender – Rs5.036million

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 audit of the office of Principal, Govt. Degree Girls College 11-C, Orangi Town, Karachi for the financial year 2016-17, it was observed that an expenditure of Rs5.036 million was incurred under various heads from the single vendor M/s Abdullah Trading Company through splitting of the sanction in order to avoid open tenders. Thus, government was deprived of competitive rate.

The matter was reported to the department in May 2018, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 06)

6.4.12 Irregular appointment of employees

As per Service, General Administration and Cooperation Department, Government of Sindh, Karachi Notification No.SOV(S&GAD)X-15/90-98 dated 12-02-2008 “Advertisement should be given for all vacant posts”. Further, as per Chief Minister Sindh, Karachi letter # DS (COORD)/CMS/8-4/2008/845 dated 12-02-2008, “All vacant posts shall be filled after completing codal formalities and written test for the posts from BPS-5 and above shall be got conducted through third party and for BPS-4 and below through Departmental Selection Committee”.

During audit of the office of the Principal, Shaheed Mohtarma Benazir Bhutto Cadet College Khairpur for the year 2016-17, it was observed that various appointments were made. Following irregularities were noticed:

- i. Advertisement for the appointment was not made.
- ii. Details regarding selection committee for the appointments were not available on the record.
- iii. The appointments were purely made on selection basis and without approved sanctioned posts.

The matter was reported to the department in December 2017, but no reply was received.

Despite written requests vide letters dated 26-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that enquiry in the matter may be conducted for fixing of responsibility on persons at fault.

(AIR # 14)

B- Education & Literacy Department (Schools)

6.4.13 Non-production of auditable record– Rs3,357.399 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 the following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2013-14 to 2016-17, auditable record were not produced to audit for scrutiny. Due to non-provision of record, authenticity of expenditure could not be ascertained.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Records	Amount
1	Secretary School, Education & Literacy	2017-18	5	Grant in Aid	2,492.904
2	Secretary School, Education & Literacy	2017-18	18	Others	600.000
3	Executive Engineer, Education Works Division, District West, Karachi	2017-18	7	M&R	131.712
4	District Education Officer(Primary) Mirpurkhas	2014-15 to 2016-17	1	Various record	53.329
5	DEO (Secondary & Higher Secondary) Sukkur	2012-13 to 2016-17	1	Various record	41.588
6	Director of Schools Education, Karachi	2015-16	1	Various record	29.423
7	Director Literacy & Non-Formal Education, Karachi	2014-15 to 2016-17	2	Various record	6.487
8	Chief Monitoring Officers, Karachi	2016-17	1	Various record	1.956
9	Taluka Education Officer, (Male), Dadu	2014-15 to 2016-17	3	New appointment record	-
10	Executive Engineer, Education Works Division, Sujawal	2014-15 to 2016-17	1	Various record	-
Total					3,357.399

The matter was reported to the department in August 2018, but no reply was received.

During DAC meeting held on January 17, 2019, it was informed that the offices at Sr. No. 5 & 8 had not furnished written reply and were also not present to attend the meeting. The remaining offices replied that now the record was ready for verification.

DAC directed for issuance of displeasure to DEO (Secondary) Sukkur and Chief Monitoring Officer, Karachi for non-submission of reply. DAC further directed that available record may be furnished to audit within two weeks for required verification. No record was produced for verification till finalization of this report.

Audit requires immediate production of record for scrutiny and initiation of disciplinary proceedings against responsible officer (s).

6.4.14 Loss due to non-imposition of penalty – Rs264.05 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.

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that various works were awarded to the contractors but failed to complete the works on time. However, penalty was not imposed on contractors who had not completed work within stipulated period. This resulted into loss of Rs264.05 million (details at Annex-1 of Chapter 6).

The matter was reported to the department in August 2017 & November 2018 but no reply was received. During DAC meeting held on January 17, 2019, the management replied that the extensions were allowed on genuine grounds under clause-6 of contract agreement. DAC directed that extension orders alongwith reasons

recorded may be submitted to audit for verification. No record was produced for verification till finalization of this report.

Audit requires that detailed justification may be provided besides fixing of responsibility.

6.4.15 Non-crediting of revenue in government account – Rs413.24 million

According to Para-174 C.P.W.A code Vol-I, all the public revenues when corrected was required to be assessed and realized in accordance with the rules and orders made by or under the authority the Govt. and these shall be brought to account in accordance with prescribed clarification.

During audit of following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2013-14 to 2017-18, it was observed that an amount of Rs413.24 million was collected on account government receipts, but the same was not deposited into the government account. As a result, government was deprived of revenue (details at Annex-2 of Chapter 6).

(Rs. in million)

Sr.#	Details	Amount
1	Income Tax	138.79
2	Security Deposit	220.80
3	Public Works Deposits	52.08
4	Call deposits	1.369
5	Enlistment fee/ renewal fee / tender Fee	0.21
Total		413.24

The matter was reported to the department in September 2017 & October 2018 but no reply was received. During DAC meeting held on January 17, 2019, the management informed that income tax and other dues have been duly deposited in government account. DAC directed for verification of original paid challans. No record was produced for verification till finalization of this report.

Audit requires depositing of collected revenue into government account besides fixing of responsibility on the person(s) at fault.

6.4.16 Non/less deduction of income tax – Rs9.649 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.

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2014-15 & 2016-17, it was observed that income tax amounting to Rs9.649 million was not/less deducted from the contractor/ supplier. This resulted into loss to the public exchequer.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Director School(Primary), Sukkur	06	2015-16 & 2016-17	7.066
2	Executive Engineer, Education Works Division, Sujawal	25	2014-15 & 2016-17	1.924
		10		0.659
Total				9.649

The matter was reported to the department in December 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that income tax has been deposited at the applicable rate and the contractor / suppliers were filers. DAC directed that paid up challans / computer payment receipt (CPR) along with Active Tax Payer list may be produced to audit for verification. No record was produced for verification till finalization of this report.

Audit requires that expeditious recovery may be made besides fixing of responsibility on the person(s) at fault.

6.4.17 Excess execution of items of work – Rs25.751 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 Education & Literacy Department (Schools), Government of Sindh for the financial year 2014-15 to 2016-17, it was observed that an expenditure of Rs25.751 million was incurred on excess execution of items of works against the quantity provided in the estimates/BOQ of tender documents.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Items of work	Amount
1	Executive Engineer, Education Works Division, District West, Karachi	04	2017-18	P/L glazed tiles Major repair/renovation of GGSS P/L glazed tiles Major repair/ renovation of GGSS Bund- e-Ali Makli Site	23.476
2	Executive Engineer, Education Works, Khairpur	07	2015-16 & 2016-17	-	1.443
3	Executive Engineer, Education Works, Sujawal	12	2014-15 to 2016-17	RCC work incl. all labour & Cement plaster	0.447
4	Executive Engineer, Education Works, NausheroFeroz	07	2015-16 & 2016-17	Distempering	0.385
Total					25.751

Audit is of the view that excess execution of items of works without approval of competent authority indicated weak financial and administrative controls.

The matter was reported to the department in September 2017 & September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that the quantities mentioned in detailed estimates were approximate and the works were carried out as per site requirement. Moreover, the overall expenditure was within TS sanctioned amount. DAC directed for verification of relevant record within two weeks. No record was produced for verification till finalization of this report.

Audit recommends regularization of expenditure by competent authority besides fixing of responsibility on the person(s) at fault.

6.4.18 Non-deduction of sales tax – Rs18.482 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 the office of Director Primary Education, Sukkur for the financial years 2015-16 & 2016-17, it was observed that sales tax of Rs18.482 million was not deducted from the bills of the contractors/suppliers.

(Rs. in million)

Sr.#	Vendor name	Head	Amount
1	M/S Raja brothers Khairpur	Furniture & Fixture	15.706
2	M/S new Indus printing press Sukkur	Furniture & Fixture	15.105
3	M/S Raja brothers Khairpur	Furniture & Fixture	22.863
4	M/S Unique supplies company Karachi	Furniture & Fixture	55.047
Total			108.721
Sales tax			18.482

The matter was reported to the department during the month of December 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that 3.40% GST was deducted at the time of passing bills from DAO Sukkur and the balance amount of GST (13.60%) was deducted from contractor sales invoice by Inland Revenue Department. DAC directed that original documentary evidence for deduction of GST (13.60%) alongwith monthly return of sales tax may be submitted to audit for verification. No record was produced for verification till finalization of this report.

Audit that recommends recovery may be made besides fixing of responsibility on the person(s) at fault.

(AIR # 11)

6.4.19 Excess payment on account of carriage charges – Rs6.559 million

According to Sr. No. 4 of the 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.”

During audit of the office of Executive Engineer Education Works Division, Khairpur for the financial years 2015-16 to 2016-17, it was observed that the contractors were allowed carriage charges for cement to be taken from Lucky Cement factory, whereas, the other contractors of same division were allowed the carriage from Hyderabad i.e., Zeal Pak Cement factory. This resulted in excess payment of Rs6.559 on account of extra millage paid to the contractor. Thus undue benefit was extended to the contractor.

The matter was reported to the department in November 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that the carriage of cement was allowed from Zeal Pak factory, but after closure of Zeal Pak factory the carriage from Lucky Cement was allowed. DAC directed that evidence regarding date of closure of Zeal Pak factory and date of purchase from Lucky Cement may be got verified from audit. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on person(s) at fault.

(AIR # 10)

6.4.20 Non-recovery of stamp duty from contractors– Rs2.75 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 @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost”.

During audit of following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that various agreements were executed without obtaining stamp duty of Rs2.75 million. This resulted into loss to government exchequer.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	District Education Officer Primary, SBA	03	2016-17	1.770
2	Executive Engineer Education Works, Matiari	11	2017-18	0.314
3	Executive Engineer, Education Works Division, SBA	06	2017-18	0.281
4	Executive Engineer, Education Works Division, Jamshoro	02	2017-18	0.157
5	Executive Engineer Education Works, Sujawal	18	2014-15 to 2016-17	0.136
6	Executive Engineer, Education Works, Badin	14	2017-18	0.096
Total				2.754

The matter was reported to the department in September 2017 & October 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that stamp duty at applicable rate has been recovered from the contractors. DAC directed that documentary evidence may be got verified from audit within two weeks. No record was produced for verification till finalization of this report.

Audit requires expeditious recovery of stamp duty besides fixing of responsibility on the person(s) at fault.

6.4.21 Bogus appointment of employees

As per Service, General Administration and Cooperation Department Government of Sindh, Karachi Notification No.SOV(S&GAD)X-15/90-98 dated 12-02-2008 “Advertisement should be given for all vacant posts”. Further, as per Chief

Minister Sindh, Karachi letter # DS (COORD)/CMS/8-4/2008/845 dated 12-02-2008, “All vacant posts shall be filled after completing codal formalities and written test for the posts from BPS-5 and above shall be got conducted through third party and for BPS-4 and below through Departmental Selection Committee”.

During audit of the office of Taluka Officer Education (Primary) Female Latifabad, Hyderabad for the years 2013-14 to 2016-17, it was observed that two officials Ms Aneela D/o Nazeer Ahmed O.T & Ms. HumeraKiran D/o Kafeel Ahmed, PET were appointed in Education Department. The District Education Officer, Hyderabad vide letter No.DMN-II(Spuptd)/12/2012-13, stated that the appointment of both employees was made illegally. Moreover, the medical fitness certificates were also found bogus as per verification letter of M.S Civil Surgeon, Hyderabad issued vide CS/Hyd/(non-gazzated fitness)/9977/80 dated 24-06-2013 and legal action was initiated by the department.

The matter was reported to the department in January 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that both teachers were appointed by higher authorities. Subsequently, both appointments were declared illegal / fake as per letter dated 10-07-2013. Both the teachers were relieved from the duties vide this office letter dated 15-07-2013. Audit informed that both teachers continued to draw salary even after their termination from services, as such, the amount illegally paid to them should have been recovered. DAC directed that period of payment of illegal salaries after termination of services may be intimated and the amount so calculated should be recovered under intimation to audit. DAC further directed for initiation of inquiry at the higher level for fixing of responsibility. No progress was reported till finalization of this report.

Audit requires that enquiry in the matter for fixing of responsibility on persons at fault in compliance to DAC directives.

(AIR # 02)

6.4.22 Irregular payment through DDO account – Rs6,206.71 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned”.

During audit of the office of Secretary School, Education & Literacy Department, Government of Sindh for the financial years 2010-11 to 2016-17, it was observed that an expenditure of Rs6,206.71million was incurred; the cheques were issued in favour of DDO instead of vendors/actual payees. Thus, the chances of misappropriation cannot be ruled out.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Secretary School, Education & Literacy Department, Government of Sindh	2017-18	17	3,029.333
			10	2,100.000
			06	1,070.852
2	District Education Officers Primary, Shaheed Benazirabad (including Taluka Education Officer, male & female)	2016-17	21	2.780
			13	1.734
3	Taluka Education Officer (Male) New Karachi	2014-15 to 2016-17	4	0.422
4	District Education Officer(Secondary & Higher Secondary), Khairpur	2010-11 to 2016-17	01	0.585
5	Director of Schools Education, Karachi	2015-16	04	0.432
6	Director Literacy & Non-formal Education, Karachi	2014-15 to 2016-17	16	0.235
7	Taluka Education Officer (Male), Dadu	2014-15 to 2016-17	1	0.146
8	Directorate School Education (Elementary, Secondary, Higher Secondary), Mirpurkhas	2015-16 & 2016-17	01	0.188
			Total	6,206.707

The matter was reported to the department in November 2017 & August 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that in most cases the amount was paid to the widows of deceased employees. DAC observed that this was a financial malpractice which may lead to misappropriation of funds as in most cases the cheques under various

contingency heads were issued in favour of DDO. DAC further directed for verification of record in the light of departmental stance. No record was produced for verification till finalization of this report.

Audit requires justification of payment through DDO account besides fixing of responsibility on the person(s) at fault.

6.4.23 Rush of expenditure in the month of June – Rs320.699 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 the following offices of Education & Literacy Department, Government of Sindh for the financial years 2016-17 and 2017-18, it was observed that an expenditure of Rs320.699 million was incurred in the month of June only. This created doubt on genuineness of the work executed.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Expenditure during the year	Expenditure in month of June	% of expenditure in June
1	Executive Engineer, Education Works District Korangi, Karachi	09	878.406	286.345	33%
2	Executive Engineer, Education works Division, Sujawal	24	42.185	34.354	81%
Total				320.699	

In the view of above, the chances of misappropriation of public funds could not be ruled out, which indicated weak financial controls.

The matter was reported to the department in December 2017 and September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the office at Sr.#1 informed that funds were released by the Finance Department in the month of June, hence payment were made as per works actually carried out at site. DAC directed that revise reply alongwith detailed justification may be submitted, and

if warranted, inquiry may be initiated. No progress was reported till finalization of this report.

The explanation submitted by the the office at Sr.#2 was not found satisfactory. DAC directed the department to conduct fact finding inquiry in this regard. No progress was reported till finalization of this report.

Audit requires detailed justification of incurring huge expenditure in the month of June besides taking remedial measures.

6.4.24 Irregular tendering in violation of procurement rules – Rs155.00 million

As per instructions to procuring agencies -G. Conditions of Contract, the procuring agency while preparing Contract Data, shall ensure that no Clause of Conditions of Contract is deleted and that the changes included in Contract Data shall be such as not to change the spirit of the document. Any adjustment or change in clauses of Conditions of Contract to meet specific project features shall be made with care and incorporated in Contract Data.

During audit of the office of Executive Engineer Education Works Division, Khairpur for the financial year 2017-18, it was observed that an expenditure of Rs155.00 million was incurred on the work “Rehabilitation & Expansion of high priority 4560 schools primary/ elementary schools District Khairpur (164) units” from cost center KX5000. Following irregularities were noticed:

- i. The work was executed against 82 selected units out of tender advertised for 126 units;
- ii. Total 164 units were mentioned in the PC-I at total cost of Rs942.760 million but only 126 units were selected & their tenders were floated.
- iii. Feasibility studies were not conducted to undertake all the rehabilitation works in 164 units.
- iv. As per PC-I, physical activity for the year 2017-18, 48% work were to be completed but no such progress was achieved during the year.
- v. The units were framed in packages with total numbers 49 and uploaded on SPPRA website vide NIT No.TC/G-55/EWD/KHP/80, dated 09-02-2018. Subsequently, the units were reduced to 22 numbers without justification and

in violation of SPPRA rules wherein instructions to the bidders could not be changed once issued.

In the view of above, the expenditure could not be authenticated.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the reply submitted by management was not found satisfactory. DAC directed for conducting of enquiry at the higher level for fixing of responsibility. No progress was reported till finalization of this report.

Audit requires detailed justification in the matter besides fixing of responsibility on the person(s) at fault.

(AIR # 05)

6.4.25 Non-hoisting of bid evaluation report – Rs133.21 million

According to Rule 45 of SPPRA 2010 “Announcement of evaluation reports” provides that 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 following offices of (Schools) Education & Literacy Departments for the financial years 2013-14 to 2017-18, it was observed that the various works amounting to Rs133.21 million were awarded to contractors, but the Bid Evaluation Reports were not hoisted on SPPRA website.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Executive Engineer Education Works, Tando Allah Yar	06	2017-18	94.32
2	Executive Engineer Education Works Division Kashmore	06	2013-14 to 2016-17	37.840
3	Executive Engineer Education Works, Mithi	07	2017-18	1.054
4	Executive Engineer Education Works, Tando Muhammad Khan	02	2017-18	-
Total				133.214

The matter was reported to the department in November 2017 & September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that bid evaluation reports were hoisted on SPPRA website as required under the rules. DAC directed for verification of documentary evidence within two weeks. No record was produced for verification till finalization of this report.

Audit requires that DAC directives may be followed besides fixing of responsibility for non-compliance of SPPRA Rules.

6.4.26 Irregular payment of secured advance – Rs106.390 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 (Schools) Education & Literacy Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs106.398 million was paid to the various contractors as secured advance against material, but neither Indenture Bond in P.W. Account Form No.31 nor detailed report of consumption account of materials along with recovery of advance was produced to audit for verification.

(Rs in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	Executive Engineer, Education Works Division, Badin	03	2017-18	60.641
2	Executive Engineer, Education Works Division, District West, Karachi	05	2017-18	29.196
3	Executive Engineer, Education works Division, Sujawal	11	2014-15 to 2016-17	9.949
4	Executive Engineer, Education Works District Korangi, Karachi	06	2017-18	6.612
Total				106.398

The matter was reported to the department in December 2017 & October 2018, but no reply was received. During DAC meeting held on January 17, 2019, DAC directed for verification of record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

6.4.27 Expenditure on cancelled tender – Rs37.750 million

As per General Provisions of Sindh Public Procurement Rules, 2010, 2(z) “Notice Inviting Tender” means the notice issued by a Procuring Agency through publication in the newspapers or through electronic means for the purpose of inviting bids, or applications for pre-qualifications, or expression of interests, which may include Tender Notice, Invitation for Bids, Notice for Pre-qualifications or Request for Expression of Interests. Read with 25(3) Cancellation of Bidding Process, Intimation of the cancellation of bidding process shall be given promptly to all bidders and bid security shall be returned along with such intimation.

During audit of the office of Executive Engineer Education Works Division, Khairpur for the financial year 2017-18, it was observed that the tender for work “Establishment of Government Boys Degree College at Sobho Dero, District Khairpur” was floated vide NIT No.TC/G-55/EWD/KHP/1282 dated 03-08-2017 with opening date on 23-08-2017. Subsequently the tender was cancelled vide TC/G-55/EWD/KHP/1304 dated 23-08-2017 on the date of opening of tenders. However, it

was noticed that in Form-64, an expenditure of Rs37.750 million was incurred against the same work.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, DAC directed for verification of record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

(AIR # 06)

6.4.28 Un-authorized expenditure incurred on other district schemes – Rs31.826 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 following offices of (Schools) Education & Literacy Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs31.826 million was incurred on development schemes falling under the jurisdiction of other Divisions.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Schemes under jurisdiction	Amount
1	Executive Engineer, Education Works Division, District Korangi, Karachi	04	2017-18	Education Works Division, District East	25.526
2	Executive Engineer, Education Works Division, District West, Karachi	01	2017-18	Education Works Division, District Malir	6.300
Total					31.826

The matter was reported to the department in August 2018 & September 2018, but no reply was received. During DAC meeting held on January 17, 2019, DAC

directed for verification of record. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

6.4.29 Irregular payment on account of reduced rate – **Rs67.895** million

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 Education & Literacy Department (Schools), Government of Sindh for the financial years 2016-17 and 2017-18, it was observed that reduced payment of **Rs67.895** million was made for various items of work without recording any written reasons.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Executive Engineer, Education Works Division, Shaheed Benazirabad	05	2017-18	30.120
2	Executive Engineer Education Works, Matiari	04	2017-18	13.866
3	Executive Engineer, Education Works Division, District Korangi, Karachi	03	2017-18	6.291
4	Executive Engineer, Education Works Division, Badin	08	2017-18	6.233
5	Executive Engineer, Education Works Division, Sujawal	14	2014-15 to 2016-17	4.571
6	Executive Engineer, Education Works Division, Thatta	09	2017-18	3.095
7	Executive Engineer, Education Works Division, TM Khan	10	2017-18	1.938
8	Executive Engineer, Education Works Division, Mirpurkhas	04	2017-18	1.781
Total				67.895

Allowing reduced rate implies that defective work was carried out and Government interest was not safeguard.

The matter was reported to the department in December 2017 & November 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that the executed works were not defective and part payments were allowed as per requirement. DAC directed for verification of entries in the measurement books. No record was produced for verification till finalization of this report.

Audit requires regularization of payment by obtaining of sanction of competent authority.

6.4.30 Irregular appointment of staff -Rs43.274 million

As per Service, General Administration and Cooperation Department, Government of Sindh, Karachi Notification No.SOV(S&GAD)X-15/90-98 dated 12-02-2008 “Advertisement should be given for all vacant posts”. Further, as per Chief Minister Sindh, Karachi letter # DS (COORD)/CMS/8-4/2008/845 dated 12-02-2008, “All vacant posts shall be filled after completing codal formalities and written test for the posts from BPS-5 and above shall be got conducted through third party and for BPS-4 and below through Departmental Selection Committee”.

During audit of the following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2013-14 to 2016-17, it was observed that an amount of Rs43.274 million was paid to new appointees as under:

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Taluka Education Officer Primary (Male), Qasimabad, Hyderabad	2012-13 to 2016-17	1	19.269
2	Taluka Education Officer Primary (Female) Qasimabad, Hyderabad	2013-14 to 2016-17	1	1.996
3	Taluka Education Officer Primary (Male) Latifabad, Hyderabad	2013-14 to 2016-17	1	14.753
4	Taluka Education Officer Primary (Female), Latifabad, Hyderabad	2013-14 to 2016-17	1	7.256
Total				43.274

Following irregularities were pointed out:

- i. The details of appointments were not available.
- ii. The approval of the competent authority was neither obtained nor produced to audit.
- iii. The advertisement in newspapers was not produced.
- iv. The orders regarding constitution of selection committee were not provided for verification
- v. Approved selection criteria and recruitment policy was not provided for verification.
- vi. Application of candidates, short listed candidates, results of written and viva voice and copy of final approved merit list of candidates from the competent forum was not provided for verification.
- vii. The sanctioned and working strength was not produced.

The matter was reported to the department in January 2018, but no reply was received. During DAC meeting held on January 17, 2019, DAC showed displeasure for non-submission of reply by offices at Sr. No. 1,2 &3.

The office at Sr. No.4 replied that the appointment orders were issued by the higher authority after completion of codal formalities. DAC directed that all four offices must submit relevant record to audit for verification. No record was produced for verification till finalization of this report.

Audit recommends that production of record may be ensured besides fixing of responsibility against person(s) at fault.

6.4.31 Irregular expenditure without approval of PC-I - Rs40.860 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 the office of e Executive Engineer Education Works Division District West, Karachi for financial the year 2017-18, it was observed that an

expenditure of Rs40.860 million was incurred without approval of PC-I from competent authority.

(Rs. in million)	
Name of scheme	Cost
Rehabilitation & Expansion of high priority 4560 Schools (Secondary Schools 12 units) District, Karachi	40.860

Audit is of the opinion that deviation from PC-I provision was serious financial irregularity.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that PC-I of the scheme was duly approved by the competent authority. However, they failed to produce copy of PC-I for verification. DAC directed that original PC-I may be shown to audit for required verification. No record was produced for verification till finalization of this report.

Audit recommends that DAC directives may be followed besides regularization of expenditure by competent authority and taking remedial measures.

(AIR # 03)

6.4.32 Non-achievement of targets of Sindh Education Sector Plan - Rs40.0 million

As per Feasibility Report of NFE (Non-Formal Education), the PC-I of NFE has been prepared in the light of discussion with the donor agencies, i-e JICA, who suggested that the Education Literacy Department Government of Sindh may establish Non-Formal Education in the field so that JICA may initiate implementation of the developed recommendations for achieving the targets of Sindh Education Sector Plan 2014-18 (SESP) to strengthen Non-Formal Education in Sindh in collaboration with other donor agencies i-e USAID, UNICEF and the donor agencies may provide technical support, training and modern techniques to work upon the targets of the SESP.

During audit of the office of Director Literacy & Non-formal Education, Karachi for the financial years 2014-15 to 2016-17, it was observed from the record of scheme “Establishment of Non-formal Education in existing Government Primary, Elementary & Middle Schools in Sindh”, that the objective of scheme was to establish Non-formal Education (NFE) in five districts of the province of Sindh and 5 primary course was to be completed in 2 years. As per record, two years had been completed but classes were held for 2 months only.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that the funds were not released on time, hence the scheme got delayed. DAC directed that copy of release of funds by Finance Department and utilization of funds may be provided to audit for required verification. No record was produced for verification till finalization of this report.

Audit requires detailed justification of the matter besides fixing of responsibility on the person(s) at fault.

(AIR # 04)

6.4.33 Irregular award of work by way of pooling – Rs31.467 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 office of Executive Engineer Education Works Division, Matiari for the financial year 2017-18, it was observed that two works of Rs31.467 million were awarded to two contractors by way of pooling, the work was distributed among both contractors on agreed rates to obtain the work order.

(Rs. in million)

Sr. #	Name of work	Name of contractor	Work order & date	Amount	Remarks
1	Package No.02 TalukaHala (Rehab: high priority 4560 Pry/Elem Education (2017-18 program) Non-ADP in Dist: Matiari (05 units) TalukaHala	M/S Irshad Ali Dahri	No.530 date d 14-05-2018	16.497	2nd lowest was M/S A.F & Co
2	Package No.01 TalukaHala (Rehab: high priority 4560 Pry/Elem Education (2017-18 program) Non-ADP in Dist: Matiari (06 units) TalukaHala	M/S A.F & Co	No.520 dated 11-04-2018	14.970	2nd lowest was M/S Irshad Ali Dahri
Total				31.467	

Audit is of the opinion that managements could not monitor the pooling activities of the contractors resulting in award of contracts awarded on higher rates.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the explanation submitted by the office was not found satisfactory. DAC directed the department to conduct fact finding inquiry in this regard. No progress was reported till finalization of this report.

Audit recommends detailed justification besides conducting of enquiry in the matter.

(AIR # 03)

6.4.34 Irregular expenditure on un-approved schemes – Rs29.242 million

Rule-23 of G.F.R. Volume-I, states that “every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Detailed instructions for regulating the enforcement of such responsibility are embodied in Appendix 2, especially points 3 to 8 enumerated in detail.

During audit of the office of Executive Engineer Education Works Division, Khairpur for the financial year 2017-18, it was observed that an expenditure of

Rs29.242 million was incurred on schemes, but the same were not approved in the Annual Development Program 2017-18. Moreover, the budget of Rs6.750 for the scheme @ S.No.01 was provided by the Finance Department, whereas expenditure of Rs16.749 million was incurred. Thus, excess expenditure of Rs9.999 million was incurred.

(Rs. in million)

Sr.#	Name of work	ADP #	Amount
1	Up-gradation of Primary schools to Elementary Schools (06 Units)	0254	16.749
2	Construction of building for primary school talukaKotdiji (04 units)	0293	12.493
Total			29.242

The expenditure on un-approved schemes indicated improper and weak financial and administrative controls on the part of management.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that both the schemes were approved in ADP 2017-18 and expenditure was incurred after release of funds. They further claimed that no excess expenditure was incurred. DAC directed for submission of relevant record for verification by audit. No record was produced for verification till finalization of this report.

Audit requires regularization of expenditure by the competent authority.

(AIR # 03)

6.4.35 Non-utilization of funds – Rs27.85 million

According to Rule 1 Appendix 18-A of Sindh Financial Rules, 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 the following offices of Education & Literacy Department (Schools), Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the management failed to utilize the available funds of Rs27.850 million.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Secretary School, Education & Literacy Department, Government of Sindh	04	2017-18	19.91
2	Director Literacy & Non-formal Education, Karachi	08	2014-15 to 2016-17	7.942
Total				27.852

The matter was reported to the department in February 2018 & August 2018, but no reply was received. During DAC meeting held on January 17, 2019, the office at Sr. No.2 informed that the funds were released late, hence procurement could not be materialized in time. Thus, funds of Rs.7.94 million could not be utilized. DAC directed for verification of relevant record.

For office at S. No.1, DAC directed for submission of revised reply alongwith documentary evidence. No record was produced for verification till finalization of this report.

Audit requires detailed justification of the matter besides fixing of responsibility on the person(s) at fault.

6.4.36 Doubtful expenditure of repair works – Rs23.345 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 the office of Executive Engineer Education Works Division, Sujawal for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs23.345 million was incurred on M&R in closing month of the financial year 2016-17 (details at Annex-3 of Chapter 6).

Following irregularities were noticed:

- i. The expenditure was incurred without inviting tenders.

- ii. The signature of the eligible bidders was not found on the attendance sheets in few cases, however, no signature was found of 2nd or 3rd lowest bidders. Though, procurement committee members already signed the attendance sheets.
- iii. The handwriting on the financial bid offered by contractors was same as writing on official letters of the Executive Engineer.
- iv. The procurement committee was not formed as per requirement of the SPPRA i.e. condition of 1/3 requirements from the outside departments not observed.
- v. The earnest money and tender fees was not received.
- vi. Secured advances were allowed without written request of the contractors, the same was done to avoid lapse of budget.
- vii. The working plan like PC-I was not prepared and got approved before execution of M&R work. The evidence of deterioration of the building of schools, which needs repair, was not produced; hence.
- viii. The works were awarded by splitting to avoid from obtaining of PEC certificates from contractors.
- ix. The TS, AA and BOQ were not produced for each work.
- x. Neither MBs produced nor the evidence of recording of measurement was available on the bills.
- xi. No B-1 agreements were not executed, thus, the government sustained loss due to non-affixing of stamp duty.
- xii. The evidence of tax filer or non-filer was not produced.
- xiii. There were excess payments made in the bills by doing calculation mistakes.
- xiv. The recovery as required under rules was not made on account of “recovery of steel, wood, etc” from bills on dismantling works.
- xv. The evidence of registration of the contractors with PEC was not produced.

In the view of above, the authenticity of expenditure could not be ascertained and chances of miss-appropriation could not be ruled out.

The matter was reported to the department in December 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that the funds were released for repair and maintenance of various buildings, and the

expenditure was incurred accordingly. However, the concerned office could not reply satisfactorily to various queries raised by audit. DAC directed for conducting inquiry at the higher level for fixing of responsibility. No progress was reported till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault in compliance of DAC directives.

(AIR # 06)

6.4.37 Un-justified execution of civil work through electrical contractor - Rs20.0 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 office of Executive Engineer, Education Works Division District West, Karachi for the financial year 2017-18, it was observed that an expenditure of Rs20.0 million was incurred on repairs and renovations of GBSS Bund-e-Ali Mukhi SITE Town, Karachi. The contract was awarded to M/s Ali Electrical Contractor, whereas, the items of work was executed of civil nature, therefore, an electrical contractor cannot execute the civil work due to the particular specialization required in carrying out same.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that PC-I was approved by the competent authority. DAC showed displeasure on irrelevant reply by the concerned office and directed for submission of revised reply with documentary evidence. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR# 06)

6.4.38 Irregular expenditure on co-curricular activities (under head others) – Rs17.696 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 December 2017 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 District Education Officers Primary, Shaheed Benazirabad (including Taluka Education Officers, Male & Female) for the financial year 2016-17, it was observed that an expenditure of Rs17.696 million was incurred under the head others. Following irregularities were noticed:

- i. Details of event were not attached with the bill.
- ii. Minutes of event were not attached.
- iii. Photographs of event were not attached with the bill.
- iv. Vouchers were not stamped “Paid & cancelled” to avoid duplicate claim.

(Rs in million)

Sr.#	Name of office	Memo. #	Amount
1	Taluka Education Officer (Male), Kazi Ahmed	11	8.017
2	Taluka Education Officer (Male), Daur	05	5.987
3	Taluka Education Officer (Female), Kazi Ahmed	07	1.588
4	Taluka Education Officer (Female), Sakrand	07	2.104
Total			17.696

The matter was reported to the department in November 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that amount was allocated school-wise, and the same was utilized by each school on various activities like celebration of Eid-e-Miladun Nabi, Pakistan Day, Independence Day, etc. DAC directed that bill submitted by each school and acknowledgement by each school regarding receipt of funds may be submitted for verification. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR # 14)

6.4.39 Irregular expenditure on science material – Rs14.548 million

According to Rule-96 of General Financial Rules, Volume-I, “no amount should be spent hastily in the feg-end of the financial year just to avoid the lapse of budget grant”.

During audit of the office of Project Director, Project Management and implementation Unit (PMIU) Education & Literacy Government of Sindh, Karachi for the financial year 2016-17, it was observed that an expenditure of Rs14.548 million was incurred on procurement of science material, following irregularities were noticed:

- i. Expenditure was incurred without sanction from competent authority.
- ii. Handing over of material to quarters concerned was not provided to audit.
- iii. Inspection of the items delivered was not carried out.

The expenditure without sanction indicated weak financial and administrative controls.

The matter was reported to the department in August 2017, but no reply was received. During DAC meeting held on January 17, 2019, the concerned office failed to submit working paper. DAC showed displeasure and directed the concerned office to provide relevant record for verification. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR # 01)

6.4.40 Irregular supply of various items - Rs11.928 million

According to 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 the office of Project Director, Project Management and implementation Unit (PMIU) Education & Literacy Government of Sindh, Karachi for the financial year 2016-17, it was observed that an amount of Rs11.928 million was paid to contractor on supply of equipment for computer. Following irregularities were noticed:

- i. Purchase was made without specifying detail & description.
- ii. Inspection report/delivery challans were also not available on the record
- iii. Handing over of items not obtained.

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.

The matter was reported to the department in August 2017, but no reply was received. During DAC meeting held on January 17, 2019, the concerned office failed to submit working paper. DAC showed displeasure and directed the concerned office to provide relevant record for verification. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR # 04)

6.4.41 Issuance of work order without call deposits - Rs10.878 million

As per provision of the para-63 of CPWA code when money is received by government officer on behalf of the government, it should at once be brought to account in cash book.

As per clause 15.1 of the tender document “The tenderer shall furnish, as part of his tender, A tender security for an amount equivalent to 2% of the tender price”.

During audit of the office of Executive Engineer, Education Works Division Shaheed Benazirabad for the financial year 2017-18, it was observed that work was awarded to the contractors without obtaining call deposits @ 2% amounting to

Rs10.878 million before issuance of work orders. Thus, undue favor was extended to the contractors without fulfilling codal formalities.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that call deposits were submitted in bank through challan which may be verified. DAC directed for verification of original record. No record was produced for verification till finalization of this report.

Audit requires detailed justification for non-obtaining call deposits besides fixing of responsibility on the person(s) at fault.

(AIR # 02)

6.4.42 Splitting of sanctions to avoid open tender – Rs7.93 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 audit of the following offices of Education & Literacy Department (Schools), Government of Sindh, it was observed that an expenditure of Rs7.936 million was incurred through splitting of the sanction order to avoid open tenders. Thus, government was deprived of competitive rate.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Secretary School, Education & Literacy Department, Government of Sindh	03,07	2017-18	5.352
2	Director Primary Education, Hyderabad	06	2015-16 & 2016-17	1.274
3	Sindh Teachers Education development Authority (STEDA), Karachi	04	2014-15 to 2016-17	0.970
4	District Education officer (Secondary & Higher secondary),Sukkur	08	2012-13 to 2016-17	0.340
Total				7.936

The matter was reported to the department in November 2017 & August 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that the expenditure was incurred on various dates with the approval of competent authority. DAC directed for submission of detailed justification duly supported with documentary evidence. No record was produced for verification till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

6.4.43 Irregular expenditure without inviting open tenders – Rs7.075 million

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 the office of Executive Engineer Education Works Division, Kashmore for the financial years 2013-14 to 2016-17, it was observed that an expenditure of Rs7.075 million incurred under various heads without inviting open tenders in violation of SPPRA Rules. Thus, Government was deprived of most competitive rates.

The matter was reported to the department in November 2017 & December 2017, but no reply was received. During DAC meeting held on January 17, 2019, it was informed that open tender for construction of canteen at Cadet College was called. DAC directed for verification of tender documents within two weeks. No record was produced for verification till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

(AIR # 09)

6.4.44 Irregular expenditure on seminars/conferences/workshops - Rs7.118 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 audit of the office of Secretary School, Education & Literacy Department Government of Sindh for the year 2017-18, it was observed that an amount of Rs7.118 million was incurred on account of seminars/conferences/workshops without detailed account. Following observations were pointed out:

- i. All payments were made to single supplier.
- ii. Authorized programs of seminars/workshops were not available.
- iii. Purpose of seminars/conferences /workshops were not mentioned in the bills.
- iv. List of participants was not attached with the bills.

(Rs. in million)

Name of payee	Cheque No.	Expenditure incurred during the month	Amount
Nazir Enterprises	Various cheques	June 2018	7.118

Audit is of the opinion 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.

The matter was reported to the department in August 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that various experts were invited for development of programs and the expenditure was incurred under various heads. DAC directed for submission of revised reply alongwith documentary evidence. No record was produced for verification till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) on the fault.

(AIR # 08)

6.4.45 Irregular expenditure without supporting vouchers – Rs6.193 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 Education & Literacy Department (Schools), Government of Sindh for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs6.193 million was incurred under various heads, but the bills/supporting vouchers were not available to authenticate the expenditure.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	District Education Officer (Primary), Shaheed Benazirabad.	2016-17	18	5.669
2	District Education Officer(Elementary/Higher Secondary: schools) Malir, Karachi	2015-16 & 2016-17	07	0.304
3	Director of Schools Education, Karachi	2015-16	05	0.220
Total				6.193

Audit is of the view that payment made without supporting documents was irregular which reflected weak internal controls.

The matter was reported to the department in June 2017 & June 2018, but no reply was received. During DAC meeting held on January 17, 2019, working papers for office at Sr. No. 1 and 2 were not submitted. DAC showed displeasure and directed the concerned offices to submit the relevant record for verification within two weeks. No record was produced for verification till finalization of this report.

Audit recommends production of supporting vouchers to verify the payment in compliance to DAC directives.

6.4.46 Irregular expenditure on execution of work – Rs5.346 million

As per Sindh Public Procurement 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.

During audit of the office of Executive Engineer Education Works Division, Sujawal for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs5.346 million was paid to M/S Ghulam Shabir Memon against work “Construction of women hostel for teaching staff in existing girls colleges in Sindh (02 units) for District Thatta (12-13 Program) @ GGDC Sujawal. Following irregularities were noticed:

- i. The record of complete tendering process was not produced to audit.
- ii. The bid of only single bidder without mentioning name of the bidder was available in case file.
- iii. The rates offered were over and above the schedule rates without availability of rate analysis.
- iv. The Administrative approval and Technical sanction was not available in the case file.
- v. The foundation work for Rs3.299 million was not separately shown in the bill, due to which the relevant quantities executed could not be authenticated. This also reflected that no foundation work was got done by the contractor.
- vi. The agreement was not found executed along with recovery of stamp duty.
- vii. The work was not yet completed which was started in 2012-13 and no penalty was imposed as per rules. The contractor abandoned the work during 2013-14 to 2014-15 as evidenced from letter issued vide # SDC/EWSD/Suj./46 dated 18-09-2014. No efforts were taken to forfeit security deposit and earnest money.
- viii. The excess quantities were executed which required approval from competent authority.

- ix. The early started works were in pending status and new works were got executed instead of completion of earlier works.

In the view of above, the authenticity of expenditure could not be ascertained and chances of miss-appropriation could not be ruled out.

The matter was reported to the department in December 2017, but no reply was received. During DAC meeting held on January 17, 2019, the management replied that works were executed after observing all requirement of SPPRA 2010. However, the management could not replied satisfactorily of various audit queries. DAC directed for conducting inquiry at higher level for fixation of responsibility. No progress was reported till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault as per DAC directives.

(AIR # 08)

6.4.47 Execution of work in deviation of PC-I provision – Rs3.282 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 the office of Executive Engineer Education Works Division, Khairpur for the financial year 2017-18, it was observed that an expenditure of Rs3.282 million was incurred under the schemes “Intervention for Rehabilitation of existing elementary colleges in Karachi & Sukkur” and “Repair/renovation of Govt. Teachers Drawing College Khairpur”. Following irregularities were noticed:

- i. In Annual Development Program of 2017-18, the location was mentioned at Karachi & Sukkur, whereas, the work was undertaken at District Khairpur.
- ii. The title of the scheme relates to elementary colleges and their operation and maintenance authority is Bureau of Curriculum & Extension Wing, Jamshoro whereas work was carried out at Govt. Teachers Drawing College Khairpur.
- iii. As per PC-I, the project cost was Rs50.813 million out of which Rs8.411 million was allocated for this work with due date of completion as on June, 2018 but the work was not completed yet.

In the view of above, the expenditure could not be authenticated.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 17, 2019, the management informed that location of Karachi and Sukkur was shown as Regions instead of Districts and District Khairpur falls under the Region Sukkur, hence there was no violation of PC-I. DAC directed for submission of para-wise revised reply as required by audit. No record was produced till finalization of this report.

Audit requires regularization of expenditure by the competent authority besides provision of record in compliance to DAC directives.

(AIR # 04)

6.4.48 Non-recovery of ADP loan including services charges – Rs13.314 million

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 Sindh Education Foundation for the financial years 2014-15 & 2015-16, it was observed that a loan amounting to Rs13.314 million was

paid to M/S Alam Educational Society and M/S Amin Educational Society during the years 1997-98 for construction of buildings. The loan was interest free, however, services charges @ 5% were to be recovered. But the services charges from said loan were not recovered which resulted into loss to government exchequer.

The matter was reported to the department in March 2017, but no reply was received. During the DAC meeting held on 06th November 2018, the management replied that loan Rs7.707 million have been recovered and the court issued decree against M/S HMB Trust amounting to Rs4.830 million. However, the matter against M/S Amin Education Society was still subjudice. DAC appreciated the present management for their efforts to recover long outstanding loan and directed to keep informed the progress of recovery of remaining two cases.

Audit stresses upon pursuance of subjudice matter.

(AIR # 01)

6.4.49 Payment of project allowance to contract employees without provision in PC-I –Rs10.344 million

As per notification issued by the Finance Department Government of Sindh vide No.FD (SR-III) 5-85/2012 dated 18th May 2012. “The project allowance was discontinued with immediate effect”.

During audit of the office of Sindh Education Foundation for the financial years 2014-15 & 2015-16, it was observed that an amount of Rs10.344 million was paid to the contract employees on account of project allowance without provision in the PC-I.

(Rs. in million)

Sr.#	Financial Year	Project allowance paid
1	2014-15	3.864
2	2015-16	6.480
Total		10.344

Audit is of the view that payment of inadmissible allowances reflected weak administrative and financial controls.

The matter was reported to the department in March 2017, but no reply was received. During the DAC meeting held on 06th November 2018, the management

replied that the project allowance amounting to Rs2.133 million has been recovered and recovery of remaining amount was in progress. DAC directed for recovery of remaining amount may be made at the earliest under intimation to audit.

Audit requires expeditious recovery from the concerned employees.

(AIR # 11)

6.4.50 Appointment/promotion on executive posts without criteria & procedure

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 Sindh Education Foundation for the financial years 2014-15 & 2015-16, it was observed that appointments/promotions were made to various executive posts without observing codal formalities as under

- i. Competitive procedure was not adopted through advertisement.
- ii. Qualification and experience as required for the post was not observed.
- iii. Qualification documents were not got verified from concerned Institutes/Universities.
- iv. Medical fitness certificates were not available on the record.
- v. Rapid promotions were granted to selected few without any criteria.
- vi. Pay was increased multiple times without justification.

Audit is of the opinion that the management failed to formulate appointment & promotion policy. Thus undue favour was extended to selected few ones and principle of transparency was compromised.

The matter was reported to the department in March 2017, but no reply was received. During the DAC meeting held on 06th November 2018, the management replied that all the appointments were made after fulfilling codal formalities. The DAC directed to furnish SOP for appointment of employees and justification for rapid promotions.

Audit requires compliance of DAC directives.

(AIR # 27)

6.4.51 Irregular advances to employees – Rs23.391 million

Rule 170-B (8) of Treasury Rules of the Federal Government, “It shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank”.

During audit of the office of Sindh Education Foundation (SEF), Education & Literacy Department, Government of Sindh, Karachi, for the financial years 2016-17 & 2017-18, it was noticed that an amount of Rs23.391 million was paid to various parties/employees under advances for arranging various activities. Following irregularities were noticed:

- i. There was practice of placing advance funds in favor of SEF employees with purpose to utilize the funds for organizing different events and activities. The officers incurred expenditure in cash, against the government rules. As per rules, the payment should be made through payees cheques only to the actual payee instead of cash or employee.
- ii. Criteria/ time limit for adjustment of advances was not fixed during the period under audit, which shows that the employees were extended undue favor by giving them space to hold the funds even after closure of financial year. Resultantly, funds amounting to Rs23.391 million remained outstanding against the employees as under.

(Rs. in million)

Financial Year	Outstanding Advance
2015-16	3.606
2016-17	16.990
2017-18	2.795
Total	23.391

The matter was reported to the management in November, 2018. The management replied that the advances were released in accordance with Rule 14 of Sindh Education Foundation (Finance, Audit & Accounts) Rules 2017 and same have been adjusted and remaining amount has been surrendered by the concerned officers. The reply was not satisfactory, as the huge amount was placed at the disposal of employees without fixing the criteria/ time limit for adjustment of advances and the same were not adjusted even after the closure of financial year.

Audit requires immediate recovery of outstanding advance besides taking remedial measures to avoid such lapses.

(AIR#09)

6.4.52 Non-recovery of subsidy cost against school operators -Rs25.507 million

Para-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.”

According to Rule 28 of General Financial Rules (GFR), “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 office of Sindh Education Foundation (SEF), Education & Literacy Department, Government of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that an amount of Rs3416.797 was paid to school operators from subsidy cost but some operators failed to run the schools who were subsequently declared absconders and an amount of Rs24.207 million was recoverable from them (details at Annex-4 of Chapter 6). As per rules, the operators who fail to run the schools are required to refund the subsidy cost immediately.

Moreover under another program Introducing Smart Teaching and Learning Schools (INSTAL), an amount of Rs1.300 million was outstanding against defaulting School Operators on account of matching grant.

The matter was reported to the management in November, 2018. The management replied that an amount of Rs2.285 million has been recovered from the defaulters leaving behind Rs21.922 million as outstanding. Moreover, an amount of Rs0.800 million has also been recovered under INSTAL program. The para was not discussed in DAC meeting held on 17th January 2019.

Audit requires immediate recovery of whole amount besides fixing of responsibility on the person(s) at fault.

(AIR#21 & 56)

6.4.53 Loss to government due to theft of Tablets (Huawei Media Pad) - Rs1.170 million

As per Para-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 the office of Sindh Education Foundation (SEF), Education & Literacy Department, Government of Sindh, Karachi, for the financial years 2016-17 & 2017-18, it was observed that ninety (90) Tablets (Huawei Media Pad 8.0) valuing Rs4.212 million were purchased @ Rs46,800 each on 22nd November, 2016. As per FIR, twenty-five (25) tablets costing Rs1.170 million were stolen from the Foundation’s head office during the months September, 2017 to January, 2018. An enquiry committee was framed to probe the matter, however, neither the recovery of the loss was made good nor responsibility on account of negligence was fixed.

The matter was reported to the management in November, 2018. The management replied that the persons at fault have been terminated from service and matter was subjudice at Anti-Corruption Court Karachi. The para was not discussed in DAC meeting held on 17th January 2019.

Audit stresses upon active pursuance of subjudice case.

(AIR#50)

6.4.54 Fraudulent drawl of dual salary from public exchequer- Rs10.622 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 the office of Sindh Education Foundation (SEF), Education & Literacy Department, Government of Sindh, Karachi, for the financial years 2016-17 & 2017-18, it was observed that some of the officials/officers concealed their first appointments in government offices/departments; however, they succeeded in getting appointment at SEF as well. Thus an amount of Rs10.622 million was drawn fraudulently from public exchequer.

Following was also observed in this regard:-

- i. Though employees were terminated and management has taken up the matter with authorities/departments concerned for recovery of the amount involved, however, no progress was reported.
- ii. As per rules, concealment of facts is a crime and total salaries of both sides need to be recovered and deposited into government account. In some cases, officials drew salary from both offices for last 10 to 18 years.
- iii. Audit had pointed out recovery of Rs1,617,985 against Ms. Haseen Fatima, bearing personal number 10058989, who was appointed as Assistant Director. Her appointment was declared as illegal due to concealment of facts and double drawl of salary i.e., from Education Department. The officer was relieved from SEF services by making recovery of Rs538,000 only instead of Rs1,617,985.

Sr. #	Name of employee	Position in SEF	Overlapping period	Salary drawn	Employment in Govt deptt	Personal number	Present status
01	Safdar Husain Naich	Assistant admn	06/2010 to 06/2016	1,482,814	Jr clerk, works & services deptt	10638629	Relieved from SEF, recovery not effected
02	M.Ishaq	N/Q	03/2010 to 06/2016	730,924	Tele. Operator, Irrigation deptt.	10637170	
03	A.Aziz Otho	Jr.Officer admn	12/1999 to 06/2016	3,095,936	PST- Education Department	10713389	
04	Imran sohu	Jr officer admn	12/2011 to 06/2016	1,699,427	Assistant. BOR	10773972	
06	Akbar Hussain	PA to MD	07/2009 to 03/2018	1,994,850	N/Q Education Department.	10083913	
07	Ms. Haseen Fatima	Assistant Director comp.cell	July 2010 to Nov 2014	1,617,985	Junior School Teacher & Lecturer	10058989	
Total				10,621,936			

The matter was reported to the management in November, 2018. The management replied that the letters have been written to the departments concerned. However, no progress was reported. The para was not discussed in DAC meeting held on 17th January 2019.

Audit requires recovery of fraudulent drawl of salary besides fixing of the responsibility on the person(s) at fault and initiating legal proceeding against defaulters.

(AIR#60 & 69)

CHAPTER-7
ENERGY DEPARTMENT

7.1 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.

7.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 09 formations (DDOs), out of which 03 formations were selected and audited during Audit Year 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
32,935.796	12,345.245	15,907.196	(15,907.196)	(17,320.973)	45,281.0410	26,941.504	18,339.537

The department was unable to spend the allocated budget in time. As a result, savings of Rs18,339.537 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
2,680.810	2,448.954	796.588	(1,652.366)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs1,652.366 million was observed.

7.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in this Audit Report
8	2007-08	0	0	0	0	-	
9	2008-09	5	3	0	3	-	No audit para pertaining to this department was printed in this Audit Report
10	2009-10	0	0	0	0	-	
11	2014-15	3	2	0	2	-	
Total		11	8	0	8		

7.4 AUDIT PARAS

7.4.1 Unjustified delay in execution of schemes/projects - Rs2,078.113 million

According to clause 4 of letter No. FD. SO (DEV-II)-10 (3)/2014-15 issued by Finance Department, GOS dated 20.02.2015 " It may be ensured that the expenditure of development schemes, projects shall not exceed current year ADP 2014-15 allocation or actual release whichever is less. The executive officer shall be held personally responsible for any excess expenditure incurred /any liability created beyond authorization."

During audit of the office of Director, Village Electrification Program (VEP) Sindh @ Hyderabad, for the financial years 2014-15 to 2016-17, it was observed that 1213 schemes worth Rs2,078.113 million were not completed after lapse of several years.

(Rs. in million)

Sr.#	Vendor	Scheme	Period	Ongoing/Under process Schemes	Amount
1	HESCO	Phase-III	2012	10	64.861
		Phase-IV	2012-13	23	102.226
		Phase-V	2013-14	31	127.133
		Phase-VI	2015	117	198.259
		Phase-VII A	2015-16	279	466.334
		Phase-VII B	2016-17	264	387.111
2	SEPCO	Phase-IV	2012-13	02	2.162
		Phase-V	2013-14	171	181.026
		Phase-VI	2014-15	109	183.532
		Phase-VII	2015-16	191	217.218
3	K-Electric	Phase-III	2012-13	02	46.231
		Phase-IV	2014-15	01	8.297
		Phase-VI B	2016-17	13	93.723
Total				1213	2,078.113

The matter was reported to the management in January 2018, but no reply was received. During DAC meeting held on January 23, 2019, the management informed that delay in execution of schemes was on the part of executing agencies. The executing agencies have been instructed to complete Village Electrification Program(VEP). It was further informed that 740 schemes were under progress. DAC directed that schedule of completion of 740 schemes be obtained from K-Electric, HESCO and SEPCO. No progress was reported till finalization of this report.

Audit recommends justification for delay in execution of schemes besides fixing of responsibility on person(s) at fault.

(AIR # 10)

7.4.2 Blockage of govt. money - Rs1,383.257 million

As per rule 88 of Sindh Financial Rules, Volume-I, "Every public official 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 office of Director, Village Electrification Program (VEP) Sindh @ Hyderabad, for the financial years 2014-15 to 2016-17, it was observed that an advance payment of Rs1,500.0 million was made to various agencies for execution of schemes of VEP, but most of the schemes were not completed and a significant amount of Rs1,383.257 million remained unutilized which caused blockage of public money.

(Rs. in million)

Sr. #	Agency	Fund released	No. of Schemes work order issued	Amount of Schemes work order issued	No. of Schemes completed	Amount of schemes completed	un-spent/unutilized Amount
1	HESCO	650	286	409.253	6	6.084	643.916
2	SEPCO	650	246	272.016	31	34.898	615.102
3	K-Electric	200	28	199.319	9	75.761	124.239
Total		1,500	560	880.588	46	116.743	1,383.257

The matter was reported to the management in January 2018, but no reply was received. During DAC meeting held on January 23, 2019, the management informed that at present 503 schemes have been completed and the work on rest of schemes was underway. However, audit contended that undue favour was granted to DISCOs in the shape of advance payment. Moreover, the department did not have authority to supervise the execution of schemes, hence advance payment was unjustified. DAC directed that evidence of completion of 503 schemes may be got verified and progress report of remaining schemes be submitted to audit. No record was submitted to audit for verification till finalization of this report.

Audit requires justification for advance payments causing blockage of public money.

(AIR # 01)

7.4.3 Advance payment without joint physical inspection - Rs118.987 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 the office of Director, Village Electrification Program (VEP) Sindh @ Hyderabad, for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs118.987 million was paid in advance against 68 different schemes for village electrification without joint physical inspection/verification by Director, VEP and concerned executing agencies.

(Rs. in million)

Sr. #	Vendor	Period	Released	Completed Scheme	Amount
1	HESCO	2016-17	650	6	6.084
2	SEPCO	2016-17	650	54	59.127
3	K-Electric	2016-17	200	8	53.776
Total			1500	68	118.987

The matter was reported to the management in January 2018, but no reply was received. During DAC meeting held on January 23, 2019, the management informed that advance payment was made to executing agencies as per policy. After completion of schemes the Directorate physically inspected the schemes for verification. DAC directed that physical inspection reports duly signed by the competent authority may be furnished to audit to verify the same as per PC-I provision. No record was furnished for verification till finalization of this report.

Audit recommends justification for advance payment made besides fixing of responsibility on person(s) at fault.

(AIR # 15)

7.4.4 Non-maintenance of measurement book – Rs40.0 million

According to Para-209 (d) of C.P.W.A 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. He will also worked out and enter in the measurement book the figures for the “Contents or Area” column.”

During audit of the office of Director, Alternative Energy, Karachi for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs40.0 million was paid to M/s Nizam Energy, Karachi for electrification of 350 schools off grid through solar PV technology, without maintenance of measurement book of the works. In the absence of measurement book, the payment stood irregular.

The matter was reported to the management in May 2018, but no reply was received. During DAC meeting held on January 23, 2019, the department replied that payment of Rs.40 million was made to M/s Nizam Energy, Karachi for electrification of 350 schools through solar technology and M.B has been made accordingly. DAC directed that relevant entries in M.B may be got verified from audit. No record was produced for verification till finalization of this report.

Audit requires justification for payments without maintaining measurements of works besides fixing of responsibility on the person(s) at fault.

(AIR # 05)

7.4.5 Non-deduction of third-party Monitoring & Evaluation charges - Rs9.0 million

According to letter No. FD.SO (DEV-II)-10(2)2015-16 issued by Finance Department, GOS dated 13.04.2016 vide clause 9" Administrative department is requested to deduct 1% TPM charges from the said release and keep at the disposal of Planning and Development Department".

During audit of the office of Director, Village Electrification Program Sindh @ Hyderabad, for the years 2014-15, 2015-16 & 2016-17, it was observed that an amount Rs900.0 million was released but 1% for TPM (Third Party Monitoring and Evaluation) charges was not deducted.

(Rs. in million)

Sr. #	ADP No	Name of Scheme	Amount
1	333	Village Electrification Program in Sindh (Phase VII)	750.0
2	334	Electrification of Goths (Villages) in Karachi (Phase VI)	150.0
Total			900.0
1% TPM Charges			9.0

The matter was reported to the management in January 2018, but no reply was received. During DAC meeting held on January 23, 2019, the management replied that third party monitoring was carried out by Monitoring and Evaluation Cell, P&D Department, Government of Sindh, Karachi. However, audit pointed out that Rs9.0 million were not recovered on account of third party monitoring charges. DAC directed that Rs.9.0 million may be recovered from Executing agency under intimation to audit. No progress was reported till finalization of this report.

Audit recommends justification for non-deduction of TPM charges besides fixing of responsibility on person(s) at fault.

(AIR # 20)

CHAPTER - 8

ENVIRONMENT, CLIMATE CHANGE AND COASTAL DEVELOPMENT DEPARTMENT

8.1 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.

8.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 09 formations (DDOs). 02 formations were selected and audited during the Audit Year 2017-18. The accounts for the Financial Year

2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
866.352	-	138.881	(138.881)	(266.490)	866.3520	465.681	400.671

The department was unable to spend the allocated budget in time. As a result, savings of Rs400.671 million was observed which was not surrendered in time.

8.3 Brief comments on the compliance of PAC directives

This department was not included in the Audit Reports as discussed by the PAC.

8.4 AUDIT PARAS

8.4.1 Non-production of auditable 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 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.

In the office of Director General, Environment Protection Agency, Karachi for the financial year 2016-17, auditable record was not produced for audit scrutiny.

Sr. #	Particulars
1	Receipt record of laboratory
2	Fees record (EIA, EMP & EMP)

Due to non-provision of record, authenticity of receipt could not be ascertained by audit.

The matter was reported to the department in September 2017, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 12 & 13)

8.4.2 Non-invitation of open tenders – Rs17.227 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 two offices of Environment, Climate Change and Coastal Development Department Government of Sindh, it was observed that an expenditure of Rs17.227 million was incurred without inviting open tenders in violation of SPPRA Rules. Thus, Government was deprived of most competitive rates.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	Director General Environment Protection Agency, Karachi	10	2016-17	Transport & Hardware	9.411
2	Director General Sindh Coastal Development Authority, Karachi	01	2016-17	Construction of Jetty village Faqirani Jat	7.816
Total					17.227

The matter was reported to the department in September 2017 & March 2018, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

8.4.3 Splitting of sanctions orders– Rs7.856 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 office of Director General, Environment Protection Agency, Karachi for the financial year 2016-17, it was observed that an expenditure of

Rs7.856 million was incurred under various heads through splitting up of the sanction in order to avoid open tenders and approval of higher authority.

(Rs. in million)

Sr. #	Head of Account	Amount
1	Conference/Seminars	1.956
2	Machinery & Equipment	1.043
3	Others	3.317
4	Training-domestic	1.540
Total		7.856

Audit is of the view that management failed to follow SPPRA Rules, hence was deprived of competitive rates.

The matter was reported to the department in September 2017, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 07)

8.4.4 Non-retrieval of government vehicles from un-authorized persons

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 Director General, Sindh Coastal Development Authority, Karachi for the financial year 2016-17, it was observed that four (4) vehicles were shown under the use of Minister’s staff but the same were not retrieved till date.

Sr. #	Vehicle No.	Make/Model	Retention at
1	GSA-181	Toyota Double Cabin	Mr. Zubair Ahmed, Ex-Minister, SCDA
2	E-1514	Suzuki Jimny	P.S to Director General, SCDA
3	GS-9949	Toyota Corolla-2007	Mr. Shamsul Haque Memon, Ex-Consultant, ACDA
4	E-1521	Suzuki Jimny 2010	Mr. Muhammsd Sohail Qureshi, Add: Secretary, SGA&CD

Audit apprehends that non-retrieval of project vehicles may lead to total loss to government exchequer.

The matter was reported to the department in March 2018, but no reply was received.

Despite written requests vide letters dated 24-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 08)

CHAPTER – 9
EXCISE, TAXATION & NORCOTICS DEPARTMENT

9.1 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.

9.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 50 formations (DDOs), out of which 13 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
2,420.083	2,223.612	447.325	(447.325)	(1,129.694)	4,643.6950	3,155.255	1,488.440

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs1,488.440 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
62,968.108	61,756.154	59,481.205	(2,274.949)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs2,274.949 million was observed.

9.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	2	1	0	1	-	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
3	1999-2000	19	5	0	5	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in this Audit Report
11	2014-15	11	9	0	9	-	
Total		57	36	0	36	-	

9.4 AUDIT PARAS

9.4.1 Non-production of auditable record – Rs55.800 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.

In the office of Senior Excise & Taxation Officer, Motor Registration Authority Karachi for the financial year 2016-17, auditable record pertaining to “Screened documents charges” for Rs55.800 million was not produced to audit for scrutiny. Due to non-provision of record, authenticity of expenditure could not be ascertained.

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 16)

9.4.2 Blockage of government revenue - Rs6,968.08 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 the following offices of the Excise, Taxation & Narcotics Department Karachi for the financial years 2013-14 to 2016-17, it was observed that goods were imported by the various importers, however, the same goods were released against bank guarantee without realization of 1.09 % infrastructure cess amounting to Rs6,968.08 million. Recovery of infrastructure cess at later stage was not reflected in any document.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Senior Excise & Taxation Officer (CMID) Infrastructure Cess KPT, Karachi	2 &05	2016-17	4,383.577
2	Senior Excise & Taxation Officer Infrastructure Cess, Port Qasim.	2	2013-14 to 2016-17	2,584.503
Total				6,968.080

The matter was reported to the department in November 2017 & May 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit suggests that matter may be pursued and government revenue may be realized by encashment of bank guarantees.

9.4.3 Non-reconciliation of receipts - Rs3,621.854 million

As per instruction contained in treasury rules read with General Financial Rules, the government money realized in any head of account should have been reconciled with District Accounts Officer/Treasury Officer concerned in order to verify the fact that the government money had been credited into relevant head of account.

During audit of the following offices of Excise, Taxation and Narcotics Department Government of Sindh for the years 2013-14 to 2016-17, it was observed that the various receipts amounting to Rs3,621.854 million were realized, but the same were not reconciled with the AG Sindh.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Deputy Director/Senior ETO Registration Authority, Karachi	Income Tax	2016-17	11	2,179.925
2	ETO "N" Division, Karachi	Receipts	2013-14 to 2016-17	1	403.935
3	ETO H I- II Division, Karachi	Receipts	2016-17	1	265.226
4	ETO P(I, II,III,IV) divisions, Karachi	Receipts	2016-17	1	264.532
5	ETO property Tax division "M" Division, Karachi	Receipts	2014-15 to 2016-17	1	152.849
6	Deputy Director Entertainment, Karachi	Receipts	2015-16 & 2016-17	1	95.246
7	ETO Property Tax Div-I-II, Karachi	Receipts	2016-17	1	83.566
8	ETO Property Tax Div-I-I, Karachi	Receipts	2016-17	8	96.389
9	ETO property Tax division "J-III" Division, Karachi	Receipts	2014-15 to 016-17	1	60.009
10	Deputy Director/Senior ETO Registration Authority, Karachi	Professional tax	2016-17	10	20.177
Total					3,621.854

Due to non-reconciliation, the authenticity of receipts realized could not be verified.

The matter was reported to the department in April 2018 & June 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reconciliation statement may be verified from AG Sindh and produce to audit.

9.4.4 Variation between cash book and bank receipts – Rs3,373.394 million

Rule-41 (a) of Sindh Financial Rules, volume-I states that, "the departmental controlling officer should see that all the sums due to government are regularly received and checked against demands and that they are paid into the treasury. They

should accordingly arrange to receive from their sub-ordinates accounts and returns claiming credit for so much paid into the treasury and compared with them the figures in the statements supplied by the comptroller”.

During audit of the office of Deputy Director (Admin)/Senior Excise & Taxation Officer, Motor Registration Authority, Karachi for the financial year 2016-17, it was observed that there was huge variation between cash book figures and bank receipts for the corresponding period.

(Rs. in million)

Sr. #	Name of officer	AIR Para #	Financial year	As per cash book	As per Bank	variation
1	Senior Excise & Taxation Officer, Motor Registration Authority, Karachi	08	2016-17	6,690.692	5,257.935	1,442.756
		07		2,092.061	1,505.382	586.678
		06		394.802	616.773	221.972
2	Senior Excise & Taxation Officer (Infrastructure Cess) KPT , Karachi	01	2016-17	26.199	26.733	534.086
3	Excise & Taxation Officer (CMDI) infrastructure Cess Port Qasim	08	2013-14 to 2016-17	29,496.852	29,006.398	490.138
		10		6,892.634	6990.398	97.764
Total						3,373.394

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reconciliation of receipts may be made duly signed by competent authority be furnished to audit.

9.4.5 Irregular exemption without processing - Rs2,037.499 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 two offices of the Excise, Taxation & Narcotics Department Karachi for the financial years 2013-14 to 2016-17, it was observed that exemptions in respect of infrastructure cess amounting to Rs2,037.499 million were given to the assesseees without processing the individual cases.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Deputy Director/ Senior Excise & Taxation Officer Infrastructure Cess, Port Qasim	07	2013-14 to 2016-17	1,367.499
2	Deputy Director/ Senior Excise & Taxation Officer Infrastructure Cess KPT, Karachi	10	2016-17	670.000
Total				2,037.499

The matter was reported to the department in November 2017 to May 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for non-processing the cases of exemption on individual basis.

9.4.6 Excess declaration of provincial receipts - Rs222.483 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 Govt. correctly and promptly assessed, quickly realized and immediately deposited into Govt. treasury.”

During audit of the office of Deputy Director (Admn)/Senior Excise & Taxation Officer, Motor Registration Authority Karachi for the year 2016-17, it was observed that the provincial receipts (Registration Fee, Motor Vehicles Tax etc.) amounting to Rs222.483 million were excess declared as compared to cash book. The overstated figures led to misreporting in financial statements, thus misleading the legislature about actual performance of the department.

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that proper reconciliation may be made and the same duly signed by the competent authority be provided to audit.

(AIR # 05)

9.4.7 Non-realization of property tax – Rs51.426 million

According to the provision of law contained in section 117 and 118 of Sindh Local Government Ordinance 2001, “Each taluka and town shall be rating area within the meaning of Section 3(2) Sindh Urban Immovable Property Tax Act & the Rules, 1958, where it is stated that all the tax shall be charged, levied and collected on value of lands and buildings”.

During audit of the following offices of Excise, Taxation and Narcotics Department Government of Sindh for the year 2016-17, it was observed that property tax amounting to Rs51.426 million was not recovered from certain assesseees. Which resulted in loss to government revenue.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	ETO Property Tax Division I-I, Karachi	2016-17	1, 2 & 4	4.864
2	ETO Property tax division I-II, Karachi	2016-17	4, 6, 7 & 8	6.085
3	ETO H-I-II, Division, Karachi	2016-17	3 & 4	12.00
4	ETO “N” Division, Karachi	2013-14 to 2016-17	3, 4, 5 & 6	9.414
5	ETO Property Tax ‘C’ Division, Karachi	2014-15 to 2016-17	1 & 5	8.507
6	ETO Property Tax ‘M’ Division, Karachi	2014-15 to 2016-17	3	5.850
7	ETO Property Tax ‘J-III’, division Karachi	2014-15 to 2016-17	3	4.706
Total				51.426

Audit is of the view that non-recovery of property tax indicated lapse on the part of the department and weak supervisory role.

The matter was reported to the department in April 2018 & May 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery may be made besides conducting enquiry at an appropriate level for fixing of responsibility against person(s) at fault.

9.4.8 Non-deposit of sales tax - Rs31.276 million

Rule 2 of the Sales Tax Special Procedure (Withholding) Rules, 2007 issued through its SRO. 660(I)/2007 dated 30-06-2007, stated that:

- (2) “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”
- (4) “the sales tax so deducted shall be deposited by the withholding agent in designated branch of National Bank of Pakistan (NBP) under Head of Account “B02341-Sales Tax” on sales tax return–cum-payment challan in the form set out at Annexure to these rules, by 15th of the month following the month during which payment has been made to the supplier.”

During audit of the following offices of Excise, Taxation & Narcotics Department Government of Sindh for the years 2015-16 & 2016-17, it was observed that sales tax amounting to Rs31.276 million was withheld, but the same was not deposited in government account.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Senior ETO (M R A), Karachi	30 & 31	2016-17	17.531
2	Director, Taxes-II Karachi	07	2015-16 & 2016-17	13.745
Total				31.276

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires deposit of sales tax in government treasury may be ensured besides fixing of responsibility against person(s) at fault.

9.4.9 Non-invitation of open tenders – Rs12.880 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 Senior Excise & Taxation Office (MRA), Karachi for the financial year 2016-17, it was observed that an expenditure of Rs12.880 million was incurred on account of purchase of various materials without inviting open tender as under:

(Rs. in million)

Sr. #	Particulars	AIR Para #	Amount
1	Purchase of number plates	24	11.938
2	Hardware items	23	0.942
Total			12.880

Audit is 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 April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility on the person(s) at fault.

9.4.10 Non-realization of professional tax– Rs9.805million

According to Section-11 of the Sindh Finance Act, 1964, read with Seventh Schedule to the Sindh Finance Ordinance 2000 and Rules 7 and 15 of the Sindh Professions, Trades Callings and Employment Tax Rules 1976, “Professional Tax on professions trades callings and employment is recoverable from all person/ establishment / companies engaged in activities and mentioned in schedule thereof.

During audit of the office of Excise & Taxation Officer P(I-II-III-IV) Division, Karachi for the financial year 2016-17, it was observed that professional tax amounting to Rs9.805 million was not recovered from the contractor/suppliers etc.

(Rs. in million)

AIR Para #	Year of recovery	Amount
02	2016-17	6.248
05	2015-16	3.557
Total		9.805

Audit is of the view that government sustained loss of revenue due to non-recovery of professional tax, which reflected weak financial controls.

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing responsibility for not taking appropriate steps for collection of professional tax.

9.4.11 Short deduction of income tax - Rs9.714 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 Director, Taxes-II Karachi for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs184.402 million was paid to contractor on account of services rendered, however, income tax at prescribed rate (10%) was not deducted. This resulted into loss of Rs9.709 million to the public exchequer.

(Rs. in million)

10% IT Deductible	IT deducted	Less IT Deducted
0.714	0.321	0.393
2.228	1.002	1.225
1.515	0.682	0.833
3.605	0	3.605
0.599	0.389	0.209
1.182	0.945	0.236
0.643	0.514	0.128
1.886	1.508	.377
0.636	0.438	0.198
3.316	2.327	0.989
0.744	0.595	0.148
1.368	0	1.368
18.436	8.721	9.709

The matter was reported to the department in November 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing responsibility on the person(s) at fault.

(AIR # 06)

9.4.12 Non-deduction of Sindh Sales Tax - Rs6.962 million

As per Sindh Sales Tax on services Act 2011, as amended from time to time that any person is responsible for making any payment in full or in part on account of services shall deduct tax at the rate of 14% of gross amount.

During audit of the office of Director, Taxes-II, Karachi for the financial years 2015-16 & 2016-17, it was observed that an amount of Rs49.731 million was paid to M/s Pakistan Revenue Automation Pvt. Limited (PRAL) on account of service charges but Sindh Sales Tax amounting to Rs6.962 million was not deducted. This resulted into loss to government exchequer.

(Rs. in million)

Sr. #	Paid to	Cheque No.	Date	Amount paid	Sindh Sales Tax
1	M/s Pakistan Revenue Automation Pvt. Limited	2819629	21-06-2017	36.050	5,047
2		2461300	28-06-2016	13.680	1,915
Total					6.962

The matter was reported to the department in November 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility on the person(s) at fault.

(AIR # 03)

9.4.13 Non-realization of motor vehicle tax – Rs2.219 million

According to Section 3 of the West Pakistan Motor Vehicles Taxation Act 1958, a Token Tax as specified in the schedule to the Act is levied and recoverable from registered owners of motor vehicles in four equal installments.

During audit of the following of Excise, Taxation & Narcotics Department Government of Sindh for the year 2016-17, it was observed that motor vehicle tax amounting to Rs2.219 million was not recovered, which resulted in loss of revenue to the government.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	Senior Excise & Taxation Officer (MRA), Karachi	1, 2, 3 & 4	1.985
2	Excise & Taxation Officer (MR), Hyderabad	9 & 10	0.234
Total			2.219

The matter was reported to the department in November 2017 & April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility for not taking appropriate steps.

9.4.14 Non- recovery of entertainment duty – Rs1.553 million

As per Section 6-A of Sindh Entertainment Duty Act, 1958 read with Sindh Government Notification No.1(64)80-Tax dated 1st July 1980, "In pursuance of the provision contained in second provision to sub-section (1) of section 3 of the Sindh Entertainment Duty Act, 1958, the Government of Sindh are pleased to direct that the rate of entertainments duty for the class of entertainment mentioned in column 2 of the table below shall be as specified there against in column 3, provided that the gross rate of admission to any such entertainment which may be hold for a period not less than

30 days shall be fixed with the approval of the Government or any officers authorized by Government”.

During audit of the office of Senior Excise and Taxation Officer (Entertainment), Karachi for the financial years 2015-16 & 2016-17, it was observed that entertainment duty of Rs1.553 million was not recovered from various play lands. This resulted in loss of revenue to the government.

(Rs. in million)

Sr. #	Name	AIR Para #	Amount
1	M/S Wonder Land (Pvt.)	03	0.500
2	M/S Jabees Fund Land, Clifton	04	0.400
3	M/S AA Joly land (Pvt.), Karachi	05	0.298
4	M/S AA Joly land (Pvt.), Karachi	07	0.320
5	M/S Sindbad Dolmen Mall, Karachi	08	0.035
		Total	1.553

The matter was reported to the department in May 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility on the person(s) at fault.

CHAPTER – 10 FINANCE DEPARTMENT

10.1 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.

10.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 31 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
145,378.227	22,401.635	118,497.450	(118,497.450)	(22,258.019)	167,779.8621	140,393.948	27,385.914

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs27,385.914 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
758,140.806	712,434.903	629,790.368	(82,644.535)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs82,644.535 million was observed.

10.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	11	1	0	1	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in this Audit Report
9	2008-09	0	0	0	0	-	
10	2009-10	19	0	0	0	-	Audit Reports not yet discussed
11	2014-15	0	0	0	0	-	
Total		34	1	0	1	-	

10.4 AUDIT PARAS

10.4.1 Irregular payment to contractor – Rs19.613 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 following offices of Finance Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs19.613 million was paid to government contractors from Income Tax instead of paying the same to Tax Authorities.

(Rs. in million)

Sr.#	Name of office	AIR Para #	Amount
1	District Accounts Office, Thatta	04	2.350
2	District Accounts Office, Tharpurkar Mithi	01	0.187
3	District Accounts Office, Shikarpur	01	2.586
4	District Accounts Office, Hyderabad	01	3.101
5	District Accounts Office, SBA	01	0.745
6	District Accounts Office, Jacobabad	01	6.628
7	District Accounts Office, Khairpur	01	0.517
8	District Accounts Office, Kashmore	01	3.499
Total			19.613

Audit is of the view that payment to government contractors from income tax head of account is misappropriation of public money.

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

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

10.4.2 Non-production of auditable record – Rs338.958 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 Finance Department, Government of Sindh for the financial years 2016-17 and 2017-18, auditable record of Rs338.958 million was not produced to audit for scrutiny. In absence of provision of record, authenticity of expenditure could not be ascertained by audit.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particular	Amount
1	District Accounts Officer, Sanghar	09	Development Payment	100.000
2	District Accounts Officer, Sukkur	01	Gratuity bill	1.016
3	District Accounts Officer, Tando Allah Yar	02	Gratuity bill	18.267
4	District Accounts Officer, Matiari	01	Gratuity bill	2.393
5	District Accounts Officer, Ghotki	02	Gratuity bill	2.146
6	District Accounts Officer, Hyderabad	02	Gratuity bill	1.383
7	District Accounts Officer, Jacobabad	02	Gratuity bill	17.328
8	District Accounts Officer, Kashmore	02	Gratuity bill	1.271
9	District Accounts Officer, N Feroz	01	Gratuity bill	2.509
10	District Accounts Officer, TM Khan	01	Gratuity bill	1.654
11	District Accounts Officer, Kambar Shahdadkot	01	Gratuity bill	2.033
12	District Accounts Officer, Khairpur	02	Gratuity bill	0.180
13	District Accounts Officer, Thatta	02	LPR Payment	71.506
14	District Accounts Officer, Jamshoro	01	LPR Payment	79.926
15	District Accounts Officer, Jamshoro	02	LPR Payment	25.559
16	Secretary, Finance Department, Karachi	09	Others record	11.787
Total				338.958

The matter was reported to the department in February & May 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate production of record for scrutiny and initiation of disciplinary proceedings against responsible officer(s).

10.4.3 Irregular payment through DDO account – Rs5,056.356 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 year 2016-17, it was observed that an expenditure of Rs5,056.356 million was incurred, but the cheques were issued in favour of DDO instead of vendors/actual payees. Thus, the chances of misappropriation cannot be ruled out.

(Rs. in million)

Sr.#	Name of office	AIR Para #	Amount
1	District Accounts Officer, Jamshoro	07	50.602
2	District Accounts Officer, Thatta	09	32.135
3	District Accounts Officer, Thatta	03	34.727
4	District Accounts Officer, Sanghar	05	423.353
5	District Accounts Officer, Shikarpur	12	393.164
6	District Accounts Officer, Shikarpur	03	3.099
7	District Accounts Officer, Sukkur	13	28.883
8	District Accounts Officer, Sukkur	04	10.339
9	District Accounts Officer, Tando Allah Yar	14	1.547
10	District Accounts Officer, Tando Allah Yar	06	3.189
11	District Accounts Officer, Umarkot	03	4.464
12	District Accounts Officer, Tharparkar	06	30.446
13	District Accounts Officer, Matiari	06	10.630
14	District Accounts Officer, Ghotki	14	26.845
15	District Accounts Officer, Ghotki	04	10.886
16	District Accounts Officer, Larkana	03	2.181
17	District Accounts Officer, Larkana	11	1.981
18	District Accounts Officer, Badin	04	7.148
19	District Accounts Officer, Badin	14	2.290
20	District Accounts Officer, Mirpurkhas	06	16.805
21	District Accounts Officer, Mirpurkhas	17	16.955
22	District Accounts Officer, Hyderabad	05	1006.916

(Rs. in million)

Sr.#	Name of office	AIR Para #	Amount
23	District Accounts Officer, Hyderabad	16	284.473
24	District Accounts Officer, Dadu	03	6.395
25	District Accounts Officer, Kashmore	04	4.487
26	District Accounts Officer, Khairpur	05	10.038
27	District Accounts Officer, Khairpur	14	222.584
28	District Accounts Officer, Jacobabad	04	9.517
29	District Accounts Officer, Kambar	04	3.188
30	District Accounts Officer, Kambar	13	11.131
31	District Accounts Officer, N Feroz	06	5.762
32	District Accounts Officer, N Feroz	16	518.785
33	District Accounts Officer, Shaheed Benazirabad	06	61.520
34	District Accounts Officer, Shaheed Benazirabad	07	1799.891
Total			5056.356

The matter was reported to the department in February and June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of payment made in cash and fixing of responsibility on the person(s) at fault.

10.4.4 Award of work without bid evaluation report – Rs95.059 million

According to Rule 45 of SPPRA 2010 “Announcement of evaluation reports” provides that 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 office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that the various works amounting to Rs95.059 were awarded to contractors, but the bid evaluation reports were not hoisted on SPPRA website.

(Rs. in million)

Sr. #	Tender reference No.	Description	Tender amount
1	No. FD 04(03)/17-18	Procurement of Desktop Computers with hardware equipment for the offices of Government of Sindh, Finance Department & District Accounts Offices)	50.687
2	No. FD 04(01)/17-18	Procurement of Laptop Notebooks and Other Hardware Accessories for the under construction Auditorium of Government of Sindh Finance Department.	5.026
3	No. FD 04(04)/17-18	Procurement of Physical Assets and Other Miscellaneous Items for the Government of Sindh Finance Department & District Accounts Offices	39.346
Total			95.059

Audit is of the opinion that violation of SPPRA Rules resulted into non-transparency in award of contract.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

(AIR # 03)

10.4.5 Payment in absence of original bills - Rs83.019 million

According to SPPRA-10 rule-54, On Account Payments - All procuring agencies shall make payments to suppliers, consultants and contractors against their invoices or running bills within the time given in the conditions of the contract.

During audit of the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an expenditure of Rs83.019 million was incurred on account of procurement of various materials, but payment was made to the suppliers on sale tax invoices instead of proper bill.

(Rs. in million)

Sr.#	Name of contractor	Material purchased	Amount
1	M/S Roomi Enterprises	Fax Machine, HP Laser Jet Pro MFP M130fn Multi-Tasking Functions	2.184
2	M/S Ideal Automatics (Pvt.) Ltd	Dell Desktop Intel® 7 th Generation Core-i7 5050 MT Computer Systems with 19.5” Dell LED Monitor	3.980
3	M/S Mega Plus Pakistan	Dell Desktop Intel® 7 th Generation Core-i5 3669 MT Computer Systems along with 18.5” L.E.D Monitor	6.021
4	M/S Computer Marketing Co (Pvt.) Ltd	Printronix P8005ZT Open Pedestal Zero Tear Line Matrix Printers	38.499
5	M/S Ideal Automatics (Pvt) Ltd	Dell Latitude 3480 Note Book with Targus Defcon NCL Combo Cable Lock	4.174
6	M/S Fazal-e-Rabbi International	Stabilizer Model No. A70 for 2.0 Ton A.Cs	7.785
7	M/S Browns Trading Company	Kenwood ELVS klv-1815s 1.5 Ton Split AC	12.821
8	M/S Mega Plus Pakistan	Procurement of HP cartridges/Toner for HP printer	7.555
Total			83.019

In the light of above, the authenticity of expenditure could not be ascertained.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(AIR # 7)

10.4.6 Irregular expenditure without supporting vouchers – Rs152.900 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 following offices of Finance Department, Government of Sindh for the financial year 2016-17 and 2017-18, it was observed that an expenditure of Rs152.900 million was incurred under various heads, but the bills/supporting vouchers were not available to authenticate the expenditure.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particular	Amount
1	Secretary, Finance Department, Karachi	15	Incremental Technical Assistance Staffing	69.082
2	District Accounts Office, Jamshoro	12	Investigation cost	2.779
3	District Accounts Office, Thatta	18	Land acquisition	8.000
4	District Accounts Office, Shikarpur	08	Investigation cost	8.592
5	District Accounts Office, Sukkur	09	Investigation cost	2.737
6	District Accounts Office, Matiari	15	Land acquisition	3.000
7	District Accounts Office, Ghotki	15	Purchase of Transport	18.320
8	District Accounts Office, Ghotki	09	Investigation cost	1.048
9	District Accounts Office, Larkana	08	Investigation cost	4.750
10	District Accounts Office, N Feroze	11	Investigation cost	2.500
11	District Accounts Office, Badin	09	Land acquisition	8.987
12	District Accounts Office, Mirpurkhas	11	Investigation cost	2.514
13	District Accounts Office, Hyderabad	10	Investigation cost	5.600
14	District Accounts Office, Dadu	08	Investigation cost	4.476
15	District Accounts Office, Khairpur	10	Investigation cost	2.566
16	District Accounts Office, Jacobabad	10	Investigation cost	4.189
17	District Accounts Office, Kamber Shahdadkot	09	Investigation cost	3.760
			Total	152.900

Audit was of the view that payment made without supporting documents was irregular.

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of supporting vouchers to verify/authenticate the payment.

10.4.7 Irregular expenditure without inviting open tenders – Rs76.688 million

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 year 2016-17, it was observed that an expenditure of Rs76.688 million was incurred under various heads without inviting open tenders in violation of SPPRA Rules. Thus, Government was deprived of most competitive rates.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	District Accounts Office, N. Feroze	17	2016-17	Others	47.282
2	District Accounts Office, Thatta	19	2016-17	Purchase of Machinery & Furniture	10.512
3	District Accounts Office, Tharparkar, Mithi	16	2016-17	Others	9.993
4	District Accounts Office, Jamshoro	05	2016-17	Others	2.708
5	District Accounts Officer, Umerkot	01	2016-17	Plant & Machinery	1.229
6	District Accounts Officer, Sanghar	11	2016-17	Purchase of Machinery	0.938
7	District Accounts Officer, Dadu	09	2016-17	Purchase of Furniture	0.440
8	District Accounts Office, N Feroze	12	2016-17	Others	0.448
9	District Accounts Office, SBA	11	2016-17	Purchase of Furniture	3.138
Total					76.688

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

10.4.8 Unauthorized purchase of vehicles during ban period - Rs21.865 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 the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an expenditure of Rs21.865 million was incurred on purchase of vehicles during ban period without obtaining relaxation by the competent authority. Moreover, whereabouts of vehicles and their allotment to officers were not available on the record.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires current status/location of these vehicles, besides regularization from the competent authority.

(AIR # 18)

10.4.9 Irregular appointment of contractual staff - Rs19.678 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 the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an expenditure of Rs19.678 million was incurred on account of payment of salary to contractual staff (details as under). Following irregularities were noticed:

- i. Reasons for appointment of contractual staff were not provided.

- ii. No proper procedure was adopted for making appointments like requisite qualification, evaluating of candidates as per criteria for the posts, short listings, conduct of tests, interviewing etc.
- iii. The appointments were not made on the merit and without proper competitive examination.

(Rs. in million)

Sr.#	Name of contract employee	Grade	Post	Salary paid
1	Aazir Aftab	Grade 17	Assistant Director	1.200
2	Bilal Alvi	Grade 17	Assistant Director	1.286
3	Hamid Rehman Khan	Grade 17	Assistant Director	1.300
4	Haris Ali	Grade 17	Assistant Director	2.425
5	Haroon Munawar	Grade 17	Assistant Director	1.529
6	Huzaiifa Shabbir Muqadam	Grade 17	Assistant Director	1.640
7	Irfan Rafi Hashmi	Grade 17	Assistant Director	2.235
8	Muhammad Sajjad Hussain	Grade 17	Assistant Director	2.988
9	Osama Bashir Soomro	Grade 17	Assistant Director	2.028
10	Sannan Tariq Burrero	Grade 17	Assistant Director	1.165
11	Sara Aquil Walji	Grade 17	Assistant Director	1.882
Total				19.678

Audit is of the view that contractual appointments were irregular due to lack of transparency.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification with supporting evidences.

(AIR # 17)

10.4.10 Non-obtaining of performance security from the suppliers - Rs8.302 million

According to SPPR 2010 Rule 39, Performance Security (1) 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 Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an amount of Rs83.025 million was paid to various suppliers without obtaining performance security @ 10% of Rs8.302 million.

(Rs in million)

Sr. #	Name of contractor	Material purchased	Amount
1	M/S Roomi Enterprises	Fax Machine, HP Laser Jet Pro MFP M130fn Multi-Tasking Functions	2.184
2	M/S Ideal Automatics (Pvt.) Ltd	Dell Desktop Intel® 7 th Generation Core-i7 5050 MT Computer Systems with 19.5" Dell LED Monitor	3.980
3	M/S Mega Plus Pakistan	Dell Desktop Intel® 7 th Generation Core-i5 3669 MT Computer Systems along with 18.5" L.E.D Monitor	6.021
4	M/S Computer Marketing Co (Pvt.) Ltd	Printronic P8005ZT Open Pedestal Zero Tear Line Matrix Printers	38.499
5	M/S Ideal Automatics (Pvt) Ltd	Dell Latitude 3480 Note Book with Targus Defcon NCL Combo Cable Lock	4.174
6	M/S Fazal-e-Rabbi International	Stabilizer Model No. A70 for 2.0 Ton A.Cs	7.785
7	M/S Browns Trading Co.	Kenwood ELVS klv-1815s 1.5 Ton Split AC	12.821
8	M/S Mega Plus Pakistan	Procurement of HP cartridges/Toner for HP printer	7.555
Total			83.019

Audit is of the view that management gave undue favour to contractor and failed to secure government interest.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification of matter besides fixing of responsibility on the person(s) at fault.

(AIR # 14)

10.4.11 Irregular expenditure on purchase of toners - Rs7.555 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 the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an amount of Rs7.555 million was paid to M/S MEGAPLUS Pakistan on account of purchase of HP Laser Jet Toner Cartridge. Following irregularities were noticed:

- i. The tender was called for but the same was cancelled without mentioning reasons by the procurement committee.
- ii. Purchases were made directly without calling fresh tenders.
- iii. The toner was not purchased directly from M/S HP Enterprise Pakistan, being sole authorized dealer.
- iv. Material was not accounted for in the stock register.

(Rs. in million)

Cheques No. & Date	Name of supplier	Items purchased	Quantity	Rate	Amount
2858082 dated 26-09-2017	M/S MEGAPLUS PAKISTAN	HP Laser Jet Toner Cartridge	650	11,624	7.555

In the light of above, the authenticity of expenditure could not be ascertained.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification of the matter besides fixing of responsibility on the person(s) at fault.

(AIR # 11)

10.4.12 Misclassification of expenditure - Rs340.446 million

According to Rule 12 of GFR Vol.-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 following offices of Finance Department, Government of Sindh for the financial years 2016-17 & 2017-18, it was observed that an expenditure of Rs340.446 million was incurred by way of misclassification. This was done to avoid the process of re-appropriation and approval from competent authority.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	District Accounts Officer, Tharparkar	05	2016-17	34.427
2	District Accounts Officer, Jamshoro	06	2016-17	23.982
3	District Accounts Officer, Thatta	08	2016-17	53.161
4	District Accounts Officer, Sanghar	08	2016-17	15.959
5	District Accounts Officer, Tando Allah Yar	04	2016-17	5.617
6	District Accounts Officer, Matiari	05	2016-17	18.875
7	District Accounts Officer, Badin	03	2016-17	49.445
8	District Accounts Officer, Matiari	05	2016-17	132.998
9	Secretary, Finance Department, Karachi	12	2017-18	5.982
Total				340.446

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

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

10.4.13 Unauthorized payment of income tax from security deposit – Rs259.080 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 following offices of Finance Department, Government of Sindh for the financial year 2016-17, it was observed Rs259.080 million was paid to Inland Revenue Officer from Public Works/ Pakistan PWD Deposits (G10113) as under:

(Rs. in million)

Sr.#	Name of office	AIR Para #	Amount
1	District Accounts Office, Sukkur	02	162.243
2	District Accounts Office, SBA	04	68.883
3	District Accounts Office, Kambar Shahdadkot	02	8.515
4	District Accounts Office, Khairpur	03	6.431
5	District Accounts Office, Mirpurkhas	04	6.277
6	District Accounts Office, Thatta	06	2.489
7	District Accounts Office, Tando Allah Yar	03	1.264
8	District Accounts Office, Hyderabad	03	0.847
9	District Accounts Office, Jamshoro	03	0.825
10	District Accounts Office, N. Feroz	02	0.663
11	District Accounts Office, Sanghar	02	0.643
Total			259.080

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

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

10.4.14 Non-deposit of Income Tax into government account – Rs926.944 million

As per Rule 41 & 41(a) of Sindh Financial Rules, “It is the duty of the controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account and the amount collected into the treasury or otherwise accounted for and compare them with the statement of recovery

furnished by the Accountant General to see that the amount reported as collected have been duly credited in the public account”.

During audit of following offices of Finance Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs926.944 million was deducted on account of Income Tax, but same was not deposited into government account. As a result, government was deprived of revenue as under:

(Rs. in million)

Sr.#	Name of office	AIR Para #	Amount
1	District Accounts Office, Ghotki	11	2.642
2	District Accounts Office, Umarkot	09	11.544
3	District Accounts Office, Sukkur	10	155.844
4	District Accounts Office, Matiari	11	4.879
5	District Accounts Office, Tharparkur	10	59.068
6	District Accounts Office, Shikarpur	09	62.037
7	District Accounts Office, Sanghar	13	13.764
8	District Accounts Office, Jamshoro	14	54.351
9	District Accounts Office, Thatta	12	0.892
10	District Accounts Office, TM Khan	02	11.431
11	District Accounts Office, Badin	11	16.575
12	District Accounts Office, Mirpurkhas	14	154.498
13	District Accounts Office, Hyderabad	13	145.634
14	District Accounts Office, Dadu	11	20.157
15	District Accounts Office, Khairpur	11	182.543
16	District Accounts Office, Jacobabad	11	8.888
17	District Accounts Office, Kambar Shahdadkot	10	8.433
18	District Accounts Office, SBA	13	13.764
Total			926.944

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate deposit of revenue into government account.

10.4.15 Non-deduction of Zakat - Rs76.089 million

As per Rule 41 & 41(a) of Sindh Financial Rules, “It is the duty of the controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account and the amount collected into the treasury or otherwise accounted for and compare them with the statement of recovery furnished by the Accountant General to see that the amount reported as collected have been duly credited in the public account”.

During audit of following offices of Finance Department, Government of Sindh for the financial year 2016-17, it was observed that payment on account of GP Fund was made to various employees but Zakat amounting to Rs76.089 million @ 2.5% was not deducted and affidavit of non-deduction of Zakat was no attached in files.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Payment of GP Fund	Zakat 2.5% as per Rule
1	District Accounts Office, Matiari	12	130.033	3.050
2	District Accounts Office, Tharparkur	13	256.485	6.362
3	District Accounts Office, Umarkot	10	215.221	5.380
4	District Accounts Office, Tando Allah Yar	11	81.453	2.036
5	District Accounts Office, Sanghar	12	417.122	10.428
6	District Accounts Office, Thatta	15	335.705	8.392
7	District Accounts Office, Jamshoro	13	181.820	4.545
8	District Accounts Office, TM Khan	08	78.405	1.960
9	District Accounts Office, Badin	10	242.668	6.066
10	District Accounts Office, Mirpurkhas	13	380.654	9.516
11	District Accounts Office, Hyderabad	12	613.120	1.525
12	District Accounts Office, Dadu	10	613.120	1.525
13	District Accounts Office, N Feroz	13	335.532	8.388
14	District Accounts Office, SBA	12	276.675	6.916
			Total	76.089

Audit is of the view that the management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and recovery be made besides fixing of responsibility on the person(s) at fault.

10.4.16 Non/less deduction of income tax – Rs48.113 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.

During audit of following offices of Finance Department, Government of Sindh for the financial year 2016-17, it was observed that income tax amounting to Rs48.113 million was not/less deducted from the contractor/ supplier. This resulted into loss to the public exchequer.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Descriptions	Amount
1	District Accounts Office, TM Khan	10	Suppliers/Contractors payment	0.888
2	District Accounts Office, Dadu	03	Suppliers/Contractors payment	4.342
3	District Accounts Office, Dadu	01	Suppliers/Contractors payment	8.606
4	District Accounts Office, N. Feroz	03	Suppliers/Contractors payment	0.384
5	District Accounts Office, SBA	03	Suppliers/Contractors payment	2.518
6	District Accounts Office, Thatta	05	Suppliers/Contractors payment	26.701
7	District Accounts Office, Jamshoro	16	Suppliers/Contractors payment	0.412
8	District Accounts Office, Umarmkot	06	Suppliers/Contractors payment	0.108
9	District Accounts Office, Tharpurkar	02	Suppliers/Contractors payment	1.728
10	District Accounts Office, Matiari	03	Suppliers/Contractors payment	2.426
Total				48.113

The matter was reported to the department in February & June 2018, but no reply was received.

Despite written requests vide letters dated 2-01-2019 and 7-01-2019, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing responsibility on the person(s) at fault.

10.4.17 Non/less-deduction of sales tax – Rs4.417 million

As per Section 8 (1) chapter II of The Sindh Sales Tax on Services Act, 2011, “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 14% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an amount of Rs27.463 million was paid to the contractors; however, sales tax at prescribed rate was not deducted. This resulted in loss of Rs4.417 million to the public exchequer.

(Rs. in million)

Sr. #	Items purchased	Amount Paid	Sales tax less deducted
1	Hiring of transport	3.451	0.276
2	HP Laser Jet, Toner, Cartridge	7.555	1.344
3	Stationery	3.802	0.646
4	Entertainment & Gifts	6.246	1.062
5	Hardware	6.409	1.089
		Total	4.417

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility on the person(s) at fault.

(AIR # 2 & 5)

10.4.18 Irregular tendering process - Rs3.451 million

As per Sindh Public Procurement Regularity Authority (SPPRA) 2010 “Methods of Notification and Advertisement” (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 audit of the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an amount of Rs3.451 million was paid to M/S United Transport Service for provision of vehicles on rental basis. Following irregularities were noticed:

- i. Tender was published in three newspapers (Roznama Pakistan, The Express Tribune Karachi and Sobh) which were not widely circulated leading newspapers.
- ii. Bid security @ 3% of bid price was not obtained.

(Rs in million)

Name of contractor	Cheque No. & date	Amount
United Transport Services	3176386 dated 27-6-2018	3.451

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification on the subject matter.

(AIR # 04)

10.4.19 Non-deduction of Sindh sales tax on services – Rs2.165 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/departments 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”.

During audit of the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an expenditure of Rs16.655 million was incurred under head “Printing & Publication”, but the Sindh sales tax on services was not deducted. This resulted in loss to Government exchequer amounting to Rs2.165 million.

(Rs. in million)

Head of Account	Amount paid	Rate of sales tax on services	Recovery
A-03902 Printing and Publication	16.655	13%	2.165

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility on the person(s) at fault.

(AIR # 20)

10.4.20 Unjustified payment on account of purchase of printers - Rs1.245 million

As per clause-(m) payment of the purchase order No.FD (CTC1) 04(03) /2016-17 dated 28-12-17 payment against part supply will not be allowed.

During audit of the office of Secretary, Finance Department Government of Sindh Karachi for the financial year 2017-18, it was observed that an amount of Rs1.245 million was paid to the supplier on account of supply of Printer HP laser Jet. The following irregularities were noticed:

- i. The contract of 50 printers was awarded, whereas, the supplier had delivered 30 printers only.
- ii. The supplier failed to supply printers on scheduled delivery date, but was not penalized in violation of contract clause-13.

(Rs. in million)

Cheque No. & date	Name of supplier	Purchase order	Name of items	Amount
3032144 dated 28-3-2018	M/s Mega Plus	FD (CTC1) 04(03) / 2016-17 dated 28-12-17	Printer HP laser Jet	1.245

Audit is of the opinion that undue favour was extended to the supplier.

The matter was reported to the department in September 2018, but no reply was received.

Despite written request vide letter dated 31-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of the matter besides recovery of L.D charges from the supplier.

(AIR # 02)

CHAPTER – 11 FOOD DEPARTMENT

11.1 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.

11.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 26 formations (DDOs), out of which 06 formations were selected and audited during Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
89,113.560	13,200.000	12,413.581	(12,413.581)	(6,666.717)	102,313.5605	62,811.708	39,501.853

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs39,501.853 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
83,784.000	77,000.000	26,298.691	(50,701.309)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs50,701.309 million was observed.

11.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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 9.8%.

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	Remarks
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	1	14		
Total		142	102	10	92	9.8	

11.4 AUDIT PARAS

11.4.1 Non - production of record - Rs4,801.610 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.

In the office of Deputy Director, Food, Karachi Region, Government of Sindh, it was observed that an expenditure of Rs4,801.610 million was incurred during the financial years 2014-15 to 2016-17 under various heads of accounts but following auditable record was not provided to audit for scrutiny.

- i. Bidding documents
- ii. Daily Stock position
- iii. Vendors bills
- iv. Bank Statement of DDO Accounts

Due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was reported to department in June, 2018 but no reply was received.

Despite written requests vide letters dated 30-11-2018 & 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 5 & 15)

11.4.2 Clearance of previous year's liabilities - Rs31.860 million

As per Rule 134 of Sindh Budget Manual, "all charges must be paid and drawn at once and under no circumstances they may be allowed to stand over to be paid from

the grants of another year”.

During audit of Deputy Director, Food, Karachi Region, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that the previous years liabilities amounting to Rs31.860 million was met out from the budget grant of current year without approval of finance department.

The matter was reported to department in June, 2018 but no reply was received.

Despite written requests vide letters dated 30-11-2018 & 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure from competent authority.
(AIR # 12)

11.4.3 Irregular payments through DDO account - Rs1.081 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 drawl and disbursement of cash.”

During audit of Deputy Director, Food, Karachi Region, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs1.081million was paid through DDO account instead of direct payment to the suppliers concerned. Hence, authenticity of expenditure could not be ascertained.

The lapse on the part of department indicates improper watch and weak internal controls.

The matter was reported to department in June, 2018 but no reply was received.

Despite written requests vide letters dated 30-11-2018 & 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate discontinuation of this malpractice and taking disciplinary action against the concerned at fault.

(AIR # 08)

11.4.4 Unjustified retention of wheat bags at godown (115,155.92 tons)

According to Appendix 18-A of Sindh Financial Rule, Volume-I, “every Govt. servant realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. 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 Govt. servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”. Further, 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 Deputy Director, Food, Karachi Region, Government of Sindh for the financial years 2014-15 to 2016-17, it was observed that 115,155.92 tons of wheat bags were lying un-utilized in the local office. Audit apprehends that with the passage of time, un-issued / un-utilized wheat would be injurious to human health, resulting into loss to Govt.

The matter was reported to department in June, 2018 but no reply was received.

Despite written requests vide letters dated 30-11-2018 & 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that remedial measures may be adopted to avoid loss.

(AIR # 14)

CHAPTER – 12 FOREST & WILDLIFE DEPARTMENT

12.1 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.

12.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 72 formations (DDOs), out of which 05 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
2,396.808	23.004	257.298	(257.298)	(321.351)	2,419.8120	1,888.183	531.629

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs531.629 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
250.000	257.198	206.066	(51.132)

The department was unable to collect the estimated receipts in time, as a result shortfall of an amount Rs51.132 million was observed.

12.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	-	Audit Report not yet discussed
Total		117	48	9	39	18.4	

12.4 AUDIT PARAS

12.4.1 Unauthorized expenditure over & above the provisions of PC-I - Rs75.870 million

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 Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs75.870 million was incurred over & above the provision of PC-I as under:

(Rs. in million)

Name of project	Budget Grant	Releases	Total Expenditure	Provision as per PC-I	Excess expenditure
Project Director/ Conservator Conservation Development and Management of Indus Delta mangroves to check sea intrusion, Karachi	131.499	117.942	109.949	34.078	75.870

Audit is of the view that excess expenditure over PC-I, reflected lapse on the part of management and weak financial controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification besides regularization of excess expenditure by the competent authority.

(OM # 90)

12.4.2 Drawl of advances in the name of employees - Rs32.183 million

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 the Forest Department, Government of Sindh for the financial year 2017-18, it was observed that the office of Project Director Conservation Development and Management of Indus Delta mangroves to check sea intrusion, Karachi had drawn advance in the names of employees for Rs32.183 million. Following irregularities were noticed:

- i. The advances were allowed without any demand.
- ii. Proper adjustment was not made.
- iii. Majority of advances were disbursed over thumb impressions which seemed to be repeated by the same persons.
- iv. The payment was allowed either in the personal account of the official or drawn in cash but the bank statement and the subsidiary cash book were not provided.

The lapse on the part of the department indicates improper oversight and absence of internal controls which may lead to misappropriation of government funds.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on person(s) at fault.

(OM # 81)

12.4.3 Un-justified expenditure on conservancy – Rs84.935 million

Rule-23 of GFR Volume-I, every Government officer should realize fully and clearly that he will be personally responsible for any loss sustain by Government through fraud or negligence on his part and that he will also be responsible for any loss arisen by fraud or negligence on the part of any other Government official to the extent of which it may be shown that he contribute to the losses by his own action or negligence.

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that the office of Project Director Conservation Development and Management of Indus Delta mangroves to check sea intrusion, Karachi incurred an expenditure of Rs84.935 million on account of conservancy charges. Following irregularities were noticed:

- i. Tenders were not invited and expenditure was made through splitting of sanctions orders.
- ii. Payment was made on thumb impression to various labour Jamadar in cash.
- iii. Copies of CNIC were not attached with the claim.
- iv. Muster role was not maintained.
- v. Income tax amounting to Rs8.493 million was not deducted.
- vi. Register of plantation and technical/growth reports were not submitted for verification.
- vii. Payment was made for third party monitoring but the report was not available on record.

In the view of above, the authenticity of payment could not be ascertained and chances of misappropriation could not be ruled out.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on person(s) at fault.

(OM # 88 & 82)

12.4.4 Irregular expenditure on contingent staff - Rs23.696 million

Rule 23 of GFR, Every Government officer should realize fully and clearly that he will be personally responsible for any loss sustain by Government through fraud or negligence on his part and that he will also be responsible for any loss arisen by fraud or negligence on the part of any other Government official to the extent of which it may be shown that he contribute to the losses by his own action or negligence.

During audit of following offices of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs23.696 million was incurred on account of contingent paid staff without observing codal formalities and approval of Finance Department.

(Rs in million)

Sr. #	Name of office	OM #	Amount
1	PD/ Conservator Conservation Development and Management of Indus Delta mangroves to check sea intrusion	95	18.291
2	Divisonal Forest Officer (SF) Sukkur	79	5.405
Total			23.696

The lapse indicates non-observance of rules & procedures, which reflected weak internal controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization by the competent authority besides fixing of responsibility on the person(s) at fault.

(OM # 95)

12.4.5 Purchase of various items on higher rates – Rs1.080 million

Para 10(i) of the GFR volume-I “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 Forest Department, Government of Sindh for the financial year 2017-18, it was observed that DFO (Coastal) Karachi incurred an expenditure of Rs1.080 million on account of purchase of mineral water, cold drinks and juices, under the “Guinness of World Record Plantation III”. The purchases were made on higher rate than the rate prevailed in the retail market.

The lapse on the part of the department indicates improper watch and absence of internal controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(OM # 08)

12.4.6 Irregular expenditure without tenders – Rs128.345 million

Rule 17 (1) & (2) & 50 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. Also contract evaluation report & contract agreements are to be submitted within 7 days after signing of agreements.

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs128.345 million was incurred by various offices on account of construction of various structures and procurement without calling open tender (details at Annex-1 of Chapter-12). Following observations were noticed:

- i. In construction work, engineer's estimates, work order, work completion report were not available.
- ii. In installation of solar pumps, specification of the machinery, work order, delivery and work completion report were not available on record.
- iii. Payment was made in advance to contractor.
- iv. Expenditure was incurred through splitting of sanctions.
- v. Income tax and sales tax from the payment were not deducted.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

12.4.7 Irregular expenditure without provision in PC-I - Rs25.491 million

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 Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs25.491 million was incurred under different schemes without provision in PC-I. Moreover, income tax was also not deducted.

(Rs. in million)

Sr. #	Name of office	Scheme	OM #	Particulars	Amount
1	DFO Afforestation Sukkur	Enhancing Tree cover	56	Regeneration and Maintenance	15.657
2	DFO (GBA) Mirpurmathelo	Enhancing Tree cover	48	land development and 2nd , 3rd, &4th year maintenance of Mirpur forest	8.458
3	DFO (A) Benazirabad	Green Pakistan Program	14	Installation of Solar Pumping Solution with 15hp Submersible Pump@ Pai forest	1.126
4	DFO (A) Benazirabad	Green Pakistan Program	13	Complete Tube well with fitting @ Pai forest	0.250
Total					25.491

Audit is of the opinion that execution of work without PC-I provision was a serious financial irregularity.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure by the competent authority and deduction of income tax under intimation to audit.

12.4.8 Irregular expenditure without estimate/PC-I – Rs10.0 million

According to Para 40-B Appendix 18-A (1) SFR volume-I “Means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part 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 culpable negligence”.According to Para 10(i) of the GFR volume-I “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 Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs10.0 million was incurred by DFO (Coastal) Karachi under the scheme “Guinness of World Record Plantation III”, without obtaining approved estimate or PC-I from the competent authority. Moreover, expenditure was incurred without calling open tenders.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure by the competent authority.
(OM # 09)

12.4.9 Irregular expenditure on purchase of Boat – Rs3.975 million

As per PC-I of the project, provision for the procurement of boat for Rs2.000 million each was given.

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that one boat costing Rs3.975 million was purchased by Project Director Conservation Development and Management of Indus Delta mangroves to check sea intrusion, Karachi.

(Rs. in million)

Contractor	Particulars	PC-I Cost	Expenditure	Excess
M/sMarina sea Craft Karachi	Purchase of Boat	2.0	3.975	1.975

Following irregularities were noticed:

- i. There was provision for purchase of 03 boats in PC-I for Rs2.00 million each but the one boat was purchased in excess of rate provided in PC-I.
- ii. The boats were required to be purchased during the years 2012-13, 2014-15 & 2015-16 but one boat was purchased during the year 2017-18 without any provision in PC-I.
- iii. The specification of purchased boat was neither provided nor available on voucher / bill of supplier
- iv. Tender was not invited to achieve most competitive and economical rates.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(OM # 97)

12.4.10 Irregular expenditure on stipend incentives - Rs3.361 million

As per para 6.3.7 of PC-I, the community based services along 25 coastal villages was required to be provided.

During audit of the Forest Department, Government of Sindh for the financial year 2017-18, it was observed that the office of Project Director Development and Management of Indus Delta mangroves to check sea intrusion Karachi incurred an expenditure of Rs3.361 million for community mobilization and incentive program.

Following irregularities were noticed:

- i. The incentive program as per PC-I was required to be provided to 25 villages but all the expenditure was incurred in 03 villages only.
- ii. All the expenditure was incurred by splitting up the sanctions.
- iii. Detailed record of the beneficiaries with names and other necessary details for supply of items like mosquito net, solar plats, lunch boxes, school bags, caps, uniform was not provided.

iv. Acknowledgement of the recipients was not available on record.

The above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(OM # 86)

12.4.11 Unjustified expenditure on maintenance of plants – Rs2.957 million

Rule 88 of Sindh Financial Rules, Volume-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 spending his own money, and public money should not be utilized for the benefit of a particular person or community".

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that the DFO (GBA) Mirpur Mathelo incurred an expenditure of Rs2.957 million on account of maintenance under the scheme "Enhancing Tree cover". Following observations were noticed:

- i. Maintenance was carried out only in 02 months, while amount was claimed for the year, thus amount for 10 months Rs2.219 million was drawn in excess.
- ii. Second, third & fourth years maintenance was shown carried out in the months (February-April), which indicates that maintenance was not carried out from July 2017 to January 2018.
- iii. Maintenance for the month of March 18 was claimed twice.

The lapse on the part of the department indicates improper oversight and absence of internal controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides fixing of responsibility on the person(s) at fault.

(OM # 49)

12.4.12 Un-justified retention of leased money as forest remittance/EMD - Rs36.583 million

As per Rule 23 of GFR Volume-I “Every Government officer should realize fully and clearly that he will be personally responsible for any loss sustain by Government through fraud or negligence on his part and that he will also be responsible for any loss arisen by fraud or negligence on the part of any other Government official to the extent of which it may be shown that he contribute to the losses by his own action or negligence”.

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs36.583 million of leased money was kept in the forest remittance/EMD and the same was not deposited as revenue into the relevant head of account. As a result government was deprived of revenue as under:

(Rs. in million)

Sr. #	Office	OM #	Particulars	Amount
1	DFO (A) Sukkur	61	lease money from China state construction, Fishery contract, &5th year lease	34.498
2	DFO (GBA) Mirpur Mathelo	53	2nd, 3rd, 4th&5th year lease	2.085
Total				36.583

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate deposit of remaining collection into government account.

12.4.13 Non-recovery of lease money – Rs2.065 million

Rule 88 of Sindh Financial Rules, Volume-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 spending his own money, and public money should not be utilized for the benefit of a particular person or community".

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that the DFO (GBA) Mirpur Mathelo awarded lease contract of Rs8.067 million to various lesse during the year 2014, but only first year lease money was shown deposited into EMD account in the year 2018 instead of 04 years lease money. Thus, an amount of Rs2.065 million was still outstanding against lesse.

The lapse on the part of the department indicates undue favour awarded to the lessee.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate recovery of outstanding lease money besides fixing of responsibility on the person(s) at fault.

(OM # 52)

12.4.14 Less-deduction of income tax - Rs5.574 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 Forest Department, Government of Sindh for the financial year 2017-18, it was observed that payments of Rs113.211 million were made to suppliers, but income tax @ Rs5.681 million was deducted instead of Rs11.255 million being non-filer. Thus, an amount of Rs5.574 million was less deducted.

(Rs. in million)

Sr #	Name of office	OM#	Particulars	Payment made	I.T Due	I.T Deducted	Less Deduction
1	PD/Conservation Development and Management of Indus Delta mangroves to check sea intrusion, Karachi	83	Various Head of Accounts	93.386	9.338	5.681	3.657
2	DFO Afforestation Sukkur	57	Land dev. & Regeneration of plants and maintenance of plant under the scheme “Enhancing Tree Cover	15.657	1.565	-	1.565
3	DFO (Coastal) Karachi	05	Guinness of World Record Plantation III	4.168	0.352	-	0.352

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of tax from concerned besides fixing of responsibility on the person(s) at fault.

12.4.15 Non-deduction of income tax on lease money – Rs27.487 million

According to Section 236A of Income Tax Ordinance, Advance tax at the time of sale by auction (1) Any person making sale by public auction or auction by a tender, of any property or goods (including property or goods confiscated or attached) either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub -clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Inland Revenue or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.

During audit of Forest Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs183.207 million was realized on account of lease rent from temporary cultivation, but income tax @ 15% amounting to Rs27.481 million was not deducted from the successful lessee.

The lapse on the part of the department indicates improper watch and absence of internal controls.

The matter was reported to the management in October 2018, but no reply was received.

Despite written request vide letter dated 19-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(OM # 11)

CHAPTER-13 HEALTH DEPARTMENT

13.1 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.

13.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 212 formations (DDOs), out of which 88 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
105,341.171	1,996.987	26,122.913	(26,122.913)	(10,850.356)	107,338.1580	92,557.664	14,780.494

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs14,780.494 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
300.000	300.000	142.254	(157.746)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs157.746 million was observed.

13.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	

13.4 AUDIT PARAS

13.4.1 Non-production of auditable record - Rs4,345.162 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.

In the fifteen (15) offices of Health Department, Government of Sindh, the auditable record of Rs4,345.162 million was not produced to audit for scrutiny (details at Annex-01 of Chapter-13). In absence of provision of record, authenticity of expenditure could not be ascertained by audit.

The matter was reported to the department in January 2018 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

13.4.2 Expenditure without supporting vouchers - Rs1,079.442 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 following offices of Health Department, Government of Sindh, it was observed that an amount of Rs1,079.442 million was incurred on purchases under various heads of account without supporting vouchers. Audit is of the

view that expenditure without supporting vouchers constituted weak administrative and financial management.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Secretary Health, Karachi	26	2017-18	1,064.061
2	MS Taluka Hospital, Kamber	2	2015-16 & 2016-17	3.774
3	MS, Taluka Hospital, Kashmore	4	2016-17 to 2017-18	3.635
3	MS Taluka Hospital, Hala	5	2014-15 to 2016-17	2.131
4	DHO, Khiarpur	8	2017-18	1.368
5	DHO, Sanghar	15	2015-16 to 2016-17	1.281
6	MS Taluka Hospital, Tando Adam	4	2014-15 & 2016-17	1.018
7	DHO, East	5	2016-17	0.960
8	MS Sindh Govt. Hospital, Ibrahim Hydri Karachi	6	2016-17	0.749
9	DHO, South Karachi	7	2016-17	0.465
Total				1,079.442

The matter was reported to the department in December 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of vouchers, besides taking remedial measures to discourage such practice.

13.4.3 Non-maintenance of consumption account - Rs815.604 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 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 forty-two (42) offices of Health Department, Government of Sindh, it was observed that an expenditure of Rs815.604 million was incurred on

purchase of various consumable articles, but the consumption account was not maintained (details at Annex-02 of Chapter-13). In absence of relevant record, authenticity of expenditure could not be verified.

The matter was reported to department in August 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires maintenance of consumption account for verification.

13.4.4 Non-recording of store articles - Rs335.065 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of forty-eight (48) offices of Health Department, Government of Sindh, it was observed that miscellaneous items amounting to Rs335.065 million were purchased, but the same were not accounted for in the relevant stock registers (details at Annex-03 of Chapter-13).

Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was reported to the department in October 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends accountal of store items in relevant stock registers may be ensured and its verification by Audit.

13.4.5 Irregular execution of civil works without soil testing report - Rs323.877 million

According to Para 10(i) of General Financial Rules, Volume - I, states that the 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 the office of Director Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that an expenditure of Rs323.877 million was incurred on various works without carrying out soil testing report. Thus execution of civil works in absence of soil testing report constitutes weak financial and administrative management

(Rs. in million)

W.O No & Date	Name of work	Contractor	Amount
274/ 15-11-2012	Construction of non-residential /residential building, external development and external services	M/s. National Engineering	262.950
312/ 03-10-2017	Strengthening of Pir Abdul Qadir Shah Jeelani Institute of Medical Sciences at Gambat	M/s. Maqbool & Co.	60.927
Total			323.877

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.6 Irregular payment through DDO account - Rs281.453 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned.

During audit of the nineteen (19) offices of Health Department, Government of Sindh, it was observed that an amount of Rs281.453 million was paid to DDO account instead of payees (details at Annex-04 of Chapter-13) in violation of the above rule.

Due to irregular procedure, authenticity of expenditure could not be verified.

The matter was reported to the department in September 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

13.4.7 Non-invitation of open tenders - Rs216.937 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 Health Department, Government of Sindh, it was observed that expenditure of Rs216.937 million was incurred on account of purchase of various items without inviting open tenders. Audit is of the view that failure of the management to follow SPPRA Rules resulted into non-obtaining of competitive rates.

(Rs. in million)

Sr. #	Name of Department	AIR Para #	Financial Year	Particulars	Amount
1	Secretary Health, Government of Sindh, Karachi	6	2017-18	Purchase of medical equipment	182.770
2	Director, Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat	01	2017-18	Purchase of medicines	13.334
3	Executive Director NICVD Karachi	01 & 14	2016-17	Computer items & uniform	11.025
4	MS Taluka Hospital, Tando Adam	6	2014-15 to 2016-17	Purchase of misc. items	3.96
5	DHO, Tharparkar	5	2017-18	Purchase of misc. articles	3.561
6	DHO, Tando Allahyar	1	2017-18	Purchase of misc. articles	2.287
Total					216.937

The matter was reported to the department in October 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure besides fixing of responsibility on the person(s) at fault.

13.4.8 Non-imposition of penalty – Rs210.490 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 the following offices of Health Department, Government of Sindh for the financial year 2016-17, it was observed that various supplies/works of Rs2,420.838 million were purchased / executed, but the same were not delivered/

completed within stipulated time period, thus due penalty of Rs210.490 million was required to be imposed, which were not imposed.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Estimated Cost	Amount
1	PD Establishment of Medical Colleges in Sindh.	01	1,957.350	195.735
2	Director, Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat	11	348.972	3.490
3	Sindh Govt. Children Hospital Karachi	14	4.195	0.419
4	DHO Dadu	02	5.636	0.377
5	Civil Hospital Sukkur	21	104.685	10.469
Total			2,420.838	210.490

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

The matter was pointed out to department in October 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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.

13.4.9 Blockage of government money - Rs194.622 million

According to Para 96 of GFR 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 possible interest, grants that cannot be predictably utilized should be surrendered"

During audit of the following offices of Health Department, Government of Sindh, it was observed that management failed to utilize medicines / machinery worth Rs194.622 million till the end of financial year. Hence un-necessary procurement was made to avoid the lapse of funds.

(Rs. in million)

Sr. #	Department	AIR Para #	Financial Years	Particulars	Amount
1	DHO Sanghar	07	2015-16 to 2016-17	Un-utilised medicines	17.664
2	MS Urban Health Center North Karachi	01	2014-15 to 2016-17	Un-utilised medicines	5.193
3	Medical Superintendent, Civil Hospital, Karachi	02 & 07	2017-18	Un-installed machinery & equipment	80.489
4	Medical Superintendent, Civil Hospital, Sukkur	01	2017-18	Un-utilized medicines	78.408
5	District Health Officer, Badin	07	2017-18	Un-utilized medicines	9.931
6	Civil Surgeon, Services Hospital, Karachi	11	2017-18	Un-utilized medicines	2.937
Total					194.622

The matter was reported to the department in November 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires fixing of responsibility at person(s) at fault besides taking remedial measures.

13.4.10 Wasteful expenditure on construction of medical centers - Rs183.772 million

“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”, according to Para-88 of Sindh Financial Rules Volume-I.

During audit of the office of Medical Superintendent, Civil Hospital Sukkur, for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs183.772 million was incurred on account of construction of new medical centers, but the same remained non-operative since its construction. Audit is of the view that expenditure was incurred without proper planning, which constituted weak financial and administrative management controls.

(Rs. in million)

Sr. No.	Name of Center	Amount
1	Burn Center	40.389
2	Thalassemia Center	25.136
3	Cardiac Center	30.950
4	Hepatology Centre.	33.897
5	Medical & Surgical ICU	53.400
Total		183.772

The matter was reported to department in November 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.11 Splitting of expenditure to avoid tenders - Rs148.351 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year 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 Health Department, Government of Sindh, it was observed that an expenditure of Rs148.351 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders. Audit is of the view that failure of the management to follow SPPRA Rules resulted into non-obtaining of competitive rates.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	MS Taluka Hospital Sinjhoru	5	2014-15 to 2016-17	0.432
2	DHO Tando Allah Yar	11 & 14	2015-16 to 2016-17	24.637
3	District Health Officer, Sanghar	1	2016-17	0.519
4	Ghulam Muhammad Mehar Medical College, Sukkur	8	2016-17	108.373
5	MS Civil Hospital Umerkot	6	2015-16 to 2016-17	1.310
6	MS Rural Health Centre Talhar	1	2015-16 to 2016-17	3.304
7	DHO Matiari	5	2015-16 & 2016-17	2.057
8	MS Taluka Hospital, Lakhi, Shikarpur	3	2014-14 to 2016-17	2.180
9	Provincial Director Drug Testing Laboratory Sindh Karachi	3	2013-14 to 2016-17	0.808
10	District Health Officer, Malir, Karachi	12	2017-18	0.668
11	District Health Officer, Jacobabad	7	2017-18	0.264
12	Civil Surgeon, Civil Hospital, Tando Muhammad Khan	3	2017-18	3.799
Total				148.351

The matter was reported to the department in November 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure by the competent authority.

13.4.12 Rush of expenditure to avoid lapse of funds - Rs116.238 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 the following offices of Health Department, Government of Sindh, it was observed that an expenditure of Rs116.238 million was incurred in a single month of June 2017 without justification. Audit is of the view that expenditure was incurred in a single month to avoid lapse of fund. This constituted weak administrative and financial management controls.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	MS Civil Hospital, Sukkur	23	2014-15 to 2015-16	79.391
2	DHO, Tando Allah Yar	17	2015-16 to 2016-17	23.810
3	MS Taluka Hospital, Sinjhor	15	2014-16 to 2016-17	6.941
4	DHO, Shaheed Benazirabad	07	2017-18	6.096
Total				116.238

The matter was reported to department in August 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

13.4.13 Irregular purchase of medicines without joint inspection-Rs102.912 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 the office of Director Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that an amount of Rs102.912 million was paid to suppliers, but inspection reports by procuring committee were not provided to audit for verification.

(Rs. in million)

Date	Name of Payee	Cheque # Dated	Amount
22/02/2018	M/S Saad Sales Services	1642149236 - 22/02/2018	5.943
25/04/2018	M/S A.J Mirza Pharma PVT LTD	1003227452 - 25/04/2018	50.930
19/05/2018	M/S Uzair Traders	1003226666 - 19/05/2018	12.572
05/06/2018	M/S B.Braun Pakistan PVT LTD	1003226856 - 05/06/2018	16.439
06/06/2018	M/S Bosch Pharmaceuticals PVT LTD	1003226880 - 06/06/2018	17.028
Total			102.912

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure besides fixing of responsibility on the person(s) at fault.

(AIR #10)

13.4.14 Non-obtaining of discount on purchase of medicines - Rs91.647 million

As per Drug Pricing Policy 2015 of Drug Regularity Authority, “retailer’s discount” means the discount to a licensed pharmacy or chemist or medical store calculated at the rate of fifteen per cent on maximum retail price printed on the pack of the drug, which shall not exceed maximum retail price fixed by the authority with the approval of the Government.

During audit of the following offices of Health Department, Government of Sindh, it was observed that it was observed that drugs and medicines were procured, but discount as per rules amounting to Rs91.647 million was not obtained from the supplier.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	DHO West Karachi	6	2016-17	0.763
2	DHO East, Karachi	4	2016-17	0.974
3	MS Peoples medical Benazirabad	5 & 8	2016-17	0.570
4	MS Civil Hospital, Khairpur	4	2015-16 to 2016-17	4.432
5	DHO Hyderabad	10	2016-17	8.405
6	DHO South Karachi	4	2016-17	0.921
7	MS Taluka Hospital Kot Ghulam Muhammad	21	2015-16 to 2016-17	0.570
8	MS Liaquat University Hospital Hyderabad	7	2016-17	57.027
9	MS, Civil Hospital, Mirpurkhas	7	2017-18	4.034
10	MS, Sindh Government Hospital Saudabad, Karachi	9	2017-18	3.977
11	DHO, Sujawal	1	2017-18	2.996
12	MS, TB Hospital, Khairpur	7	2017-18	2.258
13	DHO, South, Karachi	6	2017-18	1.679
14	MS, Civil Hospital, Khairpur	10	2017-18	1.376
15	MS Sindh Government Hospital, New Karachi	10	2017-18	1.015
16	MS, Sindh Government Hospital, Liaquatabad	3	2017-18	0.650
Total				91.647

The matter was reported to department in November 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

13.4.15 Irregular award of work without execution of contract agreement – Rs84.061 million

As per Rule 159 (a) Sindh Financial Rules in the case of work supply costing not less than Rs:100/- a contract should be made on written agreement, duly stamped & registered, so that it can be maintained in a court of law in the event of dispute. Para-22-A of Stamp Act provides that it is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement at the rate 0.35 paisa per hundred rupees of the value of the agreement or against tender cost

During audit of the office of Director Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that work of “Supply Installation, Testing & Commissioning of HVAC works for laboratory building” amounting to Rs84.061 million was awarded to contractor, but neither agreement was executed nor stamp duty of Rs0.294 million was recovered.

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides fixing of responsibility on the person(s) at fault.

(AIR # 18)

13.4.16 Un-authorized retention of government receipt into DDO account - Rs76.954 million

As per 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,” according to 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 the following offices of Health Department, Government of Sindh, it was observed that lapsable balances/ drugs sample testing fees of Rs76.954 million were not credited in government account, resulting into undue retention of government money.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	PD Establishment of medical colleges in Sindh	2	2016-17	Amount of Public Works Deposit	73.762
2	MS Taluka Hospital Hala	17	2014-15	Drawal of funds to avoid lapses	0.444
3	Provincial Director Drug Testing Laboratory Sindh Karachi	2	2016-17	Laboratory test charges	2.748
Total					76.954

The retention of lapsable money/ government fees into DDO account constitutes weak financial & administrative management.

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

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate crediting of Government revenue besides taking remedial measures to stop this practice.

13.4.17 Unjustified payment of utility charges - Rs63.738 million

According to Rule 10 (i) and (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.

During audit of the office of Director National Institute of Child Health (NICH) Karachi, for the financial year 2016-17, it was observed that bungalows and quarters of hospital colony were allotted to various officers/officials, but separate meters of utilities i.e Electricity and Gas were not installed and the utilities were being paid from hospital budgetary provision. Furthermore, the recovery was also not made from the pay of officers/ officials residing in hospital colony. Thus, huge financial burden was put on the funds of hospital.

(Rs. in million)

Sr. #	AIR Para #	Particulars	Amount
1	14	Electricity charges	56.660
2	15	Gas Charges	7.078
Total			63.738

The matter was reported to the department in April 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends installation of separate meters besides recovery of the paid amount from the concerned officials.

13.4.18 Irregular payment of electrical work without obtaining electrical license - Rs48.277 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 the office of Director Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that electrical work amounting to Rs48.277 million was executed by the contractor without having electrical license from the Electrical Inspector.

Audit was of the view that lapse on the part of management indicates improper watch, and weak administrative and financial management.

The matter was pointed out to department in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 12)

13.4.19 Unjustified expenditure on hiring of outsource services - Rs46.309 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 Medical Superintendent, Civil Hospital, Karachi for the financial year 2017-18, it was observed that an amount of Rs.46.309 million was paid on account of janitorial and security services, despite the fact that department had 301 sanitary workers and 25 security guards. Thus, availing outsourced services and payment of huge amount was un-justified.

(Rs. in million)

Sr. #	Messer	Particulars	Amount
1	M/s. Master Multi Tech	Janitorial services provider	28.587
2	M/s. Rapid Security	Security services provider	17.722
Total			46.309

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.20 Irregular expenditure on POL - Rs33.752 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 office of Director Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that expenditure of Rs33.752 million was incurred on POL of vehicles, but logbooks were not maintained.

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.21 Non /less-deduction of income tax - Rs25.674 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended 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 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

During audit of the following offices of Health Department, Government of Sindh for the financial year 2016-17, it was observed that an amount of Rs25.674 million of income tax was not /less deducted while making payments to consultants/service providers.

(Rs. in million)

Sr. #	Department	AIR Para #	Financial Year	Particulars	Amount
1	DHO, Dadu	1	2016-17	Non-deduction of income tax	0.168
2	MS Civil Hospital, Sukkur	25, 26	2014-15 to 2015-16	Non-deduction of income tax	3.367
3	Ghulam Muhammad Mahar Medical College Hospital, Sukkur	6	2016-17	Short recovery of income taxes	1.892
4	MS, Civil Hospital, Karachi	12	2017-18	Non-deduction of income tax	15.761
5	DHO, Tharparkar	9	2017-18	Non-deduction of income tax	2.167
6	MS, Civil Hospital, Sukkur	4	2017-18	Less deduction of income tax	2.164
7	MS, Civil Hospital, Tando Allahyar	24	2017-18	Non-deduction of income tax	0.155
Total					25.674

The Government sustained a loss due to non-recovery of income tax.

The matter was reported to the department in December 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditions recovery of taxes besides fixing of responsibility on person (s) at fault.

13.4.22 Acceptance of X-Ray films without clinical efficacy report - Rs11.750 million

According to Clause-18.3 of contract agreement, “All stores items of drugs and medicines may be got tested from testing laboratory”

During audit of the office of Director Pir Abdul Qadir Shah Jilanai Institute of Medical Sciences Gambat, for the financial year 2017-18, it was observed that X-Ray films worth Rs 11.750 million were procured, but clinical efficacy report was not obtained. Further the films were also not accounted for in the relevant stock register. Thus in absence of the report and stock register, the authenticity of results of X-Ray films was questionable.

(Rs. in million)

Payee	Particulars	Cheque #	Amount
M/S Fauji Films Pvt. Ltd	Supply of dry X-Ray films	1642149107	11.750

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.23 Non-recovery/ adjustment of secured advance - Rs6.816 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 Project Director, Establishment of Medical Colleges in Sindh, for the financial year 2016-17, it was observed that secured advance of Rs6.816 million was not recovered from the contractor M/S. M. Ayoub & Brothers on work "Establishment of Medical College at Mirpurkhas" vide bill # P-2 dated 10-11-2016. Audit is of the view that the non-recovery/ adjustment of advance constituted weak administrative and financial management.

The matter was reported to the department in September 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not 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)

13.4.24 Non/less-realization of stamp duty – Rs3.864 million

According to 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 @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost".

During the audit of the following offices of Health Department, Government of Sindh, it was observed that an amount of Rs3.864 million was not recovered from the concerned contractors due to non/less-affixing of stamp duty on contract agreement.

(Rs. in millions)

Sr. #	Name of offices	AIR Para #	Financial Year	Amount
1	Director, Pir Abdul Qadir Shah Jeelanai Institute of Medical Sciences Gambat	15	2017-18	2.260
2	Director, National Institute of Child Health, Karachi	8, 9	2016-17	0.580
3	Ghulam Muhammad Mahar Medical College Hospital, Sukkur	2	2016-17	0.495
4	MS Civil Hospital Sukkur	19	2014-15 to 2015-16	0.277
5	Director General Health Sindh, Hyderabad	9	2015-16	0.138
6	DHO Dadu	3	2016-17	0.114
Total				3.864

Government sustained loss of revenue due to less recovery of stamp duty, which reflected weak financial management.

The matter was reported to the department in November 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of stamp duty besides fixing responsibility on person (s) at fault.

13.4.25 Non / less-deduction of sales tax - Rs2.664 million

According to Notification issued to Sales Tax Department for Sales Tax Special procedure (withholding) Rules, 2007 vide letter No. S.R.O 77 (i) 2008 dated 23-01-2008, withholding agent shall deduct on amount equal to 1/5th 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 following offices of Health Department, Government of Sindh, it was observed that sales tax of Rs2.664 million was not/less deducted from suppliers/contractors while making payments. Thus, government sustained a loss due to non-recovery of sales tax.

(Rs. in million)

Sr. No.	Name of formation	AIR Para #	Financial Year	Amount
1	DHO, Tando Allah Yar	12 & 13	2015-16 to 2016-7	2.021
2	DHO, Matiari	6	2017-18	0.311
3	Civil Surgeon, Services Hospital, Karachi	1	2017-18	0.332
Total				2.664

The matter was reported to the department in December 2017, but no reply was received.

Despite written requests vide letters dated 15-11-2018, 07-12-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of taxes besides fixing of responsibility on person (s) at fault

(AIR # 12 & 13)

CHAPTER – 14

HOME DEPARTMENT

14.1 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.

14.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 153 formations (DDOs), out of which 34 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
92,913.892	1,585.302	20,787.119	(20,787.119)	(3,140.764)	94,499.1944	85,933.433	8,565.762

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs8,565.762 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
2,715.000	2,883.727	2,493.932	(389.795)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs389.795 million was observed.

14.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	-	No audit para pertaining to this department was printed in this Audit Report
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	-	No audit para pertaining to this department was printed in this Audit Report
Total		179	92	12	80	13.0	

14.4 AUDIT PARAS

14.4.1 Non-production of auditable record – Rs2,115.825 million

As per Section- 14 (2) and (3) of the Auditor General’s (Functions, Powers, Terms and Conditions of Service) Ordinance, 2001 states that;

- (1) “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.
- (2) Any person or authority hindering the auditorial functions of the Auditor General regarding inspections of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.”

In the thirty five (35) offices of Home Department, Government of Sindh, auditable record of Rs2,115.825 million was not produced to audit for scrutiny (details at Annex-1 of Chapter-14). In absence of provision of record, authenticity of expenditure could not be ascertained by audit.

The matter was reported to the department in March 2018 and June 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for scrutiny and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires production of record for audit scrutiny besides fixing of responsibility against the person(s) at fault.

14.4.2 Irregular expenditure without supporting vouchers – Rs369.385 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 twenty offices of Home Department, Government of Sindh for the year 2016-17, it was observed that an amount of Rs369.385 million was incurred on purchases under various heads of account without supporting vouchers. Audit is of the view that expenditure without supporting vouchers constituted weak administrative and financial management (details at Annex-2 of Chapter-14).

The matter was reported to the department in March 2018 and June 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires production of vouchers, besides taking remedial measures.

14.4.3 Irregular payment through DDO account – Rs176.672 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned”.

During audit of thirty seven offices of Home Department, Government of Sindh, for the financial year 2016-17, it was observed that an amount of Rs176.672 million was paid to DDO account instead of payees in violation of the above rule (details at Annex-3 of Chapter-14).

Due to irregular procedure, authenticity of expenditure could not be verified.

The matter was reported to the department in February 2017 and June 2018, but no reply was received. During DAC meeting held on January 21, 2019, it was informed that the cheques were issued by AG Sindh / DAO offices in the name of DDOs. It was further explained that payments under “death compensations” and “Cost of investigation” were also made in the name of DDO as per requirement. DAC directed the management to refrain from following this procedure and all payments should be made in the name of concerned officer / vendor. DAC further directed that

Finance Department may request AG office to issue cheques in favour of the payees instead of DDOs. However, no record was produced for verification till finalization of this report.

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

14.4.4 Non-recovery of outstanding dues – Rs158.891 million

As per Rule 41 (a) of Sindh Financial Rules, “The 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 the following offices of Home Department, Government of Sindh for the year 2016-17, it was observed that various recoveries were outstanding against the departments/agencies/officers/individuals of Rs158.891million were not recovered from them.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Senior Superintendent of Police, Hyderabad	Police guard charges	2016-17	19	106.268
		Electricity charges	2016-17	21	4.482
2	Senior Superintendent of Police, Badin	Police guard charges	2016-17	12	8.566
3	Senior Superintendent of Police, Shaheed Benazirabad	Police guard charges	2016-17	02	7.833
4	Senior Superintendent of Police, TM Khan	Police guard charges	2016-17	11	4.224
5	Senior Superintendent of Police, Matiari	Police guard charges	2016-17	13	2.993
6	Jail Superintendent Central Prison, Sukkur	Electricity charges	2016-17	07	0.698
7	Senior Superintendent of Police, Jamshoro	Police guard charges	2017-18	07	19.003
8	Senior Superintendent of Police, Tando Allahyar	Police guard charges	2017-18	01	4.824
				Total	158.891

The Government sustained a loss due to non-recovery of police guard's charges.

The matter was reported to the management in October 2017 and February 2018, but no reply was received. During DAC meeting held on January 21, 2019, it was informed that an amount of Rs.23.237 million has been recovered and efforts were underway to recover the balance amount at the earliest. DAC directed for verification of paid challans of recovered amount by audit, and further directed the department to expedite its efforts for recovery of balance amount. No progress was reported till finalization of this report.

Audit recommends expeditious recovery of police guard charges besides fixing of responsibility on person (s) at fault.

14.4.5 Irregular expenditure on repair of buildings – Rs152.781 million

Rule 25 of Sindh Financial Rule Volume-I, states that, "No payment will be made in the absence of the necessary acknowledgement". And 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 risks involved in the drawl and disbursement of cash".

During audit of fifteen offices of Home Department, Government of Sindh for the year 2016-17, it was observed that in violation of above quoted rules, an expenditure of Rs152.781 million was incurred on repair of buildings (details at Annex-4 of Chapter-14). Following irregularities were noticed:

- i. Evidence of open competition through tendering was not produced,
- ii. Estimates and technical sanctions were not produced to audit,
- iii. Measurement Books and Completion report were not produced to audit,
- iv. Payment was made through DDO instead of cross cheques to the contractors; and acknowledgement of payments were not produced to audit,
- v. The management carried out the repairs; whereas the work was required to be carried out by Works & Services department.
- vi. NOC from Works & Services department was not obtained,

- vii. Contractors' Registration certificates of Pakistan Engineering Council and FBR were not provided.

The matter was reported to the department in October 2017 and May 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

14.4.6 Irregular expenditure on repair of vehicles – Rs101.789 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 fifty three (53) offices of Home Department for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs101.789 million was incurred on repair of vehicles without calling tender (details at Annex-5 of Chapter-14). Furthermore, following observations were also noticed:

- i. Requisition for repair of vehicles from the drivers was not available on record.
- ii. Repair registers were not maintained,
- iii. Repair work was done without calculation of book value and estimate and by way of split up
- iv. NOC from government workshop was not obtained,
- v. Old spare parts register was not maintained,

The matter was reported to the department in March 2016 & May 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for verification. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

14.4.7 Irregular payment of water charges pertaining to other office – Rs8.076 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 the office of Inspector General of Police Sindh, Karachi, Home Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs8.076 million was incurred on account of water charges which was not pertain to local office.

The matter was reported to the department in January 2018, but no reply was received. During DAC meeting held on January 21, 2019, it was informed that Water Charges amounting Rs8.076 million were paid to KW&SB by CPO against the outstanding dues of PTC/Saeedabad with prior approval of competent authority. DAC directed the management that the break-up of outstanding dues & approval of competent authority be produced for verification. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

(AIR #13)

14.4.8 Irregular expenditure on account of repair of furniture and machinery – Rs35.995 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 forty six (46) offices of Home Department, Government of Sindh, for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs35.995 million was incurred on repair of furniture and machinery (details at Annex-6 of Chapter-14). Following irregularities were noticed:

- i. The sanction was split up to avoid tender.
- ii. The requisition for repair was not available on record.
- iii. The repair registers were not maintained.
- iv. Acknowledgement receipt was not obtained.
- v. Satisfactory work completion certificate was not obtained.

The matter was reported to the department in March 2016 & June 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for verification. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

14.4.9 Non-recording of store articles - Rs11.500 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of twenty five offices of Home Department, Government of Sindh for the financial year 2016-17, it was observed that miscellaneous items amounting to Rs11.500 million were purchased, but the same were not accounted for in the relevant stock registers (details at Annex-7 of Chapter-14).

Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was reported to the department in October 2017 and May 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management

replied that stores articles have been duly entered in stock registers. DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit recommends accountal of store items in relevant stock registers and its verification by Audit.

14.4.10 Irregular expenditure on cost of investigation – Rs94.121 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 will issue the sanction order with a copy to the Regional Police Officer

During audit of twenty five offices of Home Department, for the year 2015-16 and 2016-17, it was observed that payment of Rs94.121 million was made to various investigating police officers on account of cost of investigation, but neither copies of FIR, details of cases, investigating officer's travelling charges were available on record nor were vouchers of stationery items for investigation purpose found attached with the claim (details at Annex-8 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 management in April 2017 and March 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management informed that all formalities were completed before payment which may be verified by audit. DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

14.4.11 Unauthorized retention of funds into DDO account – Rs57.097 million

According to Rule-290 of Treasury Rules, Volume-I, “No money shall be drawn from the treasury unless it is not required for immediate disbursement. Further, it is not permissible to draw money from the treasury in anticipation of demand or to prevent lapses of budget grant”.

During audit of the following offices of Home Department for the financial year 2016-17, it was observed that an amount of Rs57.097 million was retained in DDO account till close of the financial year. The management blocked huge money in DDO account which prevented Government from utilizing the same where it was needed.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
1	Secretary Home	2017-18	06	29.313
2	Senior Superintendent of Police, Shaheed Benazirabad	2016-17	01	10.915
3	DIGP (Training), Karachi	2016-17	07	5.116
4	Senior Superintendent of Police, Hyderabad	2016-17	07	3.254
5	Senior Superintendent of Police, Badin	2016-17	04	2.752
6	DIGP Shaheed Benazirabad	2016-17	15	1.996
7	Senior Superintendent of Police, Mithi	2016-17	04	1.379
8	Senior Superintendent of Police, Anti Car Lifting Cell, Karachi	2016-17	05	0.929
9	Senior Superintendent of Police, Investigation-II South Zone, Karachi	2016-17	05	0.849
10	AIGP, Special Security Unit Sindh, Karachi	2016-17	04	0.375
11	DIGP (CIA), Karachi	2016-17	28	0.219
			Total	57.097

The matter was pointed out to the management in September 2017 and April 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that the payment were made to the concerned after necessary verification of the claim. DAC directed the management to get following information / record verified from audit.

- i) Period of retention of money in DDO account.
- ii) Evidence that payments were made to the actual payees.
- iii) Details of heads of account under which amount was retained.

No record was produced till finalization of this report.

Audit requires that responsibility may be fixed upon the person (s) at fault.

14.4.12 Splitting of expenditure to avoid tenders – Rs25.615 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year 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 Home Department, Government of Sindh, for the year 2016-17, it was observed that an expenditure of Rs25.615 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.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	SSP, Political Special Branch, Karachi	2016-17	08	Various purchases	6.807
2	SSP, Hyderabad	2016-17	03	Feeding charges	6.124
3	DIGP, South Zone, Karachi	2016-17	10	Various	3.095
4	SSP, Kashmore @ Kandhkot	2016-17	12	Various	3.609
5	AIGP, Telecommunication, Sindh, Karachi	2016-17	05	Various purchases	1.120
6	DIGP, Shaheed Benazirabad	2016-17	33	Purchase of tyres and batteries	0.863
7	SSP, Sanghar	2016-17	03	Feeding charges	0.502
8	DIGP, CIA, Karachi	2016-17	26	Various head	1.542
9	Secretary, Home Department, Government of Sindh, Karachi	2017-18	07	Purchase of various articles and repair of transport	1.194
10	DIGP, Sukkur Range, Sukkur	2017-18	07	Repair of furniture and transport	0.759
Total					25.615

The matter was reported to the management in July and October 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that the expenditure was incurred after completion of all codel formalities. DAC directed that copies of bill/vouchers, sanction order and breakup of expenditure under various heads of accounts may be provided to audit for verification. However, no record was produced for verification till finalization of this report.

Audit requires justification regarding split up of expenditure on besides fixing of responsibility on the person(s) at fault.

14.4.13 Irregular expenditure on vehicles hiring charges – Rs18.138 million

According to Rule 23 of Sindh Financial Rules Volume-1, 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 particulars of the claim.

During audit of the following offices of Home Department for the financial year 2016-17, it was observed that an amount of Rs18.138 million was incurred on account of hiring of vehicles for performing emergency duties. Following codal formalities were not fulfilled:

- i. There was no list of officials who performed emergency duties
- ii. Deployment order was not produced
- iii. Official order for deployment from other districts were not placed with vouchers

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Amount
1	DIGP, West Zone, Karachi	2016-17	05	3.292
2	DIGP, East Zone, Karachi	2016-17	06	2.720
3	DIGP, Training, Karachi	2016-17	14	2.318
4	SSP, Naushero Feroze	2015-16	04	0.900
5	SSP, Mirpurkhas	2016-17	11	0.576
6	DIGP, Shaheed Benazirabad	2016-17	23	0.560
7	DIGP, Mirpurkhas	2016-17	03	0.560
8	SSP, Kashmore @ Kandhkot	2016-17	21	0.456
			19	0.456
9	Senior Superintendent of Police, Larkana	2017-18	07	5.600
10	DIGP Larkana Range, Larkana	2017-18	06	0.700
			Total	18.138

The matter was reported to the management in September and October 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that the vehicles were hired for deployment during emergency duties. DAC directed that management should move for grant of separate regular budget under the head “hiring charges” to be utilized on centralized basis and provide

the same to the respective units on need basis. No record was produced for verification till finalization of this report.

Audit requires justification regarding hiring of vehicles besides fixing of responsibility on the person(s) at fault.

14.4.14 Non-deduction of GST/Sales Tax on Services – Rs13.448 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/departments to comply with provision of SST Special Procedure (Withholding Rule, 2011).

During audit of sixteen offices of Home Department, Government of Sindh for the year 2016-17, it was observed that an amount of Rs13.448 million was not deducted at source from consultants /contractors on account of Sales Tax. This resulted into loss of Rs13.448 million to government (details at Annex-9 of Chapter-14).

The matter was reported to the management in February 2017 and May 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that sales tax has been deducted by the office of AG Sindh / DAO at the time of passing of bills. DAC directed the management to produce copies of relevant bills and cheques for verification of tax deduction as per applicable rate. No record was produced for verification till finalization of this report.

Audit recommends expeditious recovery of taxes besides fixing of responsibility on person (s) at fault.

14.4.15 Non-maintenance of consumption account – Rs4.134 million

According to Rule - 113 of Sindh Financial Rules, Volume-I 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 Home Department, Government of Sindh, for the financial year 2016-17 & 2017-18, it was observed that an expenditure of Rs4.134 million was incurred on purchase of various consumable articles, but the consumption account of same was not maintained.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Particulars	Amount
1	SSP/ Principal, Police Training College, Shahdadpur	2016-17	02	Drugs Medicines, Others, Stationery	1.689
2	DIGP, East Zone, Karachi	2016-17	08	Other miscellaneous	0.878
3	DIGP, CIA, Karachi	2016-17	31	Other miscellaneous	0.561
4	DIGP Traffic, Karachi	2017-18	06	Other miscellaneous	0.236
5	Senior Superintendent of Police, Ghotki	2017-18	06	Stationery articles	0.501
			04	Other miscellaneous	0.074
6	Senior Superintendent of Police, Badin	2017-18	09	Medicines	0.195
Total					4.134

The matter was reported to the department in December 2017 and April 2018, but no reply was received. During DAC meeting held on January 21, 2019, DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires justification regarding non-maintenance of consumption account besides fixing of responsibility on the person(s) at fault.

14.4.16 Non /less-deduction of income tax – Rs2.447 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended 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 4.5% for filers & 6.5% for non-filers on supply/purchases and

at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

During audit of nine offices of Home Department, Government of Sindh for the financial year 2015-16 & 2016-17, it was observed that an amount of Rs2.447 million of income tax was not/ less deducted while making payments to consultants/service providers (details at Annex-10 of Chapter-14).

The Government sustained a loss due to non-recovery of income tax.

The matter was reported to the department in February 2017, and April 2018 but no reply was received. During DAC meeting held on January 21, 2019, the management replied that income tax has been deducted by the office of AG Sindh / DAO at the time of passing of bills. DAC directed the management to produce copies of relevant bills and cheques for verification of tax deduction as per applicable rate. No record was produced for verification till finalization of this report.

Audit recommends expeditious recovery of taxes besides fixing of responsibility on person (s) at fault.

14.4.17 Irregular appointments during ban period

“The period with effect from 04th December, 1990 to 07th February, 1992, 20th October, 1993 to 15th May, 1995 and 01st December, 1996 to 30th June, 2003 and till further orders, was treated as ban period for new appointments”, according to Government of Sindh, Services and General Administration Department letter No: SO(C-IV)/S&GAD/6-52/67 dated 14th January, 2001.

During audit of office of the Senior Superintending of Police, Hyderabad for the year 2016-2017, it was observed that, 456 personals were appointed on regular basis during ban period without obtaining permission / relaxation from the competent authority in the Police Department. This resulted Government sustained loss on payment of monthly salaries to the officials.

The management failed to observe the Govt. rules and procedures, which reflects the absence of systematic control and financial in-discipline prevalent in the department.

The matter was reported to the department in September 2017, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that appointments were made after obtaining prior approval of the competent authority. DAC directed that Audit may verify the case in the light of documentary evidence provided by authorities. Besides, audit may also examine observance of due process followed by the concerned office during recruitment. No record was produced for verification till finalization of this report.

Audit requires recovery of the dues besides fixing of responsibility on the person(s) at fault.

(AIR # 13)

14.4.18 Irregular expenditure without physical & technical inspection – Rs1,224.168 million

According to Sindh Public Procurement Rules 57 (1) '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 Anal 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 the following offices of Home Department for the financial year 2017-18, it was observed that an amount of Rs1,224.168 million was paid on account of purchase of medicines and uniform liveries without joint inspection report of the committee.

(Rs. in million)

Sr. #	Name of offices	AIR Para #	Particular	Amount
1	Inspector General of Police Sindh, Karachi	03	Uniform liveries	1,212.587
2	District Officer Frontier Constabulary Sindh, Karachi	02	Uniform liveries	9.205
3	Senior Superintendent of Police, Badin	05	Repair of office building	1.982
4	Senior Superintendent of Police, Khairpur	13	Medicines	0.297
5	Senior Superintendent of Police, Mithi	12	Medicines	0.097
Total				1,224.168

The matter was reported to the management in September 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that inspection committee reports were available for verification. DAC directed that relevant record be produced to audit for verification and the process may be finalized within 3 weeks time. However, no record was produced till finalization of this report.

Audit requires regularization of the expenditure by the higher authority besides fixing of responsibility on the person(s) at fault.

14.4.19 Non-rendering of accounts and adjustment of Grants-in-aid – Rs47.826 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.”

During audit of the office of Secretary to Government of Sindh, Home Department, Karachi, for the year 2017-18, it was observed that an amount of Rs47.826 million was paid to the "Committee for the Welfare of Prisoners, Karachi", (NGO) to support twenty prisons of Sindh without rendering the accounts of expenditure and its adjustment account. The audit could not authenticate the payment made as well as its utilization against intended purposes.

The matter was reported to the management in July 2018, but no reply was received. The para was not discussed during DAC meeting held on January 21, 2019, owing to non submission of working paper.

Audit requires adjustment of accounts besides fixing of responsibility on the person(s) at fault.

(AIR # 03)

14.4.20 Rush of expenditure - Rs6.523 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 the office of Senior Superintendent of Police, Tando Muhammad Khan for the year 2017-18, it was observed that an amount of Rs6.523 million was incurred in a single month of June without justification. Audit was of the view that rush of expenditure in a single month constituted weak administrative and financial management.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that since most of the repairs / works were carried out during June 2018, hence payments were made in the same month. DAC directed that break up of payments under various heads of account be produced to audit for verification. No record was produced till finalization of this report.

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

(AIR # 04)

14.4.21 Mis-procurement of goods in violation of procurement rules – Rs6.088 million

As per SPPRA Rules, 1 (x) “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;

(i) “Conflict of Interest” means – iv, where an official of the procuring agency engaged in the procurement process has a financial or economic interest in the outcome of the process of procurement, in a direct or an indirect manner. Read with “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 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 the office of Senior Superintendent of Police, Khairpur, for the year 2017-18, it was observed that an amount of Rs6.088 million was incurred on account of repair and maintenance of transport, machinery & equipment, furniture & fixture etc. Following irregularities were noticed:

- i. One of the members Mr. Iqbal Hussain Malik, DSP HQ was selected as the member of the procurement committee despite the fact that he himself was DDO, thus had personal interest in passing of the bills for payment of procurement of goods/items. There was no other member in Procurement Committee except Chairman.
- ii. Bidding documents, technical and financial evaluation of bids were not floated on the website of SPPRA
- iii. Stamp duty @ 0.35% of Rs18,264 was not deducted
- iv. Security deposit was also not obtained

The matter was reported to the management in September 2018, but no reply was received. During DAC meeting held on January 21, 2019, the concerned office replied that funds under the head contingencies were utilized after observing all codal formalities. DAC directed the management to conduct an inquiry into the following irregularities committed by the DDO concerned:

- i) Under what compulsions all items were procured by SSP/Khairpur through a single vendor?
- ii) As to why DSP/HQ namely Mr. Iqbal Malik was selected as Member of Procurement Committee despite the fact that he was himself DDO?
- iii) As to why no other member was included in the Procurement Committee except for Chairman & DDO?
- iv) As to why technical & financial evaluation of bids was not floated on SPPRA website?

- v) As to why Stamp Duty @ 0.35% of Rs.18,264/- was not deducted and Security deposit was not obtained from Contractor?
No progress was reported till finalization of this report.

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

(AIR # 01)

14.4.22 Un-authorized payment of electricity charges of residential colony – Rs1.973 million

According to Rule-9 of General Financial Rules, volume-I. “No authority may incur any expenditure or enter into any liability involving expenditure from public fund until the expenditure has been sanctioned by general or special order of the President or by an authority to which power has been delegated”

During audit of the office of Senior Superintendent of Police, Badin for the year 2017-18, it was noticed that an amount of Rs1.973 million was paid to M/S. HESCO on account of electricity charges for police residential colony from government funds. Thus, extra burden was put upon the government exchequer by providing facility of electricity free to residents of colony without charging electricity dues.

The matter was reported to the management in September 2018, but no reply was received. During DAC meeting held on January 21, 2019, the management replied that electricity bill pertained to Police Station Badin and the same has been erroneously mentioned as residential colony. DAC directed that original record may be produced to audit for verification. No record was produced till finalization of this report.

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

(AIR # 06)

14.4.23 Payment of inadmissible allowances – Rs400.192 million

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

During audit of the following offices of Home Department, Government of Sindh for the year 2016-17 it was observed that an amount of Rs400.192 million was paid to the officers / officials on account of inadmissible allowances (details at Annex-11 of Chapter-14).

The matter was reported to the management in April 2017 and June 2018, but no reply was received. During DAC meeting held on January 21, 2019, three field offices (SSP Matiari, SSP Badin & SSP, Jamshoro) replied that necessary recoveries have been effected. DAC directed that effected recoveries may be got verified from audit and directed the remaining offices to get stance verified as claimed in their reply. No record was produced for verification till finalization of this report.

Audit recommends expeditious recovery of inadmissible allowances fixing of responsibility on person (s) at fault.

CHAPTER – 15 INDUSTRIES & COMMERCE DEPARTMENT

15.1 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.

15.2 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 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
5,320.704	728.587	214.007	(214.007)	(1,693.368)	6,049.2910	4,348.829	1,700.462

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,700.462 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
140.000	140.000	152.785	12.785

15.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	7	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	Audit Report not yet discussed
Total		8	1	0	1	-	

15.4 AUDIT PARAS

15.4.1 Non-production of auditable record - Rs1,254.088 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 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.

In the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs1,254.088 million was incurred but the following record was not produced to audit for verification.

- i. Sanctioned working vacancy position
- ii. Record of pay & allowances
- iii. Record of operating and development expenditures
- iv. Tendering files
- v. Record of fresh appointments
- vi. Cash book
- vii. Bank statements along with cheques counter folio
- viii. Paid up vouchers/ cash vouchers
- ix. Dead stock registers
- x. List of vehicles and their log books
- xi. Record of property
- xii. Record of investments

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person (s).

(AIR # 1)

15.4.2 Award of work without contract agreement - Rs699.268 million

As per Rule 159 (a) Sindh Financial Rules, in case of work supply a contract should be made on written agreement, duly stamped & registered, so that it can be maintained in a court of law in the event of dispute.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that various works amounting to Rs699.268 million were awarded to the contractors without framing of contract agreements in violation of above rule.

(Rs. in million)

Sr. #	Name of work	Work order No & Dated	Name of Supplier	Tender cost
1	Development and improvement of infrastructure at SITE Kotri	3037 dt 21-04-2017	M/s Haji Sangeen Khan & Sons	169.546
2	Development and improvement of infrastructure at SITE Kotri	3203 dt 25-04-2017	M/s Sirajuddin & Brothers	140.636
3	Rehabilitation of various roads drainage water supply system at SITE super highway	8183 dt 30-11-2016	M/s Haji Syed Ameer & Brothers	389.086
Total				699.268

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 15)

15.4.3 Expenditure without fulfilling SPPRA & PEC Rules – Rs401.569 million

Paragraph No 10 of SPPRA states that “Transparency- The procuring agency shall, immediately upon award of contract, make the evaluation report of bid, and the contract agreement public through hoisting on the Authority’s website as well as on procuring agency’s website,

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “All consulting engineering services in Pakistan shall be entrusted only a consulting engineering duly registered as such with the council (PEC).

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that following codal formalities were not fulfilled by the management in case of works awarded to the contractors.

- i. Bid evaluation reports were not hoisted on SPPRA web-site.
- ii. Performance guarantee was not obtained.
- iii. Contractors were not registered with PEC.

(Rs. in million)

Sr. #	Name of work	AIR Para #	Violation of rules	Amount
1	Infr. Dev. of industrial estate at Karachi, Hyderabad, Nooriabad & Sukkur	6	Non-hoisting of bid evaluation report	240.360
2	Civil, mechanical and electrical works for development of infrastructure of SITE Larkana	8	Non-obtaining Performance guarantee	95.864
3	Infr. Dev. of industrial estate at Karachi, Hyderabad, Nooriabad & Sukkur	10	Contractors not registered with PEC	65.345
Total				401.569

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

15.4.4 Execution of works / schemes without revision of PC-I - Rs159.591 million

As per rules “the PC-I of the project/scheme should be got revised from the competent body /authority if the cost exceeds up to 15% or more from the approved cost”.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs159.591 million was incurred over and above the approved cost without revision of PC-I in violation of above directives of government. This resulted into irregular expenditure of Rs159.591 million. The lapse indicates improper watch, absence of internal control and overlooking the prescribed procedures.

(Rs. in million)

Sr. #	Name of work	Work order No & Dated	Name of Supplier	Tender cost	Expenditure upto June-17	Excess %
1	Infrastructure development of industrial estates at Karachi, Hyderabad & Sukkur	120 dt06-01-2016	M/s Sirajuddin & Brothers	33.459	74.656	123%
2	Infrastructure development of industrial estates at Karachi, Hyderabad & Sukkur	152 dt07-01-2016	M/s K.A & Brothers	38.983	71.589	84%
3	Rehabilitation of various roads at SITE area Sukkur Package-A	11754 dt31-12-2015	M/s Irshad Hussain	9.655	13.346	38%
Total					159.591	

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires approval of revised PC-I and expenditure be regularized from competent authority.

(AIR # 3)

15.4.5 Irregular expenditure on non-schedule items - Rs125.199 million

According to Sr. # 4 of Schedule of Rates (Composite) for finished items of works, 1996, “Non-schedule item costing up to Rs 1,000 should be got sanctioned by the concerned Superintendent Engineer and exceeding Rs 1,000 must be got approved and sanctioned by the Chief Engineer.”

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs125.199 million was incurred on non-scheduled items without obtaining approval and sanction of competent authority on work “civil mechanical and electrical works for development of infrastructure of SITE Larkana. The rate analysis duly sanctioned by the competent authority was also not provided.

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires approval of the expenditure from competent authority.

(AIR # 13)

15.4.6 Non-deposit of call deposit into government account - Rs59.900 million

According to the Rule-63 of C.P.W.A Code the call deposit received from the contractors on account of award of work may be accounted for in the Cash Book for remittance to the Bank.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that call deposit/ earnest money amounting to Rs59.900 million was kept with the department instead of crediting the same into government account in violation of rules.

(Rs. in million)

Sr. #	Name of contractor	Call deposit/earnest money	Dated	Bank	Amount
1	M/s Haji Syed Ameer & Brothers	P.O#17235595	29-12-2016	HBL	18.700
		P.O#367443-17	03-01-2017	Bank of Khayber	0.600
2	M/s Sultan Mehmood Company	P.O#0118.2840050	03-01-2017	Meezan Bank	20.000
3	M/s Karim Khani & Brothers	Chq#9517204	03-01-2017	Silk Bank	20.600
Total					59.900

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate deposit into government account besides taking remedial measures.

(AIR # 9)

15.4.7 Excess execution of items of work – Rs34.600 million

As per Para-528 of Public Works Departmental Manual, that no material alteration in sanctioned, 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. Further, according to Clause 38 of the standard Contract Agreement, 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 the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that payments were allowed to contractors for excess quantities of various items in disregard of estimates without any change in design and specifications, resulting in extra cost of Rs34.600 million (details at Annex-01 of Chapter 15).

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of excess payment and approval of expenditure from higher authority.

(AIR # 11 & 16)

15.4.8 Irregular expenditure on execution of extra items of work - Rs34.159 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 has sanctioned the main estimate of work.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi for the financial year 2016-17, it was observed that an expenditure Rs34.159 million was made on extra items of work without sanction of competent authority. It was evident that the department did not exercise due care while preparing original estimates, thus undue benefit was extended to contractors by allowing execution of extra items of work at the cost of public funds (details at Annex-02 of Chapter 15).

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure.

(AIR # 7)

15.4.9 Non-crediting of government revenue – Rs17.596 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 office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that an amount of Rs17.596 million was deducted as income tax but the same was not deposited into the government treasury (details at Annex-03 of Chapter 15).

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate deposit into government account, besides fixing of responsibility.

(AIR # 12)

15.4.10 Less recovery of stamp duty – Rs1.382 million

According to 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 @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that various works were awarded to contractors for Rs1,357.854 million but the stamp duty of Rs1.382 million was not recovered. Thus, un-due favor was given to contractor.

(Rs. in million)

Sr. #	O.M#	Dated	Work awarded/ expenditure	Stamp duty due	Stamp duty recovered	Short recovery
1	4	03-10-2017	958.646	2.875	1.927	0.948
2	9	03-10-2015	399.208	1.073	0.639	0.434
Total			1357.854	3.948	2.566	1.382

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires early recovery besides fixing of responsibility upon the person(s) at fault.

(AIR # 5)

15.4.11 Non-deduction of Sindh Sales Tax – Rs1.038 million

As per Section 8 (1) chapter II of the Sindh Sales Tax on Services Act, 2011, “there shall be charged, levied and collected a tax known as sales tax on the value of taxable service at the rate specified in 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 13% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2016-17, it was observed that an expenditure of Rs7.982 million was incurred on account of supervision charges of scheme “Civil mechanical and electrical works for development of infrastructure of SITE Larkana” but Sindh sales tax was not deducted causing loss to government of Rs1.038 million.

(Rs. in million)

Sr. #	Cheque#	Dated	To Whom paid	Amount
1	204164	16-02-2017	M/s IDG Consultant	3.188
2	204199	11-05-2017	-do-	2.397
3	288842	08-06-2017	-do-	2.397
Total				7.982
SST at the rate 13%				1.038

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

Despite written requests vide letters dated 29-10-2018 and 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery of government revenue besides fixing of responsibility upon the person(s) at fault.

(AIR # 4)

CHAPTER – 16 INFORMATION, SCIENCE & TECHNOLOGY

16.1 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.

16.2 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 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
1,512.438	36.372	27.022	(27.022)	(40.444)	1,548.8100	201.465	1,347.345

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,347.345 million was observed, which was not surrendered in time.

16.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in this Audit Report
Total		5	3	0	3	-	

16.4 AUDIT PARAS

16.4.1 Non-recording of store articles - Rs2.302 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of the office of Secretary, Information, Science & Technology, Government of Sindh for the financial year 2017-18, it was observed that miscellaneous items amounting to Rs2.302 million were purchased, but the same were not accounted for in the relevant stock registers. Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was pointed out to the department in July 2018, but no reply was received. During DAC meeting held on 12th December 2018, the management replied that stock register has been maintained and properly accounted for the purchased items. The DAC directed for verification of relevant record. However, no record was produced till finalization of this report.

Audit requires production of record for verification.

(AIR # 4)

CHAPTER – 17

IRRIGATION DEPARTMENT

17.1 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.

17.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 197 formations (DDOs), out of which 30 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
57,760.278	8,227.667	40,701.005	(40,701.005)	(4,816.965)	65,987.9450	59,903.808	6,084.137

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs6,084.137 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
650.000	400.000	275.607	(124.393)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs124.393 million was observed.

17.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
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	-	Audit Report not yet discussed
Total		296	138	42	96	30.4	

17.4 AUDIT PARAS

17.4.1 Non-production of record – Rs335.481 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”.

In the following offices of Irrigation Department, Government of Sindh for the years 2014-15 to 2017-18, the auditable record involving financial impact of Rs335.481 million was not produced to audit for scrutiny. In the absence of auditable record, the authenticity of expenditure could not be verified.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN Drainage Division, Shikarpur	9	2014-15 to 2017-18	128.226
2	XEN Sukkur Begari Bund Division, Sukkur	1	2014-15	103.233
3	XEN RBOD Division II Hyderabad @ Jamshoro	10	2016-17	47.979
4	XEN RBOD Division-I, San, Jamshoro	13	2017-18	28.677
5	XEN Shahdadt Kot Irrigation Division Shahdadt Kot	1	2016-17	9.09
6	Secretary Irrigation Govt. of Sindh, Karachi	3	2017-18	7.809
7	XEN Research Division Karachi	6	2016-17	4.65
8	MD, SIDA, Hyderabad	9	2017-18	2.45
9	XEN Upper Sindh Mechanical Division, Sukkur	10	2016-17	2.367
10	XEN Drainage Division Thatta	8	2016-17	-
11	Superintendent Engineer Sindh Feeder Circle Sukkur	6	2016-17	-
12	XEN Daharki Division Mirpur Mathelo	1	2016-17	-
Total				335.481

The matter was reported to the department in October 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management was

directed to get the relevant record verified. However, no record was produced till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

17.4.2 Non-adjustment of public works advances – Rs665.671 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 following offices of Irrigation Department, Government of Sindh for the year 2017-18, it was observed that public works advances of Rs665.671 million were lying un-adjusted/outstanding in Form70 of July 2017 & June 2018. This indicates weak internal control over collection of outstanding public funds.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN Upper Sindh Mechanical Division, Sukkur	1	2017-18	444.505
2	Executive Engineer Feeder Division Hyderabad	1	2016-17	212.265
3	XEN Southern Division, Dadu	9	2017-18	7.335
4	XEN Shahdadt Irrigation Division Shahdadt	4	2016-17	1.566
Total				665.671

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the department replied that they were taking efforts to write off the amount, and the matter was under process with Finance Department. DAC directed the management to forward division-wise cases to Finance Department for write off.

Audit requires adjustment of advances besides fixing of responsibility on the person(s) at fault.

17.4.3 Execution of work order without revising the estimates – Rs338.579 million

As per Para-532 of Public Works Department Manual, volume-I, “A revised estimate must be submitted when sanctioned estimate is likely to be exceeded by more than 5%”.

During audit of the following offices of Irrigation Department for the financial year 2016-17, it was observed that an expenditure of Rs338.579 million was incurred on execution of works in excess of the prescribed limit of 5% over technical sanction.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	PD, Lining of Distribution & Minors in Sindh Hyderabad	2	312.819
2	Executive Engineer Guddu Barrage Division Kashmore	4	11.499
3	Secretary Irrigation Dept GOS Karachi	1	8.110
4	XEN Warah Division Larkana	3	6.151
Total			338.579

The matter was reported to the department in October 2017 & February 2018, but no reply was received. During DAC meeting held on 09th January 2019, the reply was not furnished by the office. DAC showed displeasure and directed the management to furnish reply along with record for verification. However, no record was furnished for verification till finalization of this report.

Audit requires approval of revised estimates.

17.4.4 Non-invitation of open tender – Rs414.394 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 Irrigation Department, Government of Sindh for the years 2015-16 & 2017-18, it was observed that an expenditure of

Rs414.394 million was incurred on construction work and supplies without inviting open tenders.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Kotri Barrage Division, Jamshoro	5	2017-18	119.888
		4	2017-18	56.911
2	XEN Southern Division, Dadu	5	2017-18	198.167
3	XEN Dharki Division, Mirpur Mathelo	6	2015-16 to 2016-17	17.9
4	XEN Rice Canal Division, Larkana	7	2017-18	15.744
		9	2017-18	1.13
5	XEN Upper Sindh Mechanical Division, Sukkur	3	2017-18	4.654
Total				414.394

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the office at Sr.#1 replied that NIT was launched and all codal formalities were fulfilled. The reply furnished by other offices was not to the point. DAC directed the management to furnish revised reply along with record for verification. However, no record was furnished till finalization of this report.

Audit recommends fixation of responsibility for violation of SPPRA rules.

17.4.5 Excess expenditure over and above PC-I - Rs201.940 million

As per PC-I of the Project, Provision/allocation amounting to Rs480.00 million was fixed for payment of consultant.

During audit of the office of Secretary Irrigation Department Government of Sindh Karachi for the financial year 2016-17, it was observed that an excess expenditure of Rs201.940 million was incurred over & above the PC-I provision. Moreover, the approval of excess expenditure was not obtained from the competent forum.

The matter was reported to the department in October 2017, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that these are time based expenditure and expenditure has not exceeded overall cost of the scheme. The reply of the management was not to the point. DAC directed the

management to furnish revised reply along with record for verification. However, no record was furnished till finalization of this report.

Audit recommends fixing of responsibility against person(s) at fault for incurring expenditure over and above PC-I.

(AIR#5)

17.4.6 Non-recovery of water charges - Rs182.378 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 the office of Executive Engineer Kotri Barrage Division, Jamshoro for the financial year 2016-17, it was observed that outstanding dues for water charges amounting to Rs182.378 million were not recovered from WASA.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that several letters had been addressed to WASA Hyderabad to resolve outstanding dues issue. DAC directed that the matter may be taken up Finance Department to resolve the issue.

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

(AIR # 05)

17.4.7 Execution of work through private contractors instead of concerned department – Rs57.501 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 the following offices of Irrigation Department, Government of Sindh, for the financial years 2014-15 to 2017-18, it was observed that an amount Rs57.501 million was paid to private contractors for earth work, engaging hydraulic excavators/heavy machinery at various sites without obtaining NOC from the concerned mechanical divisions of Irrigation Department & Agriculture Department respectively.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN Rice Canal Division, Larkana	2017-18	8	21.998
			5	6.827
2	XEN Sukkur Begari Bund Division, Sukkur	2014-15	20	18.661
3	XEN Johi Division Dadu	2016-17	9	5.338
4	XEN Warah Division Larkana	2016-17	8	4.677
Total				57.501

The matter was reported to the department in January 2016 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the reply was not furnished by the office. DAC showed displeasure and directed the management to furnish reply along with record for verification. However, no record was furnished for verification till finalization of this report.

Audit requires clarification for execution of works without obtaining NOC from concerned department.

17.4.8 Unjustified payment on earth re-handling - Rs9.85 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 the office of Executive Engineer, Daharki Division, Mirpur Mathelo for the financial years 2015-16 to 2016-17, it was noticed that an amount of Rs9.847 million was paid to contractor without approval and sanction.

(Rs. in million)

Name of work	Item(s) of work	Quantity	Rate	Amount
Rehab. of Bumbly Sub-Branch and Lathwaro Minor - ADP Scheme 1079/2016-17 by M/s Z L Malhar & Sons – 5th RA Bill - CV # 55 of June 17	Re-handling of earth	1122980 cft	1503.42 %0cft	1.688
	Re-handling of earth	5426990 cft	1503.43 %0cft	8.159
Total				9.847

Execution of work without obtaining approval and sanction resulted in unauthorized payment to contractor.

The matter was reported to the department in November 2017, but no reply was received. During DAC meeting held on 09th January 2019, reply of the management was not found supported with relevant record viz., technical sanction and measurement book. DAC directed the management to furnish relevant record for verification. However, no record was furnished for verification till finalization of this report.

Audit requires clarification for execution of re-handling work without approval.

(AIR # 07)

17.4.9 Splitting up of work to avoid tenders – Rs48.690 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year 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 audit of the following offices of Irrigation Department, Government of Sindh, for the financial years 2016-17 & 2017-18, it was observed that an expenditure of Rs48.690 million was incurred on works awarded to various contractors by way of splitting up sanction orders to avoid sanction of competent authority and open tenders.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	Executive Engineer Drainage Division, Shikarpur	15 & 23	39.345
2	XEN Kotri Barrage Division Jamshoro	7	4.355
3	Executive Engineer Gudu Barrage Division Kashmore	9	3.256
4	XEN Drainage Division Larkana	4	1.734
Total			48.690

The matter was reported to the department in October 2017 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that the work was not split up, and the same was executed after inviting quotations. DAC directed the management to furnish relevant record for verification. However, no record was furnished for verification till finalization of this report.

Audit requires regularisation of the expenditure besides fixing the responsibility on the person(s) at fault.

17.4.10 Loss due to suspension of development schemes –Rs1809.14 million

Under 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 culpable negligence.

During audit of the office of Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad for the financial year 2016-17, it was observed that various development schemes amounting to Rs1809.143 million were suspended without completion, thus Government funds were wasted.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that the work was delayed due to non-receipt of funds from Federal Government. DAC directed the management to furnish documentary evidences for verification. However, no record was furnished for verification till finalization of this report.

Audit requires early completion of schemes and providing of documentary evidence in compliance to DAC directives.

(AIR # 01)

17.4.11 Irregular award of works - Rs116.33 million

According to the Appendix –D “The procuring agency should prepare the Bill of Quantities (BoQs) appropriate to the work s. In Preparation of the Bill of Quantities , column under(1),(2),(3) and (4) I item rate contract should be completed by the procuring agency ,whereas space under column (5) and (6) as well as the total of the bottom should be left to be filled in by the bidder. But in case of Composite Schedule of Rates all column are to be filled by procuring agency only percentage above or below are to be quoted by the bidder.

During audit of the office of Executive Engineers, Guddu Barrage Division, Kashmore for the year 2016-17, it was observed that work amounting to Rs116.327 million was awarded to the M/s International Traders vide work order # 1066 dated 15.6.2015 on quoted rates instead of schedule rates. Thus, negligence of the management resulted into undue favor to the contractor.

The matter was reported to the department in October 2017, but no reply was received. During DAC meeting held on 09th January 2019, the reply was not furnished by the office. DAC showed displeasure and directed the management to furnish reply along with record for verification. However, no record was furnished for verification till finalization of this report.

Audit recommends fixation of responsibility on the person(s) at fault besides compliance of DAC directives.

(AIR # 02)

17.4.12 Excess payment to contractor due to allowing excess rate – Rs695.078 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 Irrigation Department Government of Sindh, for the year 2016-17, it was observed that excess payment of Rs695.078 million was paid to contractor by allowing excess rate.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	Executive Engineer Gudu Barrage Division Kashmore	1	295.892
2	PD, Lining of Distribution & Minors in Sindh Hyderabad	4	152.492
3	PD Flood Emergency Reconstruction Project Hyderabad	2	116.066
4	PD,Lining of Distribution & Minors in Sindh Hyderabad	6	74.346
5	XEN Drainage Division, Shikarpur	28	42.548
		22	0.750
		19	1.750
6	XEN Daharki Division Mirpur Mathelo	3	7.098
7	Executive Engineer Gudu Barrage Division Kashmore	10	2.947
8	XEN Drainage Division Thatta	7	1.189
Total			695.078

The government sustained loss due to payment to contractors at excess rates.

The matter was reported to the department in October 2017 & March 2018, but no reply was received. During DAC meeting held on 09th January 2019, reply of the management was not found supported with evidences, and the management was directed to furnish record for verification. However, no record was furnished for verification till finalization of this report.

Audit recommends recovery of excess amount, besides fixing of responsibility against person(s) at fault and production of record for verification.

17.4.13 Non-crediting of government revenue – Rs490.701 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 the following offices of Irrigation Department, Government of Sindh, for the financial years 2014-15 & 2016-17, it was observed that an amount of Rs490.701 million was realised on account of Government revenue, taxes and deposits but the same was not deposited into the government treasury.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN Shahdadt Irrigation Division Shahdadt	3	2016-17	390.57
2	XEN Rice Canal Division, Larkana	2	2017-18	32.564
3	XEN Kotri Barrage Division, Jamshoro	8	2017-18	24.738
4	XEN Drainage Division, Mirpurkhas	10	2014-15	24.622
5	PD Flood Emergency Reconstruction Project Hyderabad	7	2016-17	7.474
6	XEN Kashmir Division Kashmir	10	2016-17	4.277
7	Executive Engineer Gudu Barrage Division Kashmir	12	2016-17	2.248
8	XEN Upper Sindh Mechanical Division, Sukkur	8	2017-18	1.435
9	XEN Sukkur Begari Bund Division, Sukkur	24	2014-15	1.36
10	XEN Shahdadt Irrigation Division Shahdadt	2	2016-17	1.319
11	XEN RBOD Division-I, Sann Jamshoro	7	2017-18	0.049
12	XEN Johi Division Dadu	8	2016-17	0.045
Total				490.701

This resulted in un-due retention of government money by the offices concerned.

The matter was reported to the department in September 2017 & March 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that security deposit was lying in P.W deposits, and challans were

paid to Income Tax Department. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit recommends the credit of the amount into relevant government account and fixation of responsibility on the person(s) at fault.

17.4.14 Non-imposition of penalty for delayed works – Rs305.269 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 the following offices of Irrigation Department, Government of Sindh, for the financial years 2014-15 & 2016-17, it was observed that penalty of Rs305.269 million was not imposed on contractors whose works were not completed on the stipulated dates.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	PD, Lining of Distribution & Minors in Sindh Hyderabad	5	2016-17	143.713
2	XEN Drainage Division, Badin	4	2017-18	66.613
3	XEN RBOD Division-I, Sann Jamshoro	8	2017-18	30.631
4	XEN Rice Canal Division, Larkana	1	2017-18	23.256
5	XEN Kotri Barrage Division, Jamshoro	3	2017-18	13.669
6	XEN Drainage division Larkana	2	2016-17	9.512
7	XEN Kotri Barrage Division Jamshoro	6	2016-17	5.498
8	XEN Kashmore Division Kashmore	2	2016-17	4.48
9	XEN Drainage Division, Mirpurkhas	03,05	2014-15	3.394
10	XEN Sukkur Begari Bund Division, Sukkur	16	2014-15	3.254
11	XEN Research Division Karachi	3	2016-17	1.249
Total				305.269

Due to non-imposition of the penalty, the government sustained monetary loss.

The matter was reported to the department in September 2017 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that delay in completion of work was due to less and improper funding from Federal/Provincial Government, and the extension was granted after completing all codal formalities. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit recommends that production of record may be ensured besides fixing of responsibility on the person(s) at fault.

17.4.15 Less deduction of security deposit from contractors – Rs47.744 million

As per Rules (39)(1) of Sindh Public Procurement Rules, 2010 - Performance Security, 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. As per Para-89 of CPWA Code “Security, for the fulfillment of the contract, should invariably be taken from the contractors. The security may be taken in form of cash deposit, deposit of interest bearing securities, deduction of 10% from the payment to be made on the work done or personal bond of two persons of known probity and wealth.

During audit of the following offices of Irrigation Department, Government of Sindh, for the financial years 2016-17 & 2017-18, it was observed that less security deposit was deducted from the bills of contractors instead of prescribed rate of 10% resulting into less deduction of security deposit amounting to Rs47.744 million.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	XEN Rice Canal Divison, Larkana	3	11.628
2	XEN Kashmore Division Kashmore	5	11.242
3	XEN Warah Division Larkana	5	7.21
4	Secretary Irrigation, Govt. of Sindh, Karachi	10	6.906
5	XEN Begari Bund Division Jacobabad	3	5.855
6	XEN RBOD Division II Hyderabad @ Jamshoro	3	1.859
7	XEN Shahdadt Irrigation Division Shahdadt	8	1.849
8	Executive Engineer Gudu Barrage Division Kashmore	15	0.904
9	XEN Johi Division Dadu	2	0.291
Total			47.744

Due to less deduction of security deposit, the contractors were extended undue favor.

The matter was reported to the department in October 2017 & October 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that necessary evidences for deduction of security deposit were available for verification. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit requires justification and production of record for less deduction of security deposit in compliance to DAC directives.

17.4.16 Overpayment due to allowing higher rate on steel – Rs23.39 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 Executive Engineer, Drainage Division, Thatta for the year 2016-17, it was observed that an amount of Rs.23.398 million was overpaid to the contractor on account of excess rate allowed on the item of “Fabrication of mild steel” as detailed below;

(Rs. in million)

Name of Contractor	Name of Item	Rate due	Rate Paid	Amount due	Amount Paid	Excess Paid
M/S. Sehwan Enterprises.	Fabrication of mild steel	4,820/20	5784.24	18,385,347	22,062,415	3.677
M/S. S.Sheeraz Traders.	Fabrication of mild steel	4,820/20	7,167.71	40,493,777	60,214,857	19.721
Total						23.398

Due to negligence of management, government sustained loss.

The matter was reported to the department in October 2017, but no reply was received. During DAC meeting held on 09th January 2019, the management replied

that rate was sanctioned and calculated with the schedule of government, and no excess payment was made to contractor. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit recommends that record may be produced for verification besides fixing of responsibility on the person(s) at fault.

(AIR#06)

17.4.17 Non-recovery of various taxes – Rs133.405 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.

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.

During audit of following offices of Irrigation Department, Government of Sindh for the years 2014-15 to 2017-18, it was observed that various taxes (i.e., Income Tax, Sindh Sales Tax on Services, and Professional Tax) amounting to Rs133.405 million were not recovered from the contractors.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars of recovery	Amount
1	XEN Southern Division, Dadu	2	2017-18	Sindh Sales Tax	93.934
2	XEN Sukkur Begari Bund Division, Sukkur	9	2014-15	Income Tax	8.489
3	Secretary Irrigation, Govt. of Sindh, Karachi	5	2017-18	Income Tax	8.263
		4		Income Tax	0.612
4	XEN Shahdadt Kot Irrigation Division Shahdadt Kot	5	2016-17	Income Tax	5.707
5	XEN RBOD Division II Hyderabad @ Jamshoro	1	2016-17	Income Tax	5.625
6	XEN RBOD Division-I, Sann Jamshoro	1	2017-18	Sindh Sales Tax	3.728
7	XEN Drainage Division, Shikarpur	29	2014-15 to 2017-18	Sindh Sales Tax	3.416
8	XEN Sukkur Begari Bund Division, Sukkur	29	2014-15	Income Tax	1.641
9	XEN Drainage Division Thatta	11	2016-17	Income Tax	1.363
10	XEN RBOD Division II Hyderabad @ Jamshoro	2	2016-17	Income Tax	0.587
11	XEN RBOD Division-I, Sann Jamshoro	4	2017-18	Professional Tax	0.04
Total					133.405

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that Sindh Sales Tax (SST) was not applicable on maintenance and repair (M&R) works. The management stated that M/s Frontier Work Organization (FWO) was exempted from income tax. DAC directed the management to write a letter to FWO for clarification of its status as government entity along with details of sub-let contracts and tax deductions made therefrom. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit requires expeditious recovery besides fixing of responsibility on the person(s) at fault and production of record in compliance to DAC directives.

17.4.18 Non-recovery of stamp duty from contractors – Rs3.751 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 0.35 paisa 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 35 paisa per hundred may got recovered and affixed on the agreement.

During audit of the following offices of Irrigation Department, Government of Sindh, for the financial years 2015-16 & 2016-17, it was observed that stamp duty amounting to Rs3.751 million was not recovered from the contractors against contract agreements in violation of above rule.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	PD Flood Emergency Reconstruction Project Hyderabad	9	2015-16 & 2016-17	1.545
2	XEN Drainage division Larkana	1	2015-16 & 2016-17	1.425
3	Secretary Irrigation, Govt. of Sindh, Karachi	8	2017-18	0.328
4	XEN Drainage Division, Badin	10	2017-18	0.133
5	XEN Kashmore Division, Kashmore	9	2015-16 & 2016-17	0.076
6	Executive Engineer, Mechanical Division Guddu, Sukkur	3	2015-16 & 2016-17	0.064
Total				3.571

Due to non-recovery of stamps duty, the government sustained monetary loss.

The matter was reported to the department in October 2017 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management stated that the contractor concerned had been asked to affix stamps according to the value of instrument as leviable under Sindh government rules. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

Audit recommends the recovery of the amount involved besides fixing the responsibility against the officer(s) at fault.

17.4.19 Non-deduction of shrinkage allowance – Rs20.065 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 the following offices of Irrigation Department, Government of Sindh, for the financial years 2016-17 & 2017-18, it was observed that an expenditure of Rs20.065 million was incurred on account of earth work done through machines by the contractor, but shrinkage allowance at the rate 6% of the quantity executed was not deducted from the bill.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN RBOD Division-I, Sann Jamshoro	10	2017-18	12.541
2	XEN Drainage Division, Shikarpur	33	2014-15 to 2017-18	0.443
3	XEN Begari Bund Division Jacobabad	10	2016-17	6.364
4	XEN Shahdadtot Irrigation Division Shahdadtot	10	2016-17	0.521
5	PD Flood Emergency Reconstruction Project Hyderabad	10	2016-17	0.196
Total				20.065

Due to less deduction of shrinkage allowance, government sustained monetary loss.

The matter was reported to the department in October 2017 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that shrinkage allowance had been deducted. DAC directed the management to get the record verified. However, no record was furnished for verification till finalization of this report.

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

17.4.20 Non-deduction of Voids – Rs3.944 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 the following offices of Irrigation Department, Government of Sindh, for the financial years 2014-15 to 2017-18, it was observed that an expenditure of Rs3.944 million was incurred on account of stone filling work but voids @ 25% were not deducted from the contractor’s bill.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Southern Division, Dadu	6	2017-18	3.798
2	XEN Sukkur Begari Bund Division, Sukkur	11	2014-15	0.146
Total				3.944

Due to non-deduction of voids, the government sustained monetary loss.

The matter was reported to the department in October 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management failed to furnish reply. DAC showed displeasure and directed the management to furnish the reply immediately. However, no record was furnished for verification till finalization of this report.

Audit recommends recovery of the amount involved and fixation of responsibility on the person(s) at fault.

17.4.21 Irregular payment without check measurement – Rs692.617million

As per Government of Sindh, Communication & Works Department notification No. C/9-60/77 dated 26th May 1977, it is the responsibility of the District Officer to check 10% measurements before making payment of the bills for the works done by the contractors. According to Communication & Works Department Notification No. C/90-CE/77 Dated 26-5-1977, Executive Engineer is required to

exercise check measurement of the work done to the extent of 10 % on hidden items before payment.

During audit of following offices of Irrigation Department, Government of Sindh, for the financial year 2017-18, it was observed that 10% check measurement was not done for the works amounting to Rs692.617 million.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Southern Division, Dadu	1	2017-18	587.086
2	XEN Drainage Division, Badin	3	2017-18	94.325
3	XEN RBOD Division-I, Sann Jamshoro	11	2017-18	5.695
4	XEN Kotri Barrage Division, Jamshoro	2	2017-18	5.511
Total				692.617

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that 10% check measurement upon measured items had been made. However, they failed to furnish documentary evidence. DAC directed the management to furnish the measurement books. No record was furnished for verification till finalization of this report.

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

17.4.22 Irregular tendering process – Rs484.460 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 following offices of Irrigation Department, Government of Sindh for the years 2014-15 to 2017-18, it was observed that an expenditure of Rs484.460 million was incurred on execution of works in contravention of various provisions of SPPRA rules/regulations mentioned against each office.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	SPPRA violations	Amount
1	XEN Drainage Division, Shikarpur	13	2014-15 to 2017-18	Issuance of repeat work order without observing re-tender process in case of cost of additional quantities of items of works exceed 15% of original contract amount as required under rule 16(1) of SPPRA, 2010	399.872
2	Secretary Irrigation, Govt. of Sindh, Karachi	1	2017-18	Award of contract to a consultant without constituting Consultant Selection Committee as required under Rule 67 of SPPRA, 2010	84.588
3	XEN Drainage Division, Badin	8	2017-18	Non constitution of redressal committee as required under Rule 31(1) of SPPRA, 2010	0
Total					484.460

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management reply was not found supported with relevant record. DAC directed the management to furnish revised reply along with record. However, no record was furnished for verification till finalization of this report.

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

17.4.23 Doubtful execution of works -Rs322.085 million

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 following offices of Irrigation Department, Government of Sindh for the years 2014-15 to 2017-18, it was observed that payment of Rs322.085 million was made against various works which were doubtful.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Executive Engineer RBOD Division-II, Jamshoro	6	2016-17	75.000
2	Executive Engineer RBOD Division-I, San Jamshoro	3	2017-18	67.700
3	Executive Engineer, Upper Sindh Mechanical Division, Sukkur	5	2017-18	3.686
4	Executive Engineer Drainage Division, Shikarpur	16	2014-15 to 2017-18	13.955
		5		4.633
		6		3.907
		10		1.25
		7		1.22
		20		1.155
		8		0.910
		12		147.965
		25		0.351
		4		0.353
Total				322.085

The matter was reported to the department in December 2017 & September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management reply was not found supported with relevant evidence. DAC directed the management to furnish revised reply along with evidence. However, no record was furnished for verification till finalization of this report.

Audit recommends that inquiry may be conducted for fixing of responsibility on person (s) at fault besides taking remedial measures.

17.4.24 Non-adjustment of advances – Rs278.107 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 Irrigation Department, Government of Sindh for the year 2017-18, it was observed that advance of Rs278.107 million was made to various contractors/organizations for various works. However, subsequent adjustment accounts were not obtained.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	XEN RBOD Division-I, Sann Jamshoro	5	2017-18	Advance payment to M/s Frontier Works Organization (FWO)	270.92
2	XEN Kotri Barrage Division, Jamshoro	7	2017-18	Payment to M/s Indus River System Authority (IRSA) without obtaining detailed bills	7.187
Total					278.11

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management replied that M/s FWO was exempted. DAC observed that the reply was not relevant to the audit para. DAC directed the management to furnish the revised reply. However, no revised reply was furnished for verification till finalization of this report.

Audit requires adjustment of advances besides fixing of responsibility on the person(s) at fault.

17.4.25 Non-recovery of electricity charges from residents of scarp colony – Rs3.291 million

According to 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 office of Executive Engineer Drainage Division Shikarpur, for the financial years 2014-2015 to 2017-2018, it was observed that an amount of Rs3.291 million was paid on account of electricity charges of residential colony, but no recovery was made from the officers/officials concerned which resulted into loss to the government.

The matter was reported to the department in October 2018, but no reply was received. During DAC meeting held on 09th January 2019, the management failed to furnish reply. DAC showed displeasure and directed the management to furnish the reply immediately. However, no reply was furnished for verification till finalization of this report.

Audit requires expeditious recovery of electricity charges from the officers/officials concerned.

(AIR # 30)

CHAPTER –18
LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

18.1 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.

18.2 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 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
12,162.794	238.118	2,135.266	(2,135.266)	(1,224.960)	12,400.912	10,423.486	1,977.426

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,977.426 million was observed, which was not surrendered in time.

18.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. The status of discussion on 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	Remarks
1	1992-93	1	1	1	0	100	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
3	1999-2000	10	4	0	4	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in these Audit Reports
10	2009-10	0	0	0	0	-	
11	2014-15	0	0	0	0	-	Audit Report not yet discussed
Total		15	9	1	8	11.1	

18.4 AUDIT PARAS

18.4.1 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.

In the office of Director, Human Rights, Karachi, Law, Parliamentary Affairs & Human Rights Department, Government of Sindh for the year 2016-17, following auditable record was not provided to audit for scrutiny:

- i. Details of contract staff
- ii. Approval of contract staff and their pay bills
- iii. Bank Statements of DDO accounts
- iv. Annual Report on Human Rights

Due to non-production of record, the authenticity of the expenditure could not be verified.

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

Despite written requests vide letters dated 30-11-2018 & 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for scrutiny besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 13)

CHAPTER – 19 LIVESTOCK AND FISHERIES DEPARTMENT

19.1 Introduction

The main role of the Livestock & Fisheries Department is:

1. Collection and compilation of Livestock statistics,
2. Improvement of the livestock including poultry and introduction of new breeds,
3. Livestock farms,
4. Prevention of animal diseases,
5. Prevention of cruelty to animals,
6. Veterinary,
7. Fisheries.

19.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 90 formations (DDOs), out of which 29 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
6,136.302	0.000	885.555	(885.555)	(2,117.864)	6,136.3020	3,949.300	2,187.002

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs2,187.002 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
50.000	48.000	65.824	17.824

19.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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 9.6%.

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	Remarks
1	1992-93	20	1	0	1	-	
2	1998-99	11	4	0	4	-	
3	1999-2000	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
4	2001-02	0	0	0	0	-	
5	2004-05	6	6	2	4	33.3	
6	2005-06	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
7	2006-07	3	3	0	3	-	
8	2007-08	8	4	0	4	-	
9	2008-09	3	3	0	3	-	
10	2009-10	4	4	1	3	25	
11	2014-15	14	6	0	6	-	
Total		69	31	3	28	9.6	

19.4 AUDIT PARAS

19.4.1 Non-production of auditable record - Rs50.096 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.

In the thirteen (13) offices of Livestock & Fisheries Department, Government of Sindh, for the financial years 2012-13 to 2017-18, auditable record of Rs50.096 million was not produced to audit for scrutiny (details at Annex-1 of Chapter -19).

Due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was reported to department in December 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

19.4.2 Irregular expenditure on various repairs – Rs18.836 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 Livestock & Fisheries Department, Government of Sindh for the years 2014-15 & 2015-16, it was observed that an amount of Rs18.836 million was incurred on repair of machinery & equipment, furniture & fixture and repair of transport.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particulars	Amount
1	Deputy Director, Livestock, Kashmore @ Kandhkot	17	Repair of Transport	0.170
2	Director Animal Breeding Hyderabad	08	Repair of Furniture	0.540
		04	Repair of Machinery	2.095
		06	Repair of Vehicles	1.238
3	Additional Director Poultry Production & Research Hyderabad	03	Repair of Machinery	0.938
		04	Repair of Furniture	0.905
		05	Repair of Vehicles	0.795
4	DD Livestock/animal Husbandry Mithi	09	Repair of Vehicles	0.073
5	Director, Sindh Poultry Vaccine Karachi	04	Repair of Vehicles	9.350
6	Deputy Director, Livestock, Matiari	09	Repair of Hardware	0.095
		04	Repair of furniture, repair of machinery	0.199
		01	Repair of Transport	0.238
7	DG Livestock, Sindh Hyderabad	09	Repair of furniture, repair of machinery	0.264
		06	Repair of Vehicles	0.686
8	Deputy Director, Livestock, Ghotiki	05	Repair of Transport & Furniture	0.117
9	Deputy Director, Livestock, Dadu	12	Repair of Machinery & Equipment	0.151
10	Deputy Director, Livestock, Thatta	01	Repair of Transport	0.436
		02	Repair of Machinery & Equipment	0.279
		03	Repair of Furniture	0.267
			Total	18.836

Following irregularities were observed in above expenditure:

- i. Acknowledgement receipts were not obtained.
- ii. Neither the old spare parts accounted for in scrap register nor the same were disposed off.
- iii. Repair register was not maintained.
- iv. Sanctions were splitted up to avoid the tenders.
- v. NOC from government workshop was not obtained.

The matter was pointed out to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detail justification besides taking remedial measures.

19.4.3 Irregular payment on account of POL – Rs10.753 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 Livestock & Fisheries Department, Government of Sindh for the year 2017-18, it was observed that an amount of Rs10.753 million 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.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	Deputy Director, Mithi	04	2.257
2	Director Sindh Poultry Vaccine Karachi	06	2.244
3	Additional Director Poultry Production & Research Hyderabad	02	1.647
4	Director Animal Breeding Hyderabad	05	1.647
5	DG Livestock Hyderabad	04	0.928
6	Deputy Director, Livestock Matiari	05	0.460
7	Deputy Director, Livestock, Kashmore @ Kandhkot	29	0.383
8	Deputy Director, Livestock, Tando Muhammad Khan	06	0.319
9	Deputy Director, Livestock,, Mirpurkhas	15	0.300
10	Deputy Director, Livestock, Sanghar	08	0.267
11	Deputy Director, Livestock, Ghotiki	04	0.237
12	Deputy Director, Livestock, Shaheed Benazirabad	03	0.064
Total			10.753

The matter was pointed out to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detail justification besides taking remedial measures.

19.4.4 Irregular payment through DDO account - Rs11.325 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 drawl and disbursement of cash.”

During audit of the following offices of Live Stock & Fisheries Department, Government of Sindh, it was revealed that an amount of Rs11.325 million was paid to the various suppliers through DDO account instead of direct payment to the suppliers concerned. Hence, authenticity of expenditure through DDO account could not be ascertained.

(Rs. in million)

Sr. #	Name of Formation	AIR Para#	Financial Year	Amount
1	Director, Animal Husbandry, Sindh, Hyderabad	5	2016-17	2.638
2	Dy. Director, Live Stock (Animal Husbandry), Tharparkar @ Mithi	2	2015-16	1.974
3	Dy. Director, Live Stock (Animal Husbandry), Karachi	6	2016-17	1.817
4	Dy. Director, Animal Husbandry, Kumber @ Shahdadkot	2	2015-16	0.965
5	Dy. Director, Live Stock (Animal Husbandry), Jamshoro	4	2016-17	0.928
6	Director, Central Veterinary Diagnosis Lab. Tandojam	3	2016-17	0.54
7	Director, Central Veterinary Diagnosis Lab. Tandojam	5	2015-16	0.4
8	Director, Fisheries Marine, Karachi	1	2014-15 to 2016-17	0.305
9	Secretary, Live Stock & Fisheries, Karachi	1	2016-17	0.288
10	Director, Animal Breeding, Sindh, Hyderabad	3	2016-17	0.2
11	Dy. Director, Semen Production Unit, Korangi, Karachi	6	2012-13 to 2016-17	0.078
12	Dy. Director, Live Stock Dadu	10	2016-17 & 2017-18	1.192
Total				11.325

The lapse on the part of management indicates improper oversight and weak internal controls.

The matter was reported to department in December 2017 & August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate discontinuation of this malpractice and taking disciplinary action against the concerned.

19.4.5 Non / less-deduction of government taxes – Rs4.442 million

According to Para (I) (b) (ii) of Division III of Part-III of the First Schedule of Income Tax Ordinance 2001, “the rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be in any other case, 4.5% of the

gross amount payable, if the person is a filler and 6.5% if the person is a non-filler. Para (2) (ii) (b) of Division III of Part-III of the First Schedule of Income Tax Ordinance 2001, (b) in any other case, 10% of the Gross amount payable, if the person is a filler and 15% if the person is a non-filler.”

As per Section 3 (1) of the Sales Tax Act, 1990, “there shall be charged, lived 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 (a) 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 Live Stock & Fisheries Department, Government of Sindh, it was revealed that payments were made to various suppliers but income tax, General Sales Tax & Sindh Sales Tax amounting to Rs4.442 million were not deducted due to which Govt. sustained loss of Rs4.442 million.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Type of Tax	Amount
1	PD, PMU, BBSYDP (Live Stock & Fisheries), Hyderabad	5	2015-16	Sindh Services Tax	2.805
2	Program Coordinator, PMU, Accelerated Action Plan (Fisheries) for Reduction of Stunning & Malnutrition in Sindh, Karachi	9	2016-17	Various taxes	0.344
3	Dy. Director, Live Stock, Animal Husbandry, Sukkur	3	2015-16	Income Tax	0.219
4	Director, Fisheries Marine, Karachi	13	2014-15 to 2016-17	GST & SST	0.184
5	Dy. Director, Live Stock (Animal Husbandry) Jamshoro	13	2016-17	GST & SST	0.094
6	Dy. Director, Semen Production Unit, Korangi, Karachi	1	2012-13 to 2016-17	GST & SST	0.086
7	In-Charge Officer, Govt. Farms, Korangi, Karachi	5	2015-16	Income Tax	0.066
8	Dy. Director, Live Stock, Mirpurkhas	4,6 & 7	2017-18	Income tax & GST/SST	0.644
Total					4.442

The matter was reported to management in December 2017 & June 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of Government dues.

19.4.6 Irregular procurement of medicines - Rs83.156 million

According to Appendix 18-A of Sindh Financial Rule, Volume-I, “Every Govt. servant realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. 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 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 the following offices of Livestock & Fisheries Department, Government of Sindh for the years 2012-13 to 2017-18, it was noticed that an expenditure of Rs83.156 million was incurred on procurement of medicines without observing codal formalities (details at Annex-2 of Chapter -19).

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

19.4.7 Non-maintenance of consumption account - Rs107.915 million

According to Rule - 113 of Sindh Financial Rules, Volume-I 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 Livestock & Fisheries Department, Government of Sindh, for the financial year 2017-18, it was observed that an expenditure of Rs107.915 million was incurred on purchase of various consumable articles, but the consumption account of same was not maintained.

(Rs. in million)

Sr. #	Name of Office	AIR Para#	Particulars	Amount
1	Director Animal Breeding Hyderabad	01	Cost of other store	64.315
2	Director, Sindh Poultry Vaccine Karachi	05	Cost of other store	8.339
3	DD Livestock/Animal Husbandry Kashmore @ Kandhkot	20	Drugs & medicines	3.492
4	Deputy Director, Livestock, Mithi	02	Cost of other store	6.459
5	Additional Director Poultry Production & Research Hyderabad	01	Cost of other store	4.883
6	Deputy Director, Livestock, Ghotki	01	Various heads	3.793
7	Deputy Director, Livestock, Jacobabad	02	Medicine	0.984
8	Deputy Director, Livestock, Tando Allahyar	05	Medicine	0.214
9	Deputy Director, Livestock, Dadu	14	Medicine	5.241
		13	Vaccine	1.479
10	Deputy Director, Livestock, Thatta	08	Medicine	5.711
11	Deputy Director, Livestock, Sanghar	02	Misc items	1.988
12	Deputy Director, Livestock, Matiari	06	Misc items	1.017
Total				107.915

In absence of relevant record, authenticity of expenditure could not be verified.

The matter was reported to department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

19.4.8 Expenditure without supporting vouchers - Rs70.959 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 following offices of Livestock & Fisheries Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs70.959 million was incurred on purchases under various heads of account without supporting vouchers. Audit was of the view that expenditure without supporting vouchers, constituted weak administrative and financial management.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
01	Director Sindh Poultry Vaccine Karachi	01	69.607
02	DG Livestock Hyderabad	07	0.568
03	Deputy Director, Livestock, Sukkur	07	0.409
04	Additional Director Poultry Production & research Hyderabad	10	0.142
05	Director Animal Breeding Hyderabad	11	0.133
06	Deputy Director, Livestock, Matiari	07	0.100
Total			70.959

The lapse on part of department indicates improper watch and weak internal controls.

The matter was reported to department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of vouchers, besides taking remedial measures.

19.4.9 Non-recording of store articles - Rs50.499 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured 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 the appropriate Stock Register”.

During audit of thirteen (13) offices of Livestock & Fisheries Department, Government of Sindh for the financial year 2017-18, it was observed that miscellaneous items amounting to Rs50.499 million were purchased, but the same were not accounted for in the relevant stock registers (details at Annex-3 of Chapter - 19).

Due to non-recording of articles, the authenticity of the procurement and its consumption could not be ascertained.

The matter was reported to the department in October 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends accountal of store items in relevant stock registers and its verification by Audit.

19.4.10 Irregular award of works orders – Rs15.294 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 the following offices of Livestock & Fisheries Department, Government of Sindh for the year 2017-18, it was observed that an expenditure of Rs15.294 million was incurred on various head of accounts without observing transparency in tendering process and contravention of several provisions of SPPRA rules.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Irregularity	Amount
01	Deputy Director, Livestock, Kashmore @ Kandhkot	19	Bid Evaluation Reports were not hoisted as required under Rule 45 of SPP Rules 2010	3.420
		16	Procurement from unqualified bidders without submission of complete bidding documents	0.747
		06	Contracts awarded without obtaining performance security as required under Rule 39(3) of SPP Rules 2010	0.263
02	Deputy Director, Livestock, Sukkur	01	Bid Evaluation Reports were not hoisted as required under Rule 45 of SPP Rules 2010	4.492
		02	Non-advertisement of tenders in leading newspapers as required under Rule 17 (2) of SPP Rules 2010	4.493
03	Deputy Director, Livestock, Dadu	03	Bid Evaluation Report/contract agreement not hoisted.	1.879
Total				15.294

The lapse on part of department indicates improper watch and weak internal controls.

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not 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 Purchase of medicines without drug test laboratory report – Rs8.627 million

As per Sindh Drug Act, “Suppliers 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 the following offices of Livestock & Fisheries Department, Government of Sindh, for the year 2017-18, it was observed that expenditure of Rs8.627 million was incurred on purchase of medicines but the same were accepted in absence of Drug Testing Laboratory Report. In absence of the said test report, quality and potency of drugs could not be established.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	Deputy Director, Livestock, Kashmore @ Kandhkot	22	4.062
2	Deputy Director, Livestock, Ghotki	02	3.159
3	Deputy Director, Livestock, Mirpurkhas	08	1.406
Total			8.627

The lapse on part of department indicates improper watch and weak internal controls.

The matter was reported to the management in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure besides taking remedial measures.

19.4.12 Blockage of government money - Rs5.757 million

According to Para 96 of GFR 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 possible interest, grants that cannot be predictably utilized should be surrendered”.

During the audit of the office of Deputy Director, Livestock, Dadu for the financial years 2016-17 & 2017-18, it was observed that management failed to utilize medicines and vaccines worth Rs5.757 million till the end of financial year. Hence unnecessary procurement was made to avoid lapse of funds.

The lapse on part of department indicates improper watch and weak internal controls.

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires fixing of responsibility at person(s) at fault besides taking remedial measures.

(AIR # 09)

19.4.13 Non-invitation of tenders - Rs1.906 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 Livestock & Fisheries Department, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs1.906 million was incurred on account of purchase of various items without inviting open tenders. Audit is of the view that failure of the management to follow SPPRA rules resulted into non-obtaining competitive rates.

(Rs. in million)

Sr. #	Name of Department	AIR Para #	Particulars	Amount
1	DD Livestock/Animal Husbandry Mirpurkhas	01	Purchase of medicine	1.459
		02	Purchase of other misc items	0.472
2	Deputy Director, Livestock, Shaheed Benazirabad	01	Purchase of vaccine	0.400
Total				1.906

The lapse on part of department indicates improper watch and weak internal controls.

The matter was reported to the department in August 2018, but no reply was received.

Despite written requests vide letters dated 30-10-2018, 30-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure besides fixing of responsibility on the person(s) at fault.

CHAPTER – 20 MINORITIES AFFAIRS DEPARTMENT

20.1 Introduction

The major functions of the department are:

- To safeguard the rights of minorities,
- To promote welfare of minorities,
- To hold meetings of the Provincial/District Minorities Committee,
- Coordination with the Federal Government on matters relating to welfare of minorities,
- All other matter relating to minorities.

20.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of only 02 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
2,307.056	-	89.288	(89.288)	(879.500)	2,307.0562	774.221	1,532.835

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,532.835 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 as discussed by the PAC.

20.4 AUDIT PARAS

20.4.1 Non-production of auditable record - Rs71.166 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.

In the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs71.166 million was incurred under two ADP schemes, however, the record pertaining to payments was not produced for audit scrutiny. It was verbally informed that the said record has been handed over to NAB authorities for investigation.

(Rs. in million)

Sr.#	ADP Scheme	Amount
1	1708-Consolidation/Rehabilitation of Saadh Bello Sukkur	0.696
2	1709-Implementation of various Development schemes of Minorities in Sindh	70.470
Total		71.166

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management informed 1709 that the record relating to ADP scheme No. 1709 was with NAB authorities under an inquiry. However, relevant record of ADP scheme No. 1708 was available for audit. DAC directed that record from NAB may be called for verification of audit, and the record relating to Saadh Bello temple may also be produced for audit scrutiny. No record was produced for verification till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 13)

20.4.2 Irregular payments of Grant-in-Aid – Rs175.950 million

According to Para (x) of Policy Guidelines for Grant/Distribution of allocated funds for Non-Muslim communities in Sindh under the head grant in aid issued by Minorities Affairs Department, applications for grant of funds under each head shall be submitted on prescribed proforma application duly recommended by the respective members/convener/Sub-Committee of Non-Muslim Welfare Committee, along with copy of CNIC/Testimonials of concerned education institutions. According to Para (i) of Policy Guidelines, funds of Grant-in-Aid shall be granted under the following heads as per ratio on the basis of release of funds from Finance Department, Government of Sindh.

Sr. #	Heads	Ratio in %
1	Conservation of religious places and procurement of physical assets for Religious Places of Non-Muslims Committees	60%
2	Financial Assistance	15%
3	Medical Treatment	15%
4	Scholarship	5%
5	Jehaz/ Marriage	5%

During audit of the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an amount of Rs175.950 million was paid to various payees on account of Grant in Aid without approval of their respective sub-committees and without following criteria as approved in Policy Guidelines.

(Rs. in million)

Sr. No.	Particulars	AIR Para No.	Amount
1	Payment without approval of subcommittees	3	11.170
2	Payment without criteria	4	164.780
Total			175.950

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that Government of Sindh has constituted Non-Muslim Welfare Committee comprising notable personalities with certain TORs, wherein the committee has been empowered to constitute sub-committees where required. However, no sub-committee was constituted by the NMWC. Furthermore, payments were made on the

recommendations of NMWC as per set criteria / policy. DAC directed that minutes of meeting of NMWC for granting approvals alongwith set criteria / policy may be furnished to audit for verification. No record was produced for verification till finalization of this report.

Audit requires justification for non-compliance of rules and its regularization by the competent authority.

20.4.3 Irregular payment of work without agreement - Rs167.551 million

As per Para 514-A of P.W.D Manual Volume-I “no any work should be permitted to be started unless the contract in one of the prescribed Form is sanctioned by the Competent Authority”.

During audit of the office of Director Minorities, Hyderabad for the financial year 2016-17, it was observed that the various works were awarded to the contractors for Rs167.551 million. However, agreements for these works were not executed with the contractors.

(Rs. in million)

Sr. #	ADP Scheme #	ADP Scheme	Amount
1	1716	Repair/Renovation of various mandirs in Mirpurkhas Division	132.146
2	1717	Construction of Minority Religious places in Sindh	35.405
Total			167.551

The matter was reported to the management in July 2017, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that agreement are available. DAC directed to provide record for verification. No record was produced for verification till finalization of this report.

Audit requires compliance of DAC directives.

(AIR # 16)

20.4.4 Payment on account of solar plants without obtaining delivery – Rs24.00 million

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

During audit of the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an amount of Rs24.00 million was paid to the contractors on account of purchase of solar power plants. It was observed that the amount was paid through R.A bills as advance without obtaining delivery. However, one bill showed measurement recorded in MB by Electrical Engineer and other bill showed them as “Due to supply”. This created doubts about authenticity of the expenditure.

(Rs. in million)

Sr. #	Name of Work	Contractor	CV # & Date	Cheque # & Date	Amount
1	Prov. Of solar lights at Lal Qalandar Shahbaz Thana Ahmed Khan Taluka T.B.Khan	M/s M. Nadir Khan & Brothers,	21 03/2017 (1 st RA Bill)	2603801 09-03-17	12.00
2	Prov. Of solar power grid of 50 KVA at Raherki sahib Taluka RaherkiDistt. Ghotki	Pakistan Electric works (J/V)	26 03/2017 (1 st RA Bill)	2604160 14-03-17	12.00
Total					24.00

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that the payment on account of solar plants was made due to supply of items on site, and full payment would be made after installation of solar plants. DAC directed that on site delivery receipts, copies of M.B and inspection report of Assistant Engineer may be furnished to audit for verification. No record was produced for verification till finalization of this report.

Audit recommends inquiry in the matter to ascertain genuineness of the expenditure.

(AIR # 31 & 32)

20.4.5 Sanction of estimates without approval of competent authority - Rs19.268 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 Director, Minorities, Hyderabad for the year 2016-17, it was observed that an expenditure of Rs19.268 million was sanctioned on various works awarded to the contractors. The sanctions of these works were accorded by Superintending Engineer, Karachi Metropolitan Corporation, District East Karachi. As the department had no post for according technical sanction of the works, Superintending Engineer, W&S was approached for technical sanction, However, it was noted that the technical sanction was accorded by the Superintending Engineer, Karachi Metropolitan Corporation, District East Karachi without any approval from the competent authority (details at Annex-01 of Chapter-20).

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that post facto technical sanction has been obtained from Works and Services Department. DAC directed that post facto approval by PAO be got verified from audit. No record was produced for verification till finalization of this report.

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

(AIR # 12, 30 & 37)

20.4.6 Irregular payment of Endowment fund/scholarships to students - Rs11.505 million

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

During audit of the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an amount of Rs11.505 million was paid to various students under endowment and scholarships as under:

(Rs. in million)			
Sr.#	Particulars	AIR Para #	Amount
1	Payment to various students already studying in the expensive Institutes of Karachi	14	4.425
2	Payment to various students without proper approval	15	7.080
Total			11.505

Following irregularities were also noticed:

- i. Many students were resident of well-off societies of Karachi.
- ii. Approval of committee member/Director was not available on the application form.
- iii. Criteria as per HEC recommendation were not attached.

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that names for award of scholarships were approved by NMWC as per policy, and as per approved criteria / guidelines, the committee has discretion to approve any case. However, audit contended that in many cases scholarships were awarded to undeserving students, who were residents of posh localities of Karachi. DAC directed the management to submit detailed justification alongwith documentary evidence for verification. No record was produced for verification till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

20.4.7 Unauthorized expenditure on Muslim religious places out of schemes allocated for minorities – Rs11.106 million

According to Policy Guidelines for Grant/Distribution of allocated funds for non-Muslim communities in Sindh under the head grant in aid issued by Minorities Affairs Department that for grant of funds with regard to conservation and procurement of physical assets for religious places belonging to minorities of the province and

financial assistance, Scholarship, Medical Treatment and Jahez for Non-Muslims Communities.

During audit of the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs11.106 million was incurred on execution of civil works. However, it was noted that the civil works were executed on Muslim religious places out of funds allocated for non-Muslim religious places. The expenditure on execution of civil works on these places was irregular and could not be admitted in audit.

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that the work of various ADP schemes was approved by the competent authority as per PC-I. However, audit contended that as per PC-I provision, the civil works were to be executed against Non-Muslim religious places only, hence deviation from PC-I had occurred. DAC directed the management to submit revise reply with documentary evidence for verification. No record was produced for verification till finalization of this report.

Audit recommends inquiry into the matter for fixation of responsibility for non-production of record for verification in compliance to DAC directives.

(AIR # 26)

20.4.8 Collusive tendering – Rs5.932 million

Rule-88 of Sindh Financial Rules, Volume-I, states “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 Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that tenders for various civil works costing Rs5.932 million were invited. Three bidders submitted their bids in the competition. However,

scrutiny of comparative statement revealed that there was very little margin (in one case it was 0.1% while in other 0.05%) between the bids of the contractors which created doubt that the bids were submitted through collusive tendering.

(Rs. in million)

Sr. #	Name of work	Margins	Amount
1	Repair/Maintenance/Restoration/Renovation of Mata MandirMakli, District Thatta, W/O #75 dt 23-04-12, M/S. Khalid Rajput & Co.	40.2%, 40.3% & 40.4% above	2.490
2	Repair/Renovation of Hindu Massan at Hala City District Matiari, W/O # 70 dt 23-04-12, M/S. Najeeb Raza	47.60%, 47.65% & 47.68% above	3.442
Total			5.932

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that it was an open competition and contractors submitted their bids as per set procedure. However, audit contended that there was very little margin between the both bids which created doubt regarding pooling of bids. DAC directed the management hold an inquiry and submit the report within one month. No progress was reported till finalization of this report.

Audit requires remedial measures by the management to discourage collusive practice/pooling of bids.

(AIR # 21)

20.4.9 Non-maintenance of cash book – Rs204.053 million

According to Para-16.3.3.1 of APPM, “the accounting records (manual or computerized) which need to be kept by the Drawing and Disbursing Officer include the following:

- Cash book (or equivalent)
- Petty cash book (or equivalent)
- Contingent payment register
- Commitment register
- Payroll/establishment Register
- Receipt register

- Financial asset register
- Budget head register.

During audit of the office of Director, Minorities, Hyderabad for the financial year 2016-17, it was observed that an expenditure of Rs204.053 million was incurred on under Grant in Aid, but the cash book was not maintained. The incurrence of expenditure and then payment without maintaining cash book was a serious violation, thus authenticity of budget utilization was compromised.

(Rs. in million)

Sr. #	Categories of GIA	Payments
1	Financial Assistance	84.520
2	Medical	29.216
3	Scholarship	16.045
4	Jahez	35.000
5	Repair & Maintenance	39.272
Total		204.053

The matter was reported to the management in July 2018, but no reply was received. During DAC meeting held on January 22, 2019, the management replied that cash book and other registers have been duly maintained and updated. DAC observed with concern that important financial record was not being maintained and directed that cash book alongwith other registers may be submitted to audit for verification. No record was produced for verification till finalization of this report.

Audit requires fixing of responsibility on the person(s) at fault, besides taking remedial measures for maintenance of Cash Book.

(AIR # 6)

CHAPTER –21 PLANNING AND DEVELOPMENT DEPARTMENT

21.1 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.

21.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 39 formations (DDOs), out of which 04 formations were selected and audited during the Audit Year 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
4,493.323	23.617	1,000.899	(1,000.899)	(952.290)	4,516.9400	2,249.123	2,267.817

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs2,267.817 million was observed which was not surrendered in time.

21.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
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	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	Audit Report not yet discussed
Total		43	19	1	18	5.3	

21.4 AUDIT PARAS

21.4.1 Non-production of auditable record - Rs364.241 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.

In the following offices of Planning & Development Department Government of Sindh for the financial year 2016-17, auditable record of Rs364.241 million was not produced to audit for scrutiny.

(Rs. in million)

Sr. #	Name of Office/ Project	AIR Para #	Particulars	Amount
01	Sindh Cities Improvement Program (FAP)	4.2.2	Payment to North Sindh Urban Services Corporation	350.00
		4.3.1	Record of appointment/ selection of consultants against the Contract Selection Committee minutes of meeting.	6.654
02	Program Coordinator, Community Development Program, Planning & Development Department	02	payment to various Civil Society Organization CSOs	7.587
Total				364.241

Due to non-provision record, authenticity of expenditure could not be ascertained by audit.

The matter was reported to the Department in September 2017 & May 2018, but no reply was received. During DAC meeting held on 8th January 2019, the office

at Sr. # 1 stated that funds were released to NSUSC, however, NSUSC was closed and record was sealed by the orders of the Supreme Court of Pakistan. The external audit was conducted by Chartered Accountant firm M/S. Deloitte Yousuf Adil which was available. DAC directed that external audit report be got verified. As regards selection of consultants, management replied that Consultant Selection Committee (CSC) was formed for selection of every individual consultant or consultant firm. ADB approved the selection of individual consultant recommended by the Committee. DAC directed that record i.e, approval & TOR of ADB be got verified. Office at Sr. # 2 stated that all the payments were made in accordance with contract agreement and after due monitoring of Civil Society Organizations (CSOs). DAC directed to produce record of CSOs approval within one week to audit. However, no record was produced till finalization of this report.

Audit recommends production of record for scrutiny besides fixing responsibility against the person(s) at fault.

21.4.2 Unjustified payment of honorarium - Rs4.827 million

According to the Government of Sindh Finance Department (Regulation Wing) vide 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.

During audit of the office of Program Coordinator, Community Development Program, Planning & Development Department for the financial year 2016-17, it was observed that payment of Rs4.827 million was made on account of honorarium. The payment of 07 basic pay was unjustified and against the government rule; as only one basic is allowed as honorarium to officers / officials.

The matter was reported to the department in May 2018, but no reply was received. During DAC meeting held on 8th January 2019, the management replied that Community Development Board (CDB) being the competent authority of the Community Development Program, approved honorarium in accordance with specific performance criteria. Audit asked for the constitution of Board and its powers along with justification for approval 07 basic pays to each employee. DAC directed to refer the matter to Law Department for interpretation of authority of Board. However, no progress was reported till finalization of this report.

Audit requires justification of excess payment of honorarium and its regularization by the competent authority.

(AIR # 01)

CHAPTER – 22 POPULATION WELFARE DEPARTMENT

22.1 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

22.2 Comments on the Budget and Accounts (Variance Analysis)

The department consists of 39 formations (DDOs), out of which 29 formations were selected and audited during the Audit Year 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
4,859.416	76.694	702.571	(702.571)	(201.786)	4,936.1100	3,887.710	1,048.400

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,048.400 million was observed which was not surrendered in time.

22.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	5	5	0	5	0	
2	1998-99	9	1	0	1	0	
3	1999-2000	0	0	0	0	0	No audit para pertaining to this department was printed in these Audit Reports
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	

22.4 AUDIT PARAS

22.4.1 Irregular payment through DDO account – Rs126.186 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 drawl and disbursement of cash.”

During audit of the following offices of Population Welfare Department for the financial year 2017-18, it was observed that an expenditure of Rs126.186 million was incurred on account of various heads, but the payments were made through DDO account instead of crediting into the concerned payees’ account.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Amount
1	Secretary, Population Welfare	1	2017-18	103.926
2	DPWO, Jacobabad	5	2017-18	8.044
3	DPWO, Thatta	6	2017-18	4.38
4	DPWO (South), Karachi	1	2013-14 to 2016-17	2.95
5	DPWO (Central), Karachi	11	2011-12 to 2016-17	1.663
6	Regional Training Institute, Hyderabad	1	2015-16 & 2016-17	1.576
7	DPWO, Sukkur	12	2013-14 to 2016-17	1.516
8	DPWO, Sajawal	2	2017-18	1.092
9	DPWO, West, Karachi	9	2017-18	0.661
10	DPWO, District Malir, Karachi	18	2015-16 & 2016-17	0.378
Total				126.186

The matter was reported to the management in October 2017 and August 2018, but no reply was received. During DAC meeting held on 21st December 2018, the management replied that the payments were made for financial assistance, CS cases, conveyance charges, purchase of contraceptives and L/C. DAC directed the management to get the relevant record verified. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification in compliance to DAC directives.

22.4.2 Un-authorized retention of funds - Rs11.130 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 office of Secretary, Population Welfare Department for the financial year 2017-18, it was observed that an amount of Rs11.130 million was withdrawn from government treasury and deposited in DDO account maintained at National Bank of Pakistan account No.4063313006. The unutilized amount should have been surrendered in time.

The matter was reported to the management in October 2017 and August 2018, but no reply was received. During DAC meeting held on 21st December 2018, the management replied that the payments were made for purchase of contraceptives and L/C. DAC directed the management to get the relevant record verified. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification.

(AIR # 8)

22.4.3 Splitting up of expenditure to avoid tenders – Rs8.151 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year 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 Population Welfare Department for the financial year 2017-18, it was observed that an expenditure of Rs8.151 million was incurred against the procurements by splitting up the work orders to avoid invitation of open tenders and obtaining sanction of competent authority.

(Rs. in million)

Sr.#	Name of Formation	AIR Para #	Particulars	Amount
1	DPWO, Kashmore @ Kandhkot	8	Various items	2.746
2	DPWO, Kamber @ Shahdadkot	2	Various items	1.700
3	DPWO, Sukkur	4	Various items	1.241
4	DPWO, Thatta	2	Entertainment	0.972
5	DPWO, Naushahro Feroze	4	Entertainment	0.825
6	DPWO, Larkana	4	Others	0.667
Total				8.151

The matter was reported to the management in October 2017 and August 2018, but no reply was received. During DAC meeting held on 21st December 2018, the management replied that the expenditure was incurred on urgent basis with the approval of competent authority. DAC directed the management to get the relevant record verified. However, no record was produced till finalization of this report.

Audit requires detailed justification in this regard, and regularization of the expenditure by the competent authority

22.4.4 Non-maintenance of cash book – Rs76.491 million

According to Para-16.3.3.1 of APPM, “the accounting records (manual or computerized) which need to be kept by the Drawing and Disbursing Officer include, interalia cash book, petty cash book etc.:

During audit of the following offices of Population Welfare Department for the financial year 2017-18, it was observed that an expenditure of Rs76.491 million was incurred but the cash book was not maintained. The expenditure and payment without maintaining cash book was a serious violation, as authenticity of budget utilization was compromised.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Amount
1	DPWO, Kashmore @ Kandhkot	5	76.491
2	DPWO, South, Karachi	9	-
Total			76.491

The matter was reported to the management in October 2017 and August 2018, but no reply was received. During DAC meeting held on 21st December 2018, the

management replied that the cash books had been maintained. DAC directed the management to get the cash books verified. However, cash books were not produced till finalization of this report.

Audit requires submission of cash books for verification.

CHAPTER – 23

SERVICES GENERAL ADMINISTRATION & COORDINATION DEPARTMENT

23.1 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.

23.2 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 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
8,926.582	321.517	1,813.659	(1,813.659)	(579.530)	9,248.0989	7,035.136	2,212.963

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs2,212.963 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
385.000	433.750	310.266	(123.484)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs123.484 million was observed.

23.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	4	0	0	0	-	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
3	1999-2000	16	0	0	0	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
5	2004-05	5	2	0	2	-	
6	2005-06	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
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	-	Audit Report not yet discussed
Total		46	11	0	11	-	

23.4 AUDIT PARAS

23.4.1 Non-production of record - Rs11.00 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.

In the office of Chairman, Sindh Public Service Commission, Hyderabad for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs11.00 million was incurred, but following auditable record not provided for scrutiny.

- i. Record of selection process of appointment of legal consultant
- ii. Contract agreement between SPSC and legal consultant
- iii. Important record such as constitution of committees, details of approved Syllabi for written test, Central Record Register, Branch Record Register, record pertaining to selected / recommended candidates including register of selected / recommended candidates duly signed by all members etc.

(Rs. in million)

Sr. #	Advertisement No. / Date	Name of Post & Department	AIR Para#	Amount
01	--	Appointment of legal consultant in SPSC department	04	11.000
02	05/2013 dtd: 20-02-2013 09/2013 dtd: 27-09-2013	Planning Office (BPS-17) Economic Section, P&D Department	11	--
03	02/2011 dtd: 27-05-2011	Medical Officer (BPS-17), (Male / Female) Population Welfare Department	12	--
04	Press Release No.: PSC/Exam:(S.S)2016/286 dtd:30-03-2016	Staff Nurse (BPS-16), Health Department	18	--
			Total	11.000

Due to non-production of record, the authenticity of expenditure could not be verified.

The matter was reported to department in September, 2017, but no reply was received.

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

23.4.2 Irregular payment through DDO account - Rs30.549 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 drawl and disbursement of cash.”

During audit of the following offices of Services, General, Administration and Coordination Department, Government of Sindh, it was observed that an amount of Rs30.549million was paid through DDO account instead of direct payment to the suppliers concerned, due to which authenticity of expenditure could not be ascertained.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year(s)	Amount
1	Chairman, Enquires & Anti-Corruption Sindh, Karachi	03	2011-12 to 2016-17	24.898
2	Director, Anti-Corruption Establishment Sindh, Karachi	02	2014-15 to 2016-17	3.077
3	Chairman, Sindh Public Service Commission, Hyderabad	35	2015-16 & 2016-17	2.172
4	Director General, Sindh Civil Services Academy, Karachi	03	2011-12 to 2016-17	0.402
Total				30.549

The lapse on the part of department indicates improper watch and weak internal controls.

The matter was reported to management in September, 2017 & June, 2018 but no reply was received.

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate discontinuation of this malpractice and disciplinary action against the concerned.

23.4.3 Un-authorized retention of Govt. money into various accounts - Rs18.656 million

According to Rule 290 of Central Treasury Rules, Volume-I, "no money shall be drawn from Govt. Treasury until and unless it is required for immediate disbursement or need.

During audit of the following offices of Services, General, Administration and Coordination Department, Government of Sindh, it was observed that Govt. money amounting to Rs18.656 million was kept into various accounts till close of financial year which is unauthorized.

(Rs. in million)

Name of Formation	AIR Para #	Financial Year(s)	Title of Account	Amount
Chairman, Sindh Public Service Commission, Hyderabad	06	2015-16 & 2016-17	Controller of Examination, SPSC	13.243
	01	2015-16 & 2016-17	Controller of Examination	5.413
			Total	18.656

The lapse on the part of department indicates improper watch and weak internal controls.

The matter was reported to management in June, 2018 but no reply was received.

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate discontinuation of this malpractice and disciplinary action against the concerned.

23.4.4 Unauthorized purchase of vehicles during ban period - Rs5.283 million

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 the office of Chairman, Sindh Public Service Commission, Hyderabad for the years 2015-16 & 2016-17, it was observed that an expenditure of Rs5.283 million was incurred on purchase of vehicles during ban period and without approval of the Chief Minister.

(Rs. in million)

Sr. #	Particulars	Cheque # date	Name of supplier	Amount
1	(02) Toyota Gli, 1.3 white color 2015 model	2318128 dt 13-04-2016	M/S. Indus Motors Co. Ltd.	3.285
2	Toyota Gli, 1.6 white color 2015 model	2318127 dt 13-04-2016	M/S. Indus Motors Co. Ltd.	1.998
Total				5.283

The lapse on the part of department indicates improper watch and weak internal controls.

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

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry at higher level for fixation of responsibility.

(AIR # 5)

23.4.5 Non-deduction of Government taxes - Rs2.640 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 14% on services

provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

According to the section 153 (1) (a) of the Income Tax Ordinance 2001, Withholding tax on individual Consultants @ 10% is required to be deducted at source while making payment to consultants.

During audit of the office of Chairman, Sindh Public Service Commission, Hyderabad for the financial years 2015-16 & 2016-17, it was observed that payments were made to various suppliers but income tax and Sindh Sales Tax amounting to Rs2.640 million were not deducted due to which Govt. sustained loss.

(Rs. in million)

Sr. #	Type of Tax	AIR Para #	Amount
01	Sindh Services Tax 14%	02	1.540
02	Income Tax @ 10% from individual Consultant	08	1.100
Total			2.640

The matter was reported to department in September, 2017, but no reply was received.

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of Government dues.

23.4.6 Expenditure incurred without inviting tender – Rs1.629 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 Chairman, Sindh Public Service Commission, Hyderabad for the financial years 2015-16 & 2016-17, it was observed that an expenditure of Rs1.629 million was incurred under various heads of accounts without inviting tender. Following irregularities were noticed:

- i. Procurement Committee was not formed
- ii. Work / supply order was not issued
- iii. Inspection report was not found on record
- iv. GST was claimed by the supplier without providing GST invoice.

(Rs. in million)

Sr. #	Particulars	AIR Para #	Amount
1	Procurement of Pant & Machinery	46	0.890
2	Website maintenance & upgrading charges	39	0.739
Total			1.629

The lapse on the part of department indicates improper watch and weak internal controls.

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

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure by the competent authority.

23.4.7 Short deposit of government receipts - Rs1.502 million

As per Rule 23 of General Financial Rules, Volume-I, “every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part or on the part of any other officer to the extent to which it may be proved that he contributed through his own negligence or action”.

During audit of the office of Chairman, Sindh Public Service Commission, Hyderabad, for the years 2015-16 & 2016-17, it was observed that 16,104 candidates applied for various posts with prescribed fee of Rs500 each. Accumulative amount of Rs8.052 million was collected as per Treasury report, the fees amounting to Rs6.550 million was deposited into government account which was less by Rs1.502 million of actual collection. Thus Govt. sustained loss of Rs1.502 million.

The matter was reported to department in September, 2018 but no reply was received.

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 7)

23.4.8 Selection of ineligible candidate for the post of Deputy Director / System Analyst (BPS-18)

According to Information, Science & Technology (IT) Department, Government of Sindh Requisition No.SO(A)ITD/2-12/2003 dated 02-02-2016, Recruitment Rules Notification No.SO(A)ITD/2-12/2003 dated 10-11-2003 and Consolidated Advertisement No.03/2016 dated 08-04-2016, following method of appointment was prescribed for the post of Deputy Director/System Analyst (BPS-18):

- i. Master's Degree in Computer Science at least 2nd Division from recognized University
- ii. 05 years' experience of System Designing & Programmer from Government Department/office or in an Institution of repute

OR

- i. BCS /B.E. in Computer Science from a recognized University
- ii. 07years' experience in Government Department/office or an Institution of repute of in System Designing & Programming

According to Article 0515(c)(3 & 8) of Sindh Public Service Commission Recruitment Management Regulations (SPSC-RMR) 2006, "lacking prescribed minimum qualification" and "requisite conditions of prescribed experience and/or research work are non-conformant" respectively were among the parameters for rejection of applications. According to Article 0516(a) of SPSC-RMR, 2006, "short fall in requisite time for experience and non-conformity of required qualification" were included among non-rectifiable deficiencies resulting into rejection of applications.

During audit of the office of Chairman, Sindh Public Service Commission, Hyderabad for the financial years 2015-16 & 2016-17, it was observed that an advertisement No.03/2016 dated 08-04-2016 was published by the SPSC. Mr. Faheem S/o Lal Muhammad Shaikh was selected by the SPSC's authority vide Press No.PSC/EXAM:(S.S)/2016/135 dated 05-10-2016. The above named candidate was ineligible on following grounds:

- i. As per face sheet, concerned candidate had already been rejected due to shortage of experience
- ii. Above named candidate neither held required degree nor prescribed length of experience
- ii. Merit lists was not produced

The lapse on the part of department indicates improper watch and weak internal controls.

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

Despite written requests vide letters dated 11-12-2018 and 24-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry at higher level for fixation of responsibility for selecting ineligible candidate.

(AIR # 9)

CHAPTER – 24 SOCIAL WELFARE DEPARTMENT

24.1 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.

24.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 18 formations (DDOs), out of which 10 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
1,896.741	275.925	512.166	(512.166)	(433.035)	2,172.6660	1,565.786	606.880

The department was unable to spend the allocated budget in time. As a result, savings of Rs606.880 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
35.000	15.000	26.054	11.054

24.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	9	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	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	

24.4 AUDIT PARA

24.4.1 Splitting up of sanctions to avoid open tender – Rs9.629 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 audit of the office of Deputy Director, Dar-ul-Atfal, Hyderabad, Social Welfare Department for the financial years 2013-14 to 2017-2018, it was observed that an expenditure of Rs9.629 million was incurred under various heads through splitting of the sanction in order to avoid open tenders. Following irregularities were noticed:

- i. Most payments were made through DDO account.
- ii. No any occasion was highlighted for which feeding material was required.
- iii. Bills were found without signature of food suppliers.
- iv. Bills were prepared from the office computer instead of supplier printed pad.
- v. Food/ diet material was purchased at a higher rate.

The matter was reported to the department in September 2018, but no reply was received. During DAC meeting held on 24th December 2018, the management replied that the expenditure was incurred as per need basis. Audit observed that many invoices were bogus. DAC directed the management to get the relevant record verified. However, no record was produced till finalization of this report.

Audit requires detailed justification and regularization of expenditure by the competent authority.

(AIR # 03)

24.4.2 Irregular payments through DDO account – Rs13.707 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 drawl and disbursement of cash.”

During audit of the following offices of Social Welfare Department, Government of Sindh, it was revealed that an amount of Rs13.707 million was paid on account of various supplies, contingencies etc. through DDO account instead of direct payment due to which authenticity of expenditure could not be ascertained.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Amount
1	D.G. Social Welfare, Karachi	1	2015-16 to	5.433
		4	2016-17	1.244
2	Deputy Director, RCMHC (Central), Karachi	7	2014-15 to 2016-17	1.735
3	Deputy Director, Darul Atfal, Karachi	6	2016-17	1.118
4	Deputy Director, Dar-ul-Atfal, Hyderabad, Social Welfare Department	10	2013-14 to 2017-18	4.177
Total				13.707

The lapse on the part of the management indicates improper watch and weak internal controls.

The matter was reported to the department in December, 2017 & May 2018 but no reply was received. During DAC meeting held on 24th December 2018, the management replied that Accountant General Sindh issued cheques in favor of DDO of the respective offices. DAC directed the management to submit the revised reply with justification within 30 days. However, no reply was furnished till finalization of this report.

Audit recommends immediate discontinuation of this malpractice and taking disciplinary action against the concerned.

CHAPTER – 25

SPORTS & YOUTH AFFAIRS DEPARTMENT

25.1 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

25.2 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 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
2,969.040	0.001	267.537	(267.537)	(963.709)	2,969.0405	1,888.577	1,080.463

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs1,080.463 million was observed which was not surrendered in time.

25.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in these Audit Reports
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	-	No audit para pertaining to this department was printed in this Audit Report
10	2009-10	0	0	0	0	-	
11	2014-15	0	0	0	0	-	Audit Report not yet discussed
Total		7	7	0	7		

25.4 AUDIT PARAS

25.4.1 Non-production of record - Rs4.740 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.

In the office of Director, Sports, Karachi, Sports & Youth Affairs Department, Government of Sindh for the years 2015-16 & 201-17, it was observed that an expenditure of Rs4.740 million was incurred under ADP Scheme-1643 for "Promotion of popular traditional sports in Sindh" but following auditable record was not provided to audit for scrutiny:

- i. Copy of PC-I
- ii. Schedule of sports activities by the Director & Sindh Sports Board

Due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was reported to department in May 2018, but no reply was received. During DAC meeting held on 10th January 2019, the management replied that PC-I and schedule of sports activities were available. DAC directed that record be got verified within 07 days. However, no record was produced till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

(AIR # 12)

25.4.2 Doubtful payment under ADP Scheme - Rs2.568 million

According to Rule 12 of General Financial Rules, 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 Director, Sports, Karachi, Sports & Youth Affairs Department, Government of Sindh for the financial years 2015-16 & 2016-17, it was revealed that payments of Rs2.568million were made under the ADP Scheme-1643 “Promotion of popular traditional sports in Sindh” but funds were not utilized for specific activities. Hence, authenticity of payments was doubtful.

The lapse on the part of department indicates improper watch and weak internal controls.

The matter was reported to management in May 2018, but no reply was received. During DAC meeting held on 10th January 2019, the management replied that the scheme “Promotion of Popular Traditional Sports in Sindh” was approved for whole Sindh province and not for a particular district. Funds of the project were utilized for sports activities in various districts as per PC-I. DAC directed that PC-I and relevant record be got verified from audit. However, no record was produced till finalization of this report.

Audit recommends inquiry at the higher level for fixation of responsibility.

(AIR # 11)

CHAPTER – 26 UNIVERSITIES & BOARDS

26.1 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).

26.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 13 formations (DDOs), out of which 06 formations were selected and audited during the Audit Year 2018-19. The accounts for the financial year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/ Savings
9,507.419	458.009	520.110	(520.110)	(3,205.790)	9,965.4280	5,733.124	4,232.304

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 Rs4,232.304 million was observed which was not surrendered in time.

26.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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 7.20%.

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	Remarks
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	-	
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	-	Audit Report not yet discussed
Total		239	111	8	103	7.20	

26.4 AUDIT PARAS

26.4.1 Non-production of auditable record – Rs1,205.366 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.

In the following Boards & Universities for the financial year 2016-17, auditable record of Rs1,205.366 million was not provided for audit scrutiny. In absence of provision of record, authenticity of expenditure could not be ascertained by audit.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Particulars	Amount
1	LUMHS, Jamshoro	4,5&6	Various records	517.706
2	BISE, Hyderabad	2	Record of investment in various banks	602.600
3	AERC, University of Karachi	3	Conferences/ Seminars	2.700
4	DUET, Karachi	1	Record of International conference	2.655
5	SBBU, Shaheed Benazirabad	57	Utilization report	71.524
		38	Indenture Bond, Consumption account & recovery of advance	8.181
		1	Bank Statements, Accounts statements, sanctioned & working strength, etc.	-
Total				1,205.366

The matter was reported to the management in November 2017 and September 2018, but no reply was received.

DAC meeting for LUMHS, Jamshoro was held on 16th January, 2019. The management replied that the record in question was available for verification. DAC directed for production of record to audit for verification. No DAC was convened for

offices at Sr.# 2 to 5 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit requires immediate production of record for scrutiny and initiation of disciplinary proceedings against responsible officer(s).

26.4.2 Non-execution of integrity pact - Rs791.886 million

According to clause 89 of SPPRA, “Procurements exceeding Rs. 10 million for goods and works, and Rs. 2.5 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”. To encourage fairness, transparency and accountability in procurement by requiring suppliers to certify that they will follow a Code of Business Ethics when providing goods, works and services to Government procuring agencies.

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs791.886 million was incurred on construction of various blocks of SBB University without executing integrity pact (details at Annex-1 of Chapter -26).

The matter was reported to the management in May 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for awarding of work without executing integrity pact.

(AIR # 37)

26.4.3 Non-investment of funds – Rs548.603 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 the following Boards & Universities for the financial year 2016-17, it was observed that funds of Rs548.603 million were shown as balances in banks without utilizing these funds for investment.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Particulars	Amount
1	SBBU, Shaheed Benazirabad	31	Various Funds	526.113
2	Centre of excellence in Arts & Design, Jamshoro	3	Pension Funds	22.490
Total				548.603

The matter was reported to the management in December 2017 & May 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends secured investment of funds with maximum returns.

26.4.4 Irregular payment through DDO account – Rs412.571 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 drawl and disbursement of cash”.

During audit of the following Boards & Universities for the financial year 2016-17, it was observed that an amount of Rs412.571 million was transferred in DDO account instead of direct payment to payee’s account.

(Rs. in million)

Sr.#	Name of formation	AIR Para #	Amount
1	SBBU, Shaheed Benazirabad	2	347.081
2	AERC, University of Karachi	41	47.465
		1	10.206
		5	1.322
3	DUET, Karachi	10	3.623
		18	2.874
Total			412.571

The matter was reported to the management in November 2017 and November 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

26.4.5 Expenditure without contract agreement – Rs45.690 million

According to Rule 159 (a) of S.F.R V-I, in the case of work or supply costing not less than Rs.100/- a contract should be made on written agreement, duly stamped and registered, so on that it can be maintained in the Court of Law in the event of dispute. Read with Section-2 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 (Currently 0.35 paisa) per hundred rupees of the value of the agreement or against tender cost.”

During audit of the following Boards & Universities for the financial years 2014-15 to 2017-18, it was observed that various contractors/suppliers were awarded work for supply of various items of Rs45.690 million. However, no formal contract agreement was executed.

(Rs. in million)

Sr. #	Name of formation	Financial Year	AIR Para #	Particulars	Amount
1	SBBU, Shaheed Benazirabad	2014-15 to 2016-17	13	Various works	21.222
2	SBTE, Karachi	2016-17	3	Stationery & Printing material	12.336
3	Sukkur IBA University, Sukkur	2017-18	2	RCC Road at main campus	12.132
Total					45.690

The matter was reported to the management in February 2018 and October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for awarding of work without contract agreement.

26.4.6 Irregular payment of hiring of residential building - Rs42.722 million

According to the Office Memorandum of Ministry of Housing and Works vide No. F2 (3) / 2003- policy dated 31-07-2004, “the hiring of residential accommodation shall be available to the employees as per their rental ceiling specification, covered area of house. No house rent allowance will be admissible to such employees and to those not entitled for house hiring shall draw only house rent allowance.

During audit of the office of Director, Applied Economics Research Centre, University of Karachi, for the financial years 2013-14 to 2016-17, it was observed that expenditure amounting to Rs42.722 million was incurred on account of payment of hiring facility to employees of AERC in violation of above mentioned notification as detailed under:

(Rs. in million)

Sr.#	Financial Year	Description	Amount
1	2013-14	Rent for residential building	8.240
2	2014-15	-do-	11.492
3	2015-16	-do-	11.512
4	2016-17	-do-	11.478
Total			42.722

The matter was reported to the management in March 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of residential hiring at the earliest.

(AIR # 27)

26.4.7 Loss to govt. by allowing excess rates on steel – Rs22.194 million

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 Shaheed Benazir Bhutto University, Shaheed Benazirabad for the years 2014-15 to 2016-17, it was observed that excess payment of Rs22.194 million was made to contractor by allowing excess rate on steel than the rate prevailing in the market.

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by the competent authority.

(AIR # 23)

26.4.8 Irregular payment of allowances – Rs22.068 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 following Boards & Universities for the financial year 2016-17, it was observed that various allowances of Rs22.068 million were paid to the officers/officials without entitlement of such allowances.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Particulars	Amount
1	DUET, Karachi	2	Adhoc relief Allowance	4.850
2	KIBGE, University of Karachi	21	Adhoc relief Allowance	2.633
3	Centre of Excellence in Arts & Design, Jamshoro	4	Computer Allowance	1.233
4	AERC, University of Karachi	55	Qualification/Phd Allowance	4.806
		15	Orderly Allowance	2.620
		13	Incentive Allowance	1.324
		12	Child Education Allowance	0.847
		14	Telephone Allowance	0.711
		11	Special Allowance	0.329
		9	Computer Allowance	0.112
5	SBBU, Shaheed Benazirabad	10	Telephone Allowance	1.512
		44	Qualification/Phd Allowance	0.595
		7	M.Phil & Medical Allowance	0.334
		11	Computer Allowance	0.162
			Total	22.068

The matter was reported to the management in November 2017 and June 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for payment of inadmissible allowances.

26.4.9 Irregular expenditure on account of purchase of machinery and equipment – Rs18.342 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 Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs18.342 million was incurred on account of purchase of various machinery & equipment in violation of rules.

(Rs. in million)			
Sr.#	Particulars	AIR Para #	Amount
1	Purchase of various security, I.T equipment and multimedia projector	29	10.159
2	Diesel Generators & Air Conditioners	33	6.301
3	Machinery & Equipment	34	1.882
Total			18.342

Following irregularities were noticed:

- i. Procurement committee was constituted without involving one third members from other department.
- ii. Single stage one envelop or single stage two envelop etc was not mentioned in NIT.
- iii. Technical evaluation before opening of financial bid was not carried out.
- iv. Minutes of procurement committee were not available.
- v. Authorized Distributor certificate / country of origin etc was not attached.

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons for non-compliance of SPRRA rules.

26.4.10 Expenditure without inviting open tenders-Rs79.563 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 Boards & Universities for the financial year 2016-17, it was observed that an expenditure of Rs79.563 million was incurred without calling open tenders. Audit is of the view that failure of the management to follow SPPRA Rules resulted into non-obtaining of competitive rates.

(Rs. in million)

Sr. #	Name of formation	Financial Year	AIR Para #	Particulars	Amount
1	LUMHS, Jamshoro	2017-18	11	M/s Deen Muhammad & Sons Hyderabad, Transport contractor	22.509
			10 & 12	M/s Hifazat & M/s Bangash Security Escort Pvt. Ltd, security services	11.896
				M/s Marksman Advertisers - Advertising charges	3.174
				Hiring of Legal Consultants	2.404
		2018-19	40	Hiring of transport contractor	20.619
			18	Hiring of private security guard company	9.779
			21	Hiring of Legal Consultants	3.255
63	Printing charges		0.765		
2	Sukkur IBA University, Sukkur	2017-18	7	IT Equipment	2.667
3	SBTE, Karachi	2016-17	4	Uniform & Liveries	1.356
4	Centre of Excellence in Arts & Design, Jamshoro	2016-17	10	IT equipment, Furniture, M&E	1.139
Total					79.563

The matter was reported to the management in November 2017 and October 2018, but no reply was received.

DAC meeting for LUMHS, Jamshoro was held on 16th January, 2019. The management replied that the tenders were invited for the services hired for transport and admitted that the tenders were not invited for security services. DAC directed that the record in respect of expenditure incurred at serial numbers 1, 2, 5 & 6 may be produced to audit along with deduction of taxes to audit within 20 days. No DAC

meeting was convened for offices at Sr.# 2 to 4 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit requires regularisation of expenditure besides fixing of responsibility for non-compliance of SPPRA Rules.

26.4.11 Irregular expenditure on extra items of work - Rs15.602 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 has sanctioned the main estimate of work.

During audit of the following Boards & Universities, for the financial year 2016-17, it was observed that payment of Rs15.602 million was made on account of extra items of works without approval of the revised estimates.

(Rs. in million)

Sr.#	Name of formation	AIR Para #	Amount
1	PUMHS, Shaheed Benazirabad	12	11.967
2	SBBU, Shaheed Benazirabad	32	3.635
Total			15.602

The matter was reported to the management in November 2017 and May 2018, but no reply was received.

DAC meeting for PUMHS, Shaheed Benazirabad was held on 3rd January, 2018. The management replied that execution and payment of six extra items out of seven were properly approved by the Vice Chancellor being competent authority duly vetted and recommended by the Advisory Building Committee of the University. However, against item “pacca brick work 4.5” thick”, an amount of Rs114,773 was recovered from contractors’ final bill. DAC directed for verification of recovered amount and other relevant record by audit.

No DAC meeting was convened for offices at Sr.# 2 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit requires production of required record for verification and sanction of extra items from competent authority in compliance to DAC directives.

26.4.12 Excess execution of items of works – Rs3.131 million

“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”, as per clause-38 of the standard Contract Agreement. 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 Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial year 2014-15 to 2016-17, it was observed that payments of Rs3.131 million were made to the contractors in excess without approval of the competent authority.

(Rs. in million)

Name of item	Qty as per estimate	Qty as per Bill	Excess Qty	Rate (Rs.)	Amount
Extra labour for RC Concrete	19518 per cft	26,850	7,332	12.10	0.018
Supplying and filling sand under floor	9569 % cft	220,986	211,417	1,141.25	2.380
Providing & laying 1” thick topping	4335	28,020	23,685	3,275.5 % Sft	0.733
Total					3.131

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires sanction of revised estimates from competent authority.

(AIR # 21)

26.4.13 Variation of balances in cash book and bank

Rule-41 (a) of Sindh Financial Rules, Volume-I states, “the departmental controlling officer should see that all the sums due to government are regularly received and checked against demands and that they are paid into the treasury. They should accordingly arrange to receive from their sub-ordinates accounts and returns claiming credit for so much paid into the treasury and compared with them the figures in the statements supplied by the comptroller”.

During audit of the following Boards & Universities for the financial year 2016-17, it was observed that there was huge variation between cash book figures and bank receipts for the corresponding period.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Cash Book	Bank	Variation
1	KIBGE, University of Karachi	2	10.075	2.112	7.963
		3	20.936	25.284	(4.348)
2	BISE, Hyderabad	21	518.992	573.476	(54.484)
		1	44.758	24.116	20.642

The matter was reported to the management in September 2017 and June 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reconciliation may be carried out and the same duly signed by competent authority be provided.

26.4.14 Non-maintenance of financial record – Rs1,141.485 million

According to Para 89 (c) of C.P.W. A. code read with rule 182 © of the Sindh Financial Rules Vol. I and Para 2.66 (b) B&R Code, deduction of 10% security deposit including earnest money is required to be deducted from the bills of the contractors. As per Rule-34(b) of Sindh Financial Rules, Volume-I, “Cash book should be closed and balance each day and the balance of each column at the end of the month should

be verified with the balance of cash in hand and a certificate to that effect recorded in the cash book under the signature of government servant responsible for the money”. And According to Para 297 and 298 of Central Public Works Accounts Code, “The accounts relating to contractor should be kept in the contractors ledger, Form 43, a separate folio or set of folios being reserved for all the transactions with each contractor for whom a personal account is maintained, vide paragraph 298.

During audit of the SBBU, Shaheed Benazirabad for the financial year 2016-17, it was observed that following record of Rs1,141.485 million was not maintained. Due to non-maintenance of these important registers, authenticity of receipts / expenditure could not be verified.

(Rs. in million)

Sr.#	Particulars	AIR Para #	Amount
1	Cash Book	3	1,004.134
2	Contractors Ledger	40	20.207
3	Contingent Register	65	117.144
Total			1,141.485

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires proper maintenance of record, under intimation to audit.

26.4.15 Un-authorized expenditure without pre-audit–Rs1,004.134 million

As per As per University’s Act 2009; Chapter-VII, Clause; 40 (2) of Shaheed Benazir Bhutto University, Shaheed Benazirabad, University Fund; No expenditure shall be made from the funds of the University, unless a bill for its payment has in accordance with the statutes, been audited by the Resident Auditor appointed by the Provincial Audit Department and the payment is include in the approved budget of the University, read with Treasury Order No. 13, “Unless in any case the governor with the concurrence of the Auditor General, otherwise direct, moneys may not be

withdrawn from the Public Account without the written permission of the treasury officer or of a Government servant of the Pakistan Audit Department authorized in this behalf by the Auditor General”.

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that an amount of Rs1,004.134 million was withdrawn from the Public Account and expended without any pre-audit by Resident Auditor. In absence of pre-audit, compliance of statutory rules & regulations cannot be ensured.

(Rs. in million)

Sr.#	Financial Year	Particulars	Expenditure
1	2016-17 (HEC)	Establishment Charges	74.913
		Operating Expenses	50.736
2	2015-16 (HEC)	Establishment Charges	68.763
		Operating Expenses	45.803
3	2014-15 (HEC)	Establishment Charges	35.314
		Operating Expenses	20.605
4	2016-17 (GOS)	Grant in Aid	200.00
5	2015-16 (GOS)	Grant in Aid	100.00
6	2014-15 (GOS)	Grant in Aid	78.00
7	2016-17 (PSDP)	HEC Development Grant	130.00
8	2015-16 (PSDP)	HEC Development Grant	200.00
Total			1,004.134

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by the syndicate.

(AIR # 55)

26.4.16 Excess payment on account of house rent allowance – Rs44.288 million

As per Revised Pay Scales, 1987, vide Finance Department Office Memorandum No. FD (SR-IV)1/43/87 dated 17th May, 1987, “All employees not provided with government accommodation and posted at Karachi, Hyderabad

including Kotri and Jamshoro are entitled to house rent allowance @ 45% of the minimum of basic pay scale. For all other places, this allowance will be allowed @ 30%”.

During audit of Board of Intermediate and Secondary Education, Hyderabad, for the years 2015-16 & 2016-17, it was observed that an amount of Rs44.288 million was paid to the board employees in excess of admissible house rent allowance. The house rent allowance was paid at 70% on running basic pay, instead of 45% of initial of the basic pay scale 2008.

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

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate recovery for excess payment of allowances and its deposit accordingly.

(AIR # 22)

26.4.17 Non-adjustment of advances – Rs36.454 million

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.”. and as per Rule 668 of Central Treasury Rules, “advances granted under the special orders of the competent authority to officers / officials for department or allied persons needs to 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 needs to be necessary”.

During audit of the following Boards & Universities for the year 2016-17, it was observed that an amount Rs36.454 million was paid as advance for various purposes but the same were not adjusted till the close of the financial year.

(Rs. in million)

Sr.#	Name of Formation	AIR Para #	Amount
1	PUMHS, Shaheed Benazirabad	5	16.600
2	DUET, Karachi	16	7.909
3	BISE, Hyderabad	5	7.405
4	SBBU, Shaheed Benazirabad	15	4.540
Total			36.454

The matter was reported to the management in September 2017 and November 2018, but no reply was received.

DAC meeting for PUMHS, Shaheed Benazirabad was held on 3rd January, 2019. The management informed that in 2016 Government of Sindh handed over two projects through Memorandum of Agreement and Memorandum of Understanding. (i) “Establishment of Anti Snake Venom and Anti-Rabies Vaccination Laboratory”. As per MoA, Health Department would be responsible for remaining balance of project budget to the University within two years of its transfer. Against this commitment, the University granted loan of Rs15.600 million on account of payment of staff salaries and on survival of tongue-less animals, the loan was allowed by approval of competent authority. DAC directed for verification of management stance.

No DAC meeting was convened for offices at Sr.#2 to 4 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit emphasizes expeditious recovery/adjustment of advance besides fixing of responsibility for not taking appropriate steps towards adjustment of advances.

26.4.18 Non-recovery of outstanding dues-Rs23.189 million

As laid down in Rule-28 of G.F.R. Volume-I, no amount should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of the competent authority for their adjustment must be sought.

During audit of the following offices of Boards & Universities for the financial year 2016-17, it was observed that an amount of Rs23.189 million was not recovered till the close of financial year. Audit apprehends that with passage of time, recovery of dues would be difficult to materialize.

(Rs. in million)

Sr.#	Name of formation	AIR Para #	Particulars	Amount
1	PUMHS, Shaheed Benazirabad	6	Student Fees	11.911
2	AERC, University of Karachi	17	Foreign Scholarship aid	4.908
3	Pakistan Swedish Institute of Technology Landhi, Karachi	1	Rent Charges	3.356
4	DUET, Karachi	11	Student Fees	2.465
5	SBBU, Shaheed Benazirabad	19	Stamp duty	0.500
		14	Stamp duty	0.049
Total				23.189

The matter was reported to the management in November 2017 and May 2018 but no reply was received.

DAC meeting for PUMHS, Shaheed Benazirabad was held on 3rd January, 2019. The management replied that outstanding dues of US\$ 17,000 and Rs10.225 million (including Rs100,000 late fee) have been recovered. DAC directed for verification of challans along with bank statement reconciliation.

No DAC meeting was convened for offices at Sr.# 2 to 5 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit requires recovery of out-standing dues may be made besides fixing of responsibility on the person(s) at fault for such lapse.

26.4.19 Non-deduction of Sindh Sales Tax– Rs24.707 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/departments 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”.

During audit of the following Boards & Universities for the financial year 2016-17, it was observed that Sindh sales tax on services of Rs24.707 million was not deducted at source from suppliers’ bills. Thus, government was deprived of due share of taxes.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Particulars	Amount
1	LUMHS, Jamshoro	07	Paid for services hired for running of transport, security services and legal services	6.670
		31		2.887
		54		3.183
2	SBBU, Shaheed Benazirabad	17	Construction works	8.756
		12	Hiring of buses	0.138
3	DUET, Karachi	6	Rent, Repair & Maintenance	2.573
4	AERC, University of Karachi	7	Printing & Publication, Conference/Seminars	0.500
Total				24.707

The matter was reported to the management in November 2017 and May 2018, but no reply was received.

DAC meeting for LUMHS, Jamshoro was held on 16th January, 2019. The management replied that the transport sector was exempted from tax DAC observed with concern that vehicles and staff was also provided by University authorities, and the transporter only provided services. It was further informed that the services of the same contractor/transporter were hired by other universities of Karachi & Hyderabad as well. DAC directed for discontinuation of this lopsided favour to the transporter and advised to submit the matter before PAC for necessary directives.

DAC further directed that either exemption certificates duly issued by the Sindh Revenue Board for particular year (period) may be produced for verification or the amount may be recovered and verified from audit within 20 days.

No DAC meeting was convened for offices at Sr.# 2 to 4 despite written requests vide letters dated 19-11-2018 & 13-12-2018.

Audit recommends recovery of taxes besides fixing of responsibility upon the person(s) for such fault.

26.4.20 Mis-classification of expenditure under various heads – Rs10.576 million

As per Para 99 of GFR Volume-I “Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilized in full, or that savings can be effected in the appropriation for that

unit. Any allotment or re-appropriation within a grant or appropriation may be authorized at any time before but not after the expiry of the financial year to which such grant or appropriation relates.”

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that an expenditure of Rs10.576 million was incurred under the various heads of accounts without re-appropriation of funds. Due to this negligence, funds allocated for specified head of account were utilized on another head which was irregular. This was done to avoid the process of re-appropriation through Finance Department.

(Rs. in million)

Sr. #	Particulars	Expenditure booked under head of A/c	Proper Head of A/c	Expenditure
1	1000 No. of Art Card 4 color printing material	Stationary	Printing & Publication	4.450
2	Repair of Fax Machine	It Equipment	R/M of Mach: & Equip:	0.016
3	Repair of Electric Wire	Electricity	R/M of Line & Wires	0.013
4	Purchase of Electric Wire	Electricity	Lines & Wires	0.098
5	Books Purchased for library	Stationary	Books, Periodicals	0.328
6	R/M of Vehicle No. GS-7750	Others	R/M of Vehicles	0.017
7	Three months stipend to PHD scholars	Transportation of Goods	Stipend to Scholars	0.317
8	Mobilization advance paid to M/s Uzair Engineering	Stipend to Scholars	Development Contracts	2.633
9	Purchase of Generator from M/S EASA Business Groups, Hyd	I.T Equipment	Plant & Machinery	0.427
10	Purchase of 50 kVA Generators / Ms. Shirazi Trading Co. Karachi	I.T Equipment	Plant & Machinery	2.089
11	Purchase of Two Color printer	I.T Equipment	Hardware	0.177
12	Purchase of Sand Dumper Qty:02	R & M of Transport	Others	0.011
Total				10.576

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure from competent forum besides taking remedial measures to curb such practice. Curb

(AIR # 4)

26.4.21 Non-recording of store articles-Rs10.164 million

According to Rule-113 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 his appropriate Stock Registers.

During audit of People's University of Medical & Health Sciences for Women, Shaheed Benazirabad, for the financial year 2016-17, it was observed that an expenditure of Rs10.164 million was incurred on purchase of furniture items, but the same were not accounted for in relevant stock register.

(Rs. in million)

Sr.#	Name of scheme	Amount
1	Furniture for P.G Center & Skill lab	5.877
2	Furniture for exam branch at new campus of PUMHSW	4.287
Total		10.164

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

DAC meeting was held on 3rd January, 2019. The management replied that furniture was purchased for Post-Graduate Center, Skill Laboratory and Examination Branch at New Campus of the University. Delivery challans and stock register duly maintained were available. DAC directed to get record verified from Audit. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification in compliance to DAC directives.

(AIR # 11)

26.4.22 Less deduction of security deposit – Rs8.950 million

As per Para 89 (e) of CPWD Code, “Security for the due fulfillment of the contract should invariably be taken. The security may take the form of a cash deposit, a deposit of interest bearing securities, a deduction of 10per cent from the payment to be made on the work done or a personal bond of two persons of known probity and wealth.”

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that various works were awarded to the contractors without deduction of Security Deposits @ 10%. This resulted into less deduction of security deposit of Rs8.950 million.

(Rs. in million)

Sr.#	Name of Contractor	Name of Work	Expenditure	S.Deposit Deducted (@ 5%)	S.Deposit to be deducted (@ 10%)	Less deduction
1	M/s Mumtaz & Co.	Const: of Science Block	14th R.A 8.584	0.429	0.858	0.429
2	M/s Development Construction	Const: of Library building	1st R.A 15.900	0.795	1.590	0.795
3	M/s Mumtaz & Co.	Const: of Professors & Asstt: Professors houses	1st R.A 6.616	0.331	0.662	0.331
4	M/s Mumtaz & Co.	Const: of Girls Hostel	1st R.A 20.308	1.015	2.031	1.016
5	M/s Bell Force Eng: Contractor	Const: of Admin Block	15th R.A 3.400	0.170	0.340	0.170
6	M/s Jafsons & Co.	Const: of Arts Block	22nd R.A 2.395	0.120	0.240	0.120
7	M/s Uzair Eng: Works	Const: of Semi Detached Houses	2nd R.A 1.732	0.087	0.173	0.086
8	M/s Uzair Eng: Works	Const: of Boys Hostel	3rd R.A 5.453	5.453	10.906	5.453
9	M/s Khalidi Const:	Const: of external roads	4th R.A 10.999	0.550	1.100	0.550
					Total	8.950

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification on the subject matter.

(AIR # 16)

26.4.23 Appointment without fulfilling the eligibility criteria - Rs5.945 million

According to HEC rules, head of any university or institution of higher learning and research must fulfill all the requirements of a Professor which included a PhD degree, specific number of publications in HEC-approved journals and required teaching and administrative experience. As per clause 12 of “The Shaheed Benazir Bhutto University, Shaheed Benazirabad ACT 2009” there shall be a Vice-Chancellor of the University who shall be an eminent academic or a distinguished administrator and shall be appointed by the Chancellor on the recommendation of Government.

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that following irregularities were noticed during appointments process of important positions.

(Rs. in million)

Sr. #	Name of Officer	AIR Para #	Irregularities	Amount
1	Mr. Arshad Saleem, Vice Chancellor	24	i. Incumbent did not possess relevant qualification & experience. ii. Degrees were not got verified iii. Extension in tenure was granted without justification	4.312
2	Roshan Ali Siyal, Director Finance	25	i. The officer did not possess degree in Finance ii. The officer did not possess relevant experience iii. Work experience was less than required period iv. Degrees were not got verified	1.633
3	Mr. Abbas Ali Bhatti, Director/ Inspector of Colleges	27	i. The officer did not possess administration experience ii. The post was not got approved from syndicate iii. Appointment record was not available iv. Degrees were not got verified	-
Total				5.945

The matter was reported to the management in May 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry at HEC level for non-compliance of rules and regulations.

26.4.24 Non-deposit of taxes collected from contractors - Rs3.616 million

As per Rule 41 & 41(a) of Sindh Financial Rules, “It is the duty of the controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account and the amount collected into the treasury or otherwise accounted for and compare them with the statement of recovery furnished by the Accountant General to see that the amount reported as collected have been duly credited in the public account”.

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that revenue realized on account of various taxes of Rs3.616 million was not deposited into government account.

(Rs. in million)

Sr. #	Financial Year	Amount
1.	2016-17	1.371
2.	2015-16	1.317
3.	2014-15	0.928
Total		3.616

The matter was reported to the management in May 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires deposit of taxes at the earliest.

(AIR # 5)

26.4.25 Payment of government taxes by University instead of suppliers – Rs2.189 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. 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.

During audit of Shaheed Benazir Bhutto University, Shaheed Benazirabad for the financial years 2014-15 to 2016-17, it was observed that management had paid amount of Rs2.189 million on account of sales tax & income tax against procurement instead of deducting the same from the bill of contractors. Thus, resulted into loss of government revenue.

(Rs. in million)

Description	Amount
Amount paid as I.Tax @ 4.5	0.458
Amount paid as GST @ 17% on account of un-registered suppliers	1.731
Total tax paid by university instead of deducted from suppliers	2.189

The matter was reported to the management in May 2018 but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of tax may be made from contractor and be deposited into Govt. Treasury.

(AIR # 20)

26.4.26 Un-justified payment on account of pay & allowance – Rs2.178 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 Applied Economics Research Centre, University of Karachi, for financial years 2013-14 to 2016-17, it was observed that payment of Rs2.178 million was made to Ms. Samina Khalil, Director against the post B-21 which did not exist in AERC.

(Rs. in million)

Sr. #	Description	AIR Para #	Period	Rate	Recovery
1	Special Additional Allowance	21	06-01-2014 to 28-02-2018 (50 months)	Rs.6,000/- x 50 Months	0.300
2	Pay & Allowances of B-21	31	2016-17 12 months	156,512	1.878
Total					2.178

The matter was reported to the management in March 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of excess payment of pay & allowances and its prompt verification by audit.

26.4.27 Irregular investment of funds – Rs1,042.60 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;

..... 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 the office of the Vice Chancellor, Liaquat University of Medical and Health Sciences, Jamshoro for the financial years 2016-17 & 2017-18, it was observed that the funds of Rs1,042.60 million were invested in M/s Allied Bank Limited without observing following codal formalities:

- i. Process of selection of banks and 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. The Investment Committee (IC) was not formed to evaluate the proposed investment.
- iv. Neither any qualified staff was appointed to assist the IC with at least 3 to 5 years experience of public sector enterprise nor were any services of professional fund managers approved by SECP availed.

(Rs. in million)

Year	Amount
2016-17	192.6
2017-18	850.0
Total	1,042.60

The matter was pointed out to the department in January 2018, but no reply was received.

DAC meeting was held on 16th January, 2019. The management clarified that funds in foreign currency account were only invested after obtaining competitive rates in the best interest of university. DAC observed that investment of huge funds in absence of notified Investment Committee was irregular. DAC directed that committee

may be constituted, notified and approved by the syndicate. It was also decided that proper procedure may be followed before investment of University funds. The record of competitive bidding and approval needs to be produced to audit within 20 days. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification and compliance of DAC directives.

(AIR # 03, 09)

26.4.28 Irregular expenditure on staff appointed on contract basis – Rs87.179 million

As per Para 4 (8) & (9) of Liaquat University of Medical & Health Sciences, Officers of University (Power and Duties) Statutes, Vice Chancellor shall (8) create and fill temporary posts for a period not exceeding six months: (9) make appointment to the posts in all grades upto BPS-16.

According sub rule (1) of Rule 3 of Sindh Public Service Commission (Functions) Rules, 1990 as amended, the Commission shall, subject to other provisions of these rules, conduct tests for initial recruitment to:-

- i. civil posts connected with the affairs of the Province in basic pay scale 11 to 22 except those specified in the Schedule;
- ii. posts in or under a Corporation or other body or organization set up by Government under any law for the time being in force, carrying the basic pay scale 11 or above, which may be referred to the Commission.

During audit of the office of the Vice Chancellor, Liaquat University of Medical and Health Sciences, Jamshoro, it was observed that the University paid Rs87.179 millions on account of pay & allowances to the teaching/non-teaching faculty appointed on contract basis without observing following codal formalities:

1. The appointments of the staff were not made against any approved criteria.
2. As per University Act, Vice-Chancellor shall also have the powers to create and fill temporary posts for a period not exceeding six months. The powers delegated in the act were misused, as appointments were not made for temporary posts. The contracts were renewed again and again on same post

after completion of six months which reflected that the appointments were not made on temporary posts.

3. The staff was regularized after completion of three years by conducting assessment only instead of proper written tests/interviews.
4. No proper procedure was adopted before making contractual appointments like availability of sanctioned posts, consideration of qualification & experience, defining of job description, advertisement of posts etc.
5. Verification of degrees, character antecedence and medical certificate from Civil Surgeon were not available.
6. The minutes of the meetings of selection board / committee, Syndicate, & Senate were not available.

(Rs. in million)

Sr. #	Particulars	AIR Para #	Financial Year	Amount
1	Contract employee salaries	13 & 14	2017-18	75.637
2	Retired contract employees	12 & 13	2016-17	11.542
Total				87.179

The matter was pointed out to the department in January & September 2018, but no reply was received.

DAC meeting was held on 16th January, 2019. The management replied that as per University Code, the Vice Chancellor is the competent authority to create and fill the posts on contract basis after considering merit and requirements of the university. DAC directed that approval of competent authority for last ten years in respect of appointment of contract employees and record of number of contract employees appointed & regularized in last ten years may be got verified from audit within 20 days. However, no record was produced till finalization of this report.

Audit requires compliance of DAC directives.

26.4.29 Irregular expenditure on purchase of generators – Rs21.249 million

As per Rule-28 of G.F.R. volume-I, “no amount should be left outstanding without sufficient reasons, and when any dues appear to be irrecoverable, the offer of the competent authority must be sought.”

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 0.35 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of the office of the Vice Chancellor, Liaquat University of Medical and Health Sciences, Jamshoro for the financial year 2017-18, it was observed that an expenditure of Rs21.249 million was incurred on work “Orient Energy System Pvt. Ltd. – supply / install. of Diesel General set at various departments” – 2nd & Final Bill vide Cheque # 75573929 dt. 21-02-18 without observing following codal formalities:

- i. Income tax of Rs0.421 million @7.5% was not recovered on purchasing of electrical accessories.
- ii. Sales tax of Rs0.099 million @17% was not recovered on purchase of canopies.
- iii. Stamp duty of Rs0.064 million @ 0.3% was not recovered.
- iv. Stock/T&P register was not produced to verify accountal of the articles.

The matter was pointed out to the department in September 2018, but no reply was received.

DAC meeting was held on 16th January, 2019. DAC directed to verify the complete process of competitive bidding viz. tender documents, NIT, evaluation of technical & financial bids, minutes of meetings of procurement committee, approvals of the competent authority along with deductions of due taxes by audit within 20 days. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification.

(AIR # 30)

26.4.30 Irregular payment on account of secured advance - Rs5.820 million

“Advances to contractors are as a rule prohibited and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Exceptions are however permitted in certain cases. In the imperishable nature the secured advance not exceeding 75% of the value of such material brought at site of work may be allowed to be paid by the sanction order of Chief Engineer and

2nd advance may not be allowed until the first advance is recovered”, as per para-228 of Central Public Works Account Code.

During audit of the office of the Vice Chancellor, Liaquat University of Medical and Health Sciences, Jamshoro for the financial year 2016-17, it was observed that secured advance of Rs5.820 million was paid to contractor, being 70% of the cost of material, without observing following codal formalities:

- i. The payment was made without approval of competent authority. As per instructions of Project Director, the secured advance was not admissible to contractor
- ii. The work was neither executed nor measured.
- iii. The payment of secured advance at the close of the financial year was made just to prevent lapse of budget.
- iv. Site account was not maintained.

Audit is of the view that unauthorized grant of advance constituted weak administrative and financial management.

The matter was pointed out to the department in January 2018, but no reply was received.

DAC meeting was held on 16th January, 2019. DAC directed to provide necessary justification for allowing secured advance despite pointed out by Project Director that the same was not admissible to contractor and also directed audit to provide the relevant documents to University authorities for submission of revised reply. However, no record was produced till finalization of this report.

Audit requires production of relevant record for verification.

(AIR # 52 & 64)

CHAPTER –27 WOMEN DEVELOPMENT DEPARTMENT

27.1 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.

27.2 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 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
859.960	-	41.935	(41.935)	(529.459)	859.9600	233.967	625.993

The department was unable to spend the allocated budget in time. As a result savings of an amount Rs625.993 million was observed which was not surrendered in time.

27.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
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	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	-	Audit Report not yet discussed
Total		0	0	0	0	-	

27.4 AUDIT PARAS

27.4.1 Non-production of auditable record – Rs5,450.107 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 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 the office of Director Women Development, Karachi for the financial years 2015-16 & 2016-17, auditable record of Rs5,450.107 million was not produced for audit scrutiny. In the absence of auditable record, the authenticity of expenditure could not be verified

(Rs in million)

Sr.#	Particulars	AIR Para #	Amount
1	Records of projects	2	2,707.047
2	Mediation for Women	4	2,000.000
3	Gender Reform Action Plan (GRAP) project	3	562.086
4	Establishment of Dare Centers	11	95.575
5	Record of enquiry against the ADP Scheme No.1730	6	59.302
6	Bills of Master Pakistan Mint Lahore	5	15.079
7	Record of repatriated staff	8	11.018
8	Miscellaneous record	1	-
Total			5,450.107

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 10th December 2018, the management replied that amount under audit observation was not correct. DAC directed for furnishing of relevant record to audit for verification. However, no record was produced till finalization of this report.

Audit recommends production of record besides fixing of responsibility against person(s) at fault.

27.4.2 Non-achievement of objectives of Project - Rs49.386 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 for which the money was provided”

During audit of the office of Director Women Development, Karachi for the financial years 2015-16 & 2016-17, it was observed that the project costing Rs49.386 million was started in year 2011-12 and was scheduled to be completed in 2014-15. Following non-achievement of targets was noticed vis-à-vis PC-I provision:

- i. Main objective was to promote women empowerment activities i-e legal empowerment, economic empowerment, political, health and education through effective advocacy. However, no progress was shown to audit against these objectives.
- ii. To make networking and linkages with NGOs, institutions, Govt. departments and district Govt. machineries working for women empowerment. However, neither such activities were performed nor any proof in this regard was provided to audit.
- iii. Under the project, 25 master trainers were required to be trained who will further replicate the training in all districts & towns, but no such activities were performed.
- iv. For the project running, a Project Management Unit was to be established to organize and arrange activities i-e training program, workshops at provincial, district & town level, hiring of resource persons, master trainers for project. A Project Director was to be hired from market, but no progress was reported.

Audit is of the view that management failed to take necessary steps to achieve objectives, which indicated failure of administrative and financial management.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 10th December 2018, the management replied that the project activities have been taken up this year, trainings of master trainers and linkage with NGOs (HANDS) was under process. The progress under these activities may be verified at the time of next audit. DAC directed for furnishing of progress report to audit for verification. However, no record was produced till finalization of this report.

Audit recommends immediate steps to achieve the required objectives besides fixing responsibility on the person(s) at fault.

(AIR # 07)

27.4.3 Irregular expenditure incurred under various heads – Rs42.303 million

According to Appendix 18-A of SFR, Vol-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 Director Women Development, Karachi for the financial years 2015-16 to 2016-17, it was observed that an expenditure of Rs42.303 million was incurred under various heads (details at Annex-01 of Chapter-27) without fulfilling following codal formalities.

- i. Approval from competent authority i-e Secretary was not obtained.
- ii. Indent/requisition from concerned was not obtained.
- iii. Delivery challans of items/articles supplied were not available.
- iv. Consumption account of items/articles was not maintained.
- v. Sales tax, professional tax & income tax registration certificates of the suppliers were not available.

In the light of above mentioned irregularities, authenticity of expenditure could not be verified.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 10th December 2018, the management replied that the department had hired building for three different offices 1) Media Cell, 2) Day Care Center and 3) Gender Reform Action Plan (GRAP). The bills were pre-audited after deduction of all government taxes and relevant registers have been updated now. DAC directed for verification of provision documents under the relevant heads. However, no record was produced till finalization of this report.

Audit recommends regularization of expenditure by competent authority besides taking remedial measures and providing record for verification as per directives of DAC.

27.4.4 Un-justified expenditure on consultancy services - Rs4.242 million

According to Appendix 18-A of SFR, Vol-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 Director Women Development, Karachi for the financial years 2015-16 & 2016-17, it was noticed that an expenditure of Rs4.242 million was incurred on account of consultancy services for implementation of “Gender Reforms Action Plan” Sindh (GRAP). Following observations were made:

- i. Advertisement/tender for hiring consultancy services was not published.
- ii. The experience in relevant field was not available on the record.
- iii. Terms of agreement executed with consultant were not available.
- iv. Consultancy report prepared by consultant was not provided to authenticate the expenditure.
- v. Sales Tax on services @ 13% was not deducted from the payment of consultant.

Audit is of the view that un-due financial favor could not be ruled out.

The matter was reported to the department in February 2018, but no reply was received. During DAC meeting held on 10th December 2018, the management replied that the consultant was hired after due process of advertisement in leading newspapers. A proper agreement was executed with consultant and consultancy report has been duly obtained. DAC directed for verification of relevant record i.e., consultancy report, deduction of sales tax etc. However, no record was produced till finalization of this report.

Audit requires inquiry in the matter for fixing of responsibility on the person(s) at fault for non-providing of record in compliance to DAC directives.

(AIR # 14)

CHAPTER – 28

WORKS AND SERVICES DEPARTMENT

28.1 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

28.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 188 formations (DDOs), out of which 32 formations were selected and audited during the Audit Year 2018-19. The accounts for the Financial Year 2017-18 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation (Excess)/Savings
41,420.178	8,126.660	12,159.424	(12,159.424)	(1,230.685)	49,546.8380	46,764.841	2,781.997

The department was unable to spend the allocated budget in time. As a result savings of Rs2,781.997 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
515.000	520.000	340.915	(179.085)

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs179.085 million was observed.

28.3 Brief comments on the compliance of PAC directives

The following Audit Reports have been discussed by PAC. 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	Remarks
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	-	Audit Report not yet discussed
Total		194	72	12	60	16.7	

28.4 AUDIT PARAS

28.4.1 Doubtful execution of works – Rs60.164 million

Para 40-B Appendix 18-A (1) SFR volume-I “Means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part 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 culpable negligence”.

During audit of following offices of Works & Services Department, Government of Sindh for the years 2016-17 to 2017-18, it was observed that payment of Rs60.164 million was made against various works which were found doubtful either for extra ordinary delay in completion of work or completion within short period.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Audit Observation	Amount
1	XEN Highway Division, Khairpur	4	2016-17	works without pre-audit in single month (June)	8.347
		3		Execution of single item of works	2.502
2	XEN Building Division, Hyderabad	9	2016-17	Award of work in duplication	7.268
		10		Award of balance work in duplication	3.956
3	XEN Building Division, Kandhkot	7	2016-17	Extra ordinary delay in completion.	4.891
		8		Work completed within short period	4.18
4	XEN Building Division, Dadu	1	2017-18	Work not completed since long	4.771
5	XEN Building Division, Shikarpur	2	2017-18	Purchase of machinery without inspection.	2.100
		1			1.078
6	Secretary Works & Services, Karachi	1	2017-18	Without updating SAP data	1.612
7	PD Special Dev. Package Khairpur - XEN Highway Division, Khairpur	6	2016-17	Work not completed since long	19.459
Total					60.164

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

28.4.2 Non-production of record – Rs1,820.41 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”.

In the thirteen (13) offices of Works & Services Department, Government of Sindh for the years 2016-17 to 2017-18, the auditable record involving financial impact of Rs1820.41 million was not produced to audit for scrutiny. In the absence of auditable record, the authenticity of expenditure could not be verified (details at Annex-1 of Chapter-28).

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides initiating disciplinary proceedings against the responsible person(s).

28.4.3 Un-justified award of abandoned works – Rs123.044 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 years 2016-17 & 2017-18, it was observed that various works costing Rs123.044 million were executed which came under the following observations:

- i. Works were awarded without preparing financial review.
- ii. Administrative approval for execution of the abandoned works was not available.
- iii. Details of works already executed before award of remaining works were not available.
- iv. Reasons for abandonment of original works were not recorded.
- v. Measurement books of original work done and remaining work carried out were not provided.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Provincial Building Division-III, Karachi	6	2017-18	87.876
2	XEN Building Division, Khairpur	10	2016-17	26.363
3	XEN Building Division-II, Karachi	2	2017-18	8.805
Total				123.044

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry into the matter for fixing responsibility on the persons(s) at fault.

28.4.4 Non-crediting of revenue into government account – Rs963.972 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 thirty-three (33) offices of Works & Services Department for the years 2016-17 & 2017-18, it was observed that an amount of Rs963.972 million was deducted on account of taxes, duties & charges, other miscellaneous and security deposits. However, the revenues under the same heads were kept under From-78 and not credited into government account (details at Annex-2 of Chapter-28).

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires depositing of revenue into treasury besides fixing the responsibility on person(s) at fault.

28.4.5 Non-maintenance of contractor ledgers and other registers – Rs241.823 million

According to Para 297 and 298 of Central Public Works Accounts Code, “The accounts relating to contractor should be kept in the contractors ledger, Form 43, a separate folio or set of folios being reserved for all the transactions with each contractor for whom a personal account is maintained.

“A personal account should be opened in the ledger for every contractor, whether or not a formal contract has been entered into with him unless the work or supply entrusted to him is not important and no payment is made to him except on a First and Final Bill, Form 24, on completion. If any materials are issued to the contractor or any payments are made on his behalf, a ledger account must be opened.

During audit of following offices of Works & Services Department, Government of Sindh for the years 2016-17 to 2017-18, it was observed that various important ledgers, i.e., contractor ledger and works / security registers were not

maintained in various offices. Non-maintenance of important ledgers/registers casts doubts on the authenticity and quantity of executed works.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highway Division, Shaheed Benazirabad	6	2016-17	102.993
		5		63.881
		4		3.773
2	XEN Building Division, Mithi	10	2016-17	71.176
3	XEN Building Division, Umerkot	11	2016-17	0
4	XEN Building Division, Tando Allahyar	4	2017-18	0
Total				241.823

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires maintenance of record and its verification by Audit.

28.4.6 Irregular tendering of works – Rs2,281.70 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 twelve (12) offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that an expenditure of Rs2,281.70 million was incurred on execution of works in contravention of various provisions of SPPRA rules/regulations mentioned against each office (details at Annex-3 of Chapter-26).

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure by competent authority besides taking remedial measures.

28.4.7 Payments without authorization of competent authority – Rs134.184 million

According to Para 20(A) ii of C.P.W.A. Code “Divisional Account Officer as the representative of the Audit Department is charged with the responsibility of applying certain preliminary checks to the initial accounts, vouchers etc”. Further, a written permission of the Chief Engineer authorizing the Sub-Engineer to record the measurement is required to be obtained each year.

During audit of following offices of Works & Services Department, Government of Sindh for the years 2016-17 to 2017-18, it was observed that payments of Rs134.184 million were made to various contractors without authorization by the chief Engineer/Superintendent Engineer.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Building Division, Sujawal	8	2016-17	39.199
2	XEN Building Division, Matiari	4	2017-18	31.035
3	XEN Building Division, Kandhkot	1	2016-17	18.936
4	XEN Building Division, Shaheed Benazirabad	4	2016-17	18.675
5	XEN Building Division, Mithi	8	2016-17	12.402
6	XEN Building Division, Dadu	8	2017-18	11.342
7	XEN Building Division, Larkana	11	2017-18	2.595
Total				134.184

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires approval of competent authority besides taking remedial measures.

28.4.8 Irregular expenditure on non-scheduled items without approval of Standing Rates Committee – Rs117.604 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 thirteen (13) offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that an expenditure of Rs117.604 million was incurred on various non-scheduled items without market rate analysis and without referring such cases for concurrence to the competent forum, i.e., Standing Rates Committee.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Building Division, Jacobabad	7	2016-17	33.32
2	XEN Building Division-II, Karachi	9	2017-18	10.506
3	XEN Building Division, Shaheed Benazirabad	5	2017-18	8.995
4	Resident Engineer, Sindh House Islamabad	5	2016-17	7.953
5	XEN Electrical & Energy Division-I, Karachi	1	2016-17	7.95
6	XEN Building Division, Khairpur	15	2016-17	7.321
7	XEN Provincial Building Division-III, Karachi	9	2017-18	6.885
8	XEN Building Division, Kandhkot	9	2016-17	4.95
9	XEN Provincial Building Division, Thatta	8	2016-17	2.709
10	XEN Building Division, Larkana	5	2017-18	1.522
11	XEN Building Division, Shaheed Benazirabad	9	2016-17	1.5
12	XEN Building Division, Thatta	8	2016-17	0.433
13	Project Director Hyderabad Development Package, Hyderabad	2	2016-17	23.56
Total				117.604

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires approval of competent authority for regularization of expenditure.

28.4.9 Irregular payment on account of difference of cost – Rs8.320 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 Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that an amount of Rs8.320 million was paid on account of difference of cost of various items of works without obtaining approval of competent authority as well as supporting invoices of items.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highway Division, Mirpurkhas	9	2016-17	5.463
2	XEN Provincial Building Division, S.B.A	4	2017-18	2.857
Total				8.320

The matter was reported to the management in September 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of the expenditure by competent authority.

28.4.10 Non-hoisting of Bid Evaluation Report on SPPRA website – Rs558.665 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 years 2016-17 to 2017-18, it was observed that an expenditure of Rs558.665 million was incurred without hoisting bid evaluation report on SPPRA website in violation of above rule.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Building Division, Khairpur	2	2016-17	143.900
2	Project Director, Establishment of Sindh Secretariat Building 07,08, Karachi	8	2016-17	100.732
3	XEN Building Division, Jamshoro	1	2017-18	39.500
4	XEN Building Division, Mithi	9	2017-18	3.200
5	PD, Special Dev. Package Khairpur - XEN Highway Division, Khairpur	5	2016-17	225.273
	PD, Special Dev. Package Khairpur - XEN Building Division, Khairpur			26.586
	PD, Special Dev. Package Khairpur - XEN Building Division, Khairpur			19.474
Total				558.665

The matter was reported to the department in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons for non-compliance of SPPRA besides taking remedial measures to avoid such lapses.

28.4.11 Payment on reduced rates – Rs579.861 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 twenty seven (27) offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that the payment for various items of work costing Rs579.861 million was allowed on reduced rates to the contractor without recording any reasons. Furthermore, the reduced rates

were not got sanctioned by the competent authority. In the absence of justification, audit was of the view that either the work executed was below specifications or defective (details at Annex-4 of Chapter-28).

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires proper justification for execution of works below specifications.

28.4.12 Award of contracts without procurement committee – Rs339.448 million

According to Rule 7 of Sindh Public Procurement 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 2016-17 & 2017-18, it was observed that contracts of Rs339.448 million were awarded without having constituted Procurement Committee in violation of above rule.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	XEN Building Division, Sujawal	2	2016-17	Procurement Committee was not constituted prior to award of work	258.671
2	Project Director, Establishment of Sindh Secretariat Building 07,08, Karachi	2	2016-17		70.015
3	XEN Building Division, Badin	4	2017-18		5.544
4	XEN Building Division, Mithi	1	2017-18		3.868
5	XEN Building Division, Jamshoro	3	2017-18		1.350
Total					339.448

The matter was pointed out to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires fixing of responsibility for non-compliance of SPPRA rules.

28.4.13 Irregular expenditure without technical sanction – Rs304.653 million

As per Rule-56 of CPWD code, “expenditure may not be incurred on a work until it is technically sanctioned from the competent authority”.

During audit of following offices of Works & Services Department, Government of Sindh for the financial years 2016-17 & 2017-18, it was observed that an expenditure of Rs304.653 million was incurred without obtaining technical sanction of estimate/PC-1.

(Rupees in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN Building Division, Sujawal	2016-17	1	258.671
2	XEN Highways Division, Khairpur	2016-17	8	17.969
3	XEN Provincial Building Division, Shaheed Benazirabad	2017-18	3	9.118
4	XEN Provincial Highway Division, Shaheed Benazirabad	2016-17	5	7.344
5	XEN Building Division, Shaheed Benazirabad	2016-17	1	3.548
6	XEN Building Division, Kashmore @ Kandhkot	2017-18	5	3.490
7	XEN Building Division, Sanghar	2017-18	10	1.936
8	XEN Provincial Building Division, Thatta	2016-17	7	1.544
9	XEN Building Division, Thatta	2016-17	7	1.033
Total				304.653

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by competent authority.

28.4.14 Execution of work over & above the estimated cost – Rs35.718 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 following offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that an expenditure of Rs35.718 million was incurred over & above the estimated cost of various works without approval of revised estimates.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Estimated Cost	Executed cost	Excess Execution
1	XEN Provincial Building Division-III, Karachi	3	2017-18	7.726	16.233	8.506
2	XEN Provincial Highway Division, SBA.	9	2016-17	173.733	182.899	9.166
3	XEN Building Division, Hyderabad	4	2016-17	27.102	45.148	18.046
					Total	35.718

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires approval of competent authority for regularization.

28.4.15 Irregular payment on extra lead – Rs84.312 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 following offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that excess amount of Rs84.312 million was paid to the contractors on account of extra lead/carriage without preparation of lead chart.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Provincial Highways Division, Shaheed Benazirabad	6	2016-17	34.889
2	XEN Provincial Highway Division, Ghotki	3	2016-17	16.756
3	XEN Highways Division, Shaheed Benazirabad	2	2016-17	9.504
4	XEN Provincial Building Division, Sukkur	9	2016-17	9.04
5	XEN Highways Division, Badin	8	2016-17	7.065
6	XEN Building Division, Larkana	14	2017-18	2.106
7	XEN Highways Division, Jacobabad	11	2016-17	1.827
8	XEN Building Division, T.M. Khan	4	2016-17	1.201
9	XEN Building Division, Kashmore @ Kandhkot	7	2017-18	1.179
10	XEN Building Division, Jacobabad	3	2016-17	0.745
Total				84.312

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons for non-compliance of rules.

28.4.16 Expenditure incurred beyond operational jurisdiction – Rs134.21 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 year 2017-18, it was observed that an expenditure of Rs134.21 million was incurred on execution of various works beyond the operational jurisdiction or without obtaining NOC from the respective department.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particulars	Amount
1	Executive Engineer Building Division, Matiari	1	Executed Work pertaining to Public Health Engineering (PHE) department	77.249
2	Executive Engineer Building Division, Larkana	6	Executed Work not pertaining to Building department	50.938
3	Executive Engineer Building Division, Dadu	2	Executed Work pertaining to Education works, District Roads & PHE departments	6.021
Total				134.21

The matter was reported to the management in September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding incurring expenditure beyond operational jurisdiction.

28.4.17 Un-justified payment on account of bitumen – Rs17.813 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 year 2016-17, it was observed that an amount of Rs17.813 million was paid to various contractors on account of cost of bitumen without obtaining documentary evidence from National Refinery regarding the procurement of bitumen.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	XEN Provincial Highway Division, Shaheed Benazirabad	3	13.095
2	XEN Highway Division, Jacobabad	2	4.718
Total			17.813

The matter was reported to the management in January 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons for non-compliance of rules besides regularization of the expenditure by competent authority.

28.4.18 Non-utilization of funds released for ADP Schemes – Rs15.481 million

As per Rule ‘1’ Appendix 18-A of Sindh Financial Rules Volume-I, “Every government servant 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 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 the office of Executive Engineer Building Division, Khairpur Works & Services Department, Government of Sindh for the year 2017-18, it was observed that funds of Rs15.481 million were not utilized for intended purposes. This may result into escalation of prices with passing year(s) and undue financial burden on the government exchequer.

(Rs. in million)

Sr. #	ADP	Name of scheme	Cost of work	Releases	Expenditure	Non-utilization
1	759	Installation of 50 CCTV cameras	20	7	4.283	2.717
2	758	Rehabilitation work of D.C. House	20	7	4.385	2.615
3	354	Construction of Tomb & Dargah Pir Syed Chattan Shah Badshah	10	2.5	1.954	0.546
4	356	Construction of compound wall of Masjid at village Zawar Abdul	14.923	6.709	2.099	4.61
5	368	Construction of compound wall of Eidgah Kotdigi	8.97	5.976	3.218	2.758
6	430	Construction of compound wall of Eidgah Ali ul Murtuza Bhutta	1.9	1.513	0.34	1.173
7	457	Construction of BHU at Khadim Hussain Katohar	10.457	1.415	0.353	1.062
Total						15.481

The matter was reported to the management in September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 13)

28.4.19 Irregular expenditure on works by splitting up sanctions orders – Rs2.148 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 following offices of Works & Services Department, Government of Sindh for the year 2017-18, it was observed that an expenditure of

Rs2.148 million was incurred on various works through splitting in order to avoid sanction of higher authority.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
1	XEN Building Division, Larkana	8	Non-advertisement of tenders in leading newspapers as required under Rule 17 (2) of SPP Rules 2010	0.973
2	XEN Building Division, Tando Allahyar	7	Execution of work without tender in violation of clause 16 (b) (IV) of SPPR, 2010	0.682
3	XEN Provincial Building Division-III, Karachi	2	Execution of work without tender in violation of clause 16 (b) (IV) of SPPR, 2010	0.493
Total				2.148

The matter was reported to the management in September & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by competent authority.

28.4.20 Less deduction of performance security deposit – Rs174.390 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 following offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that either performance security was less deducted than the prescribed rates or in some cases not obtained from contractors (details at Annex-5 of Chapter-28).

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that less deduction of performance security may be justified besides making recovery of less amount.

28.4.21 Irregular refund of security deposit – Rs82.873 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 following offices of Works & Services Department, Government of Sindh for the years 2014-15 to 2016-17, it was observed that an amount of Rs82.873 million was refunded to the contractors on account of security deposit, however completion date of works was not mentioned on the bills. Moreover, the register of security deposit was also not maintained. Due to these shortcomings, the authenticity of refund could not be checked.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Building Division, Sanghar	11	2017-18	31.706
2	XEN Building Division, Shaheed Benazirabad	1	2017-18	30.264
3	XEN Provincial Highway Division, Shaheed Benazirabad	10	2017-18	5.048
4	XEN Provincial Building Division-III, Karachi	11	2017-18	4.098
5	XEN Building Division, Umerkot	5	2016-17	2.259
6	XEN Building Division, Larkana	2	2017-18	2.106
7	XEN Building Division, Mithi	5	2017-18	1.904
8	XEN Building Division-II, Karachi	6	2017-18	1.653
		1		0.918
9	XEN Building Division, Khairpur	27	2016-17	1.211
10	XEN Building Division-III, Karachi	5	2016-17	0.838
11	XEN Building Division, Kashmore @ Kandhkot	9	2017-18	0.588
12	XEN Provincial Building Division, Matiari	12	2017-18	0.28
Total				82.873

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons for refund of security deposit may be justified.

28.4.22 Excess execution of items of work - Rs117.799 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 years 2016-17 & 2017-18, it was observed that excess expenditure of Rs117.799 million was incurred owing to excess execution of items of works against BOQ of tender documents in contravention of provision about Repeat Orders in SPPRA 2010.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highway Division, Ghotki	6	2016-17	52.776
2	XEN Highway Division, Badin	5	2016-17	24.641
3	XEN Highway Division, Khairpur	1	2016-17	21.964
		2		12.789
4	XEN Provincial Building Division, Sukkur	8	2016-17	3.048
		10		1.556
5	XEN Building Division, Dadu	3	2017-18	0.706
6	XEN Building Division, Khairpur	32	2016-17	0.319
Total				117.799

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of excess work and approval of higher authority.

28.4.23 Execution of earth work through contractors instead of Mechanical Division – Rs11.283 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 year 2016-17, earth work costing Rs11.283 million was carried out through local contractors instead of Mechanical Division. Moreover, NOC from the Mechanical Division was also not obtained.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	XEN Highways Division, Khairpur	7	5.889
2	XEN Highway Division, Jacobabad	4	5.394
Total			11.283

The matter was reported to the management during December 2017 & February 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that execution of work from contractor may be justified, besides obtaining NOC from Mechanical Division.

28.4.24 Non-invitation of open tender – Rs217.780 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 years 2016-17 & 2017-18, it was observed that an expenditure of Rs217.780 million was incurred on construction work and supplies without inviting open tenders.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	XEN Building Division, Khairpur	1	2016-17	Non-advertisement of tenders in leading newspapers as required under Rule 17 (2) of SPP Rules 2010	143.900
2	XEN Provincial Building Division, Shaheed Benazirabad	1	2016-17	Non hoisting of tenders on Authority's website as required under Rule 17 (2) of SPP Rules 2010	63.704
3	XEN Building Division, Hyderabad	3	2016-17	Execution of work without tender in violation of clause 16 (b) (IV) of SPPR, 2010	7.101
4	XEN Building Division, Larkana	13	2017-18	Non hoisting of tenders on Authority's website as required under Rule 17 (2) of SPP Rules 2010	2.309
5	Secretary Works & Services, Karachi	6	2017-18	Non-advertisement of tenders in leading newspapers as required under Rule 17 (2) of SPP Rules 2010	0.766
Total					217.780

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends fixation of responsibility for violation of SPPRA rules.

28.4.25 Excess payment on account of premium – Rs41.448 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.

Sr. #	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 the office of Executive Engineer Building Division Jacobabad, Works & Services Department, Government of Sindh for the year 2016-17, it was observed that premium rate 16.50% was allowed over and above the prescribed limits, which resulted in excess payment of Rs41.448 million to the contractor.

The matter was reported to the management in February 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of excess expenditure from the competent authority.

(AIR # 2)

28.4.26 Irregular payments without obtaining TPM report – Rs18.032 million

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 years 2016-17 & 2017-18, it was observed that payments amounting Rs18.032 million were made to Planning & Development Department on account of Third Party Monitoring (TPM) without getting any Monitoring Report.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Project Director, Establishment of Sindh Secretariat Building 07,08, Karachi	1	2016-17	5.6
		7		0.558
2	XEN Provincial Building Division-III, Karachi	7	2017-18	3.527
3	XEN Provincial Building Division, Sukkur	14	2016-17	2.305
4	XEN Provincial Highway Division, Shaheed Benazirabad	4	2016-17	2.102
5	XEN Building Division-II, Karachi	5	2017-18	1.715
6	XEN Building Division-III, Karachi	6	2016-17	1.22
7	XEN Provincial Building Division, Shaheed Benazirabad	8	2016-17	0.724
8	XEN Building Division, Shaheed Benazirabad	8	2016-17	0.281
Total				18.032

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of Monitoring Reports for verification.

28.4.27 Excess payment by allowing excess rate – Rs70.585 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 year 2016-17, it was observed that excess payment of Rs70.585 million was made to the contractors by allowing higher rates as compared to rates provided in bill of quantities or schedule rate.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highway Division, Badin	1	2016-17	0.95
2	XEN Highway Division, Ghotki	10	2016-17	0.506
3	XEN Building Division, Khairpur	30	2016-17	0.467
4	XEN Provincial Building Division, Sukkur	13	2016-17	0.142
5	Project Director Hyderabad Development Package, Hyderabad	1	2016-17	68.52
Total				70.585

The matter was reported to the management in December 2017 & February 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires detailed justification besides obtaining approval of competent authority.

28.4.28 Irregular execution of extra items of works – Rs5.378 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 years 2016-17 & 2017-18, it was observed that an expenditure of Rs5.378 million was incurred on extra items of works without sanction of competent authority. The management did not exercise due care while preparing original estimates resulting in undue benefit to contractors by allowing execution of extra items of works.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Provincial Building Division, Sukkur	11	2016-17	1.177
2	XEN Building Division, Hyderabad	8	2016-17	1.099
3	XEN Building Division, Shikarpur	7	2017-18	0.393
4	Project Director Hyderabad Development Package, Hyderabad	3	2016-17	2.709
Total				5.378

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by the competent authority.

28.4.29 Irregular payment of mobilization advances – Rs197.707 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 the office of Project Director, Establishment of Sindh Secretariat Building 7 & 8, Karachi, Works & Services Department, Government of Sindh for the year 2016-17, it was observed that mobilization advance of Rs197.707 million was paid to contractor without obtaining bank guarantee before payment of the advance.

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

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification of mobilization advances and its regularization by the competent authority besides fixing responsibility on the person(s) at fault.

(AIR # 06)

28.4.30 Irregular payment through DDO account – Rs21.100 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 payment to the suppliers may be issued through crossed cheques in the name of firms concerned”.

During audit of the office of Secretary Works & Services Department, Government of Sindh for the year 2017-18, it was observed that an amount of Rs21.100 million was paid to DDO instead of direct payment to actual payees. Moreover, audit could not ascertain whether full payment was made to actual payees or not. Thus, the authenticity of the actual expenditure could not be checked.

The matter was reported to the management in July 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate discontinuation of this malpractice besides fixing of responsibility for such lapse.

(AIR # 2)

28.4.31 Irregular payment of secured advance – Rs106.124 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 years 2016-17 & 2017-18, it was observed that an amount of Rs106.124 million was paid to various contractors as secured advance being the cost of material but neither Indenture Bond in P.W. Account Form No.31 nor detailed report of consumption account of materials along with recovery of advance was available on the record.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Project Director, Establishment of Sindh Secretariat Building 07,08, Karachi	5	2016-17	50.4
2	Resident Engineer, Sindh House, Islamabad	4	2016-17	23.629
3	XEN Building Division, Sujawal	3	2017-18	11.325
4	XEN Provincial Building Division-III, Karachi	8	2017-18	6.071
5	XEN Building Division-II, Karachi	4	2017-18	5.101
6	XEN Building Division, Jamshoro	4	2017-18	3.885
7	XEN Building Division, Kandhkot	4	2016-17	2.797
8	XEN Provincial Building Division, Thatta	2	2016-17	2.025
9	XEN Building Division, Larkana	9	2017-18	0.525
10	XEN Building Division, Shikarpur	6	2017-18	0.366
Total				106.124

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of relevant record besides fixing of responsibility for such lapse.

28.4.32 Non-imposition of penalty on delayed execution of works – Rs355.339 million

As provided in Guidelines / Regulations for Procurement of Works published by SPPRA at para-10 states that “Time is essence for contract. Effective contract administration is critical to successful contract implementation. Extensions in the contract period should normally be discouraged, however in exceptional cases; the contract period may be extended, wherever inevitable, with penalty or without penalty as per conditions of the agreement.

As per para-10.3(c) “Liquidities damages shall be deducted from the contract amount for every day or part of a day, which will elapse between the dates on which the prescribed time expired and the date the work is completed at the rate specified in the contract agreement. The amount of the liquidated damages for each day of delay in completion of the whole of the works, or if applicable for any section thereof, shall be a sum equal to 5 to 10 % (it is to be mentioned in the agreement) of the estimated cost of the works divided by one fourth of the number of days specified as completion time.”

During audit of twenty-nine (29) offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that various works could not be completed by the contractors within the stipulated time, but 10% penalty amounting to Rs355.339 million was not imposed (details at Annex-6 of Chapter-28).

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of penalty amount and copies of extensions allowed for verification.

28.4.33 Non-recovery of various taxes – Rs23.075 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.

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.

During audit of following offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that various taxes (i.e., Income Tax, Sales Tax and Professional Tax) amounting to Rs23.075 million were not recovered from the contractors as under:

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars of recovery	Amount
1	XEN Provincial Building Division-III, Karachi	1	2017-18	Income Tax	11.381
2	XEN Building Division, Khairpur.	17	2016-17	Income Tax	5.914
3	Resident Engineer, Sindh House Islamabad	12	2016-17	Sales Tax	2.585
		9		Sindh Sales Tax	0.745
4	XEN Building Division, Umerkot	7	2016-17	Income Tax	0.061
5	XEN Highway Division, Ghotki	4	2016-17	Professional Tax	0.294
6	PD, Special Dev. Package Khairpur - XEN Building Division, Khairpur	15	2016-17	Sales Tax	1.076
	PD, Special Dev. Package Khairpur - XEN PHE Division, Khairpur			Sales Tax	0.163
	PD, Special Dev. Package Khairpur - Chief Municipal Officer, Khairpur			Sales Tax	0.181
	PD, Special Dev. Package Khairpur - XEN Highway Division, Khairpur	14		Sales Tax	0.214
		25		Stamp Duty	0.186
7	PD, Hyderabad Development Package Hyderabad	5	2016-17	Stamp Duty	0.275
Total					23.075

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery of taxes besides fixing of responsibility on the person(s) at fault.

28.4.34 Non-adjustment of advances – Rs61.197 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 years 2016-17 & 2017-18, it was observed that advance of Rs61.197 million was made to various contractors/organizations for several works. However, subsequent adjustment accounts were not obtained.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Resident Engineer Sindh House Islamabad	10	2016-17	Miscellaneous PWD Advances	56.022
2	XEN Building Division, Larkana	7	2017-18	Advance payment to XEN (Operation) SEPCO for electrification.	1.202
3	XEN Building Division, Mithi	7	2017-18	Advance to XEN HESCO	1.701
4	XEN Highway Division, Jacobaabd	9	2016-17	Advance to Divisional Accounts Officer, Pakistan Railways Sukkur for 03 Nos. railway crossing	2.272
Total					61.197

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustment of advances besides fixing of responsibility on the person(s) at fault.

28.4.35 Non-recovery of shrinkage allowance – Rs8.094 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 following offices of Works & Services Department, Government of Sindh, for the years 2016-17 & 2017-18, it was observed that an amount of Rs8.094 million was not recovered/ deducted from the bills of contractors on account of shrinkage allowance.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highways Division, Badin	6	2016-17	6.417
2	XEN Highway Division, Khairpur	12	2016-17	0.554
3	XEN Highways Division, Mirpurkhas	4	2016-17	0.376
4	XEN Building Division, Shikarpur	9	2017-18	0.358
5	XEN Highways Division, Jacobabad	1	2016-17	0.248
6	XEN Provincial Building Division, Sukkur	6	2016-17	0.141
Total				8.094

The matter was reported to the management in December 2017 & October 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of shrinkage allowance besides fixing of responsibility on the person(s) at fault.

28.4.36 Non-recovery of stamp duty – Rs11.547 million

As per Para 22-A of Stamps Act 1899, “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of twenty one (21) offices of Works & Services Department, Government of Sindh for the years 2016-17 & 2017-18, it was observed that stamp duty of Rs11.547 million was not recovered from the contractors (details at Annex-7 of Chapter-28).

The matter was reported to the management in December 2017 & September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of stamp duty besides fixing of responsibility on the person(s) at fault.

28.4.37 Award of work by collusive tendering – Rs12.087 million

As defined in para-2 (1)(q) of general provisions of SPPRA Rules, 2010, “Collusive Practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, noncompetitive levels for any wrongful gain.

During audit of the office of Executive Engineer Provincial Building Division Shaheed Benazirabad Works & Services Department, Government of Sindh for the year 2017-18, it was observed that works valuing Rs12.087 million were awarded to a contractor through collusive practices. All three prospective contractors submitted their bids with same rate having minor difference of premium. Thus, department failed to take measures to defeat collusion of contractors, resultantly competitive bids could not be obtained.

Work Order # & Date	Name of work	Name of contractors	Offered Rates
322/5-4-2016	Construction rooms Sindh Central Prison Khairpur	M/s Ahmed & Co	14.33% above Schedule Rates
		M/s Damas Engineering	15.11% above Schedule Rates
		M/s Sikander Ali	12.20% above Schedule Rates

The matter was reported to the management in September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 01)

28.4.38 Unauthorized retention of government vehicle – Rs1.0 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 the office of Executive Engineer Building Division Shikarpur, Works & Services Department, Government of Sindh for the year 2017-18, it was observed that government vehicle GS-533-723 valuing Rs1.0 million was handed over to the Deputy Commissioner Shikarpur on 02-03-2007. The same vehicle was unauthorizedly retained by the officer even after his transfer from the district.

The matter was reported to the management in September 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 08)

28.4.39 Less deduction on difference of cost of bitumen – Rs3.605 million

As per Rule ‘1’ Appendix 18-A of Sindh Financial Rules Volume-I, “Every government servant 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 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 Works & Services Department, Government of Sindh for the year 2016-17, it was observed that an amount of Rs3.605 million was not recovered from the contractors on account of less deduction on difference of cost of bitumen.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN Highway Division, District Ghotki	2	2016-17	3.238
2	XEN Highway Division, Shaheed Benazirabad	10	2016-17	0.367
Total				3.605

The matter was reported to the management in November 2017 & February 2018, but no reply was received.

Despite written requests vide letters dated 19-11-2018 & 13-12-2018, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate recovery besides taking remedial measures.

ANNEXES
