AUDITOR-GENERAL OF PAKISTAN

February 2026

AUDIT REPORT ON THE ACCOUNTS OF PUBLIC HEALTH ENGINEERING & RURAL DEVELOPMENT DEPARTMENT GOVERNMENT OF SINDH FY 2024-25

AUDIT YEAR 2025-26

PREFACE

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Province or the accounts of any authority or body established by or under the control of the Federal or a Provincial Government.

This report is based on the audit of Public Health Engineering & Rural Development Department, Government of Sindh for the Financial Year 2024-25. The Directorate General of Audit Works (Provincial) Sindh, Karachi conducted audit on a test check basis, with a view to make an independent assessment of the department and provide reliable information to the relevant stakeholders for making sound decision making. The report also aims at improving the internal controls of the department, thereby allowing the management to take corrective action and improve operational efficiency. The main body of the Audit Report includes only the systematic issues and significant audit findings. Relatively less significant issues are listed in Annex-A (MfDAC) of this report which shall be pursued with the PAO 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 next year's Audit Report.

Audit report includes key facts about the department, audit snapshots, findings on systematic issues, conclusion and recommendations for executive actions. Audit findings indicate a number of matters related to stated roles & responsibilities of the department, financial management, procurement, operational process, achievement of targets.

The report was shared with the entity as well as with Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report.

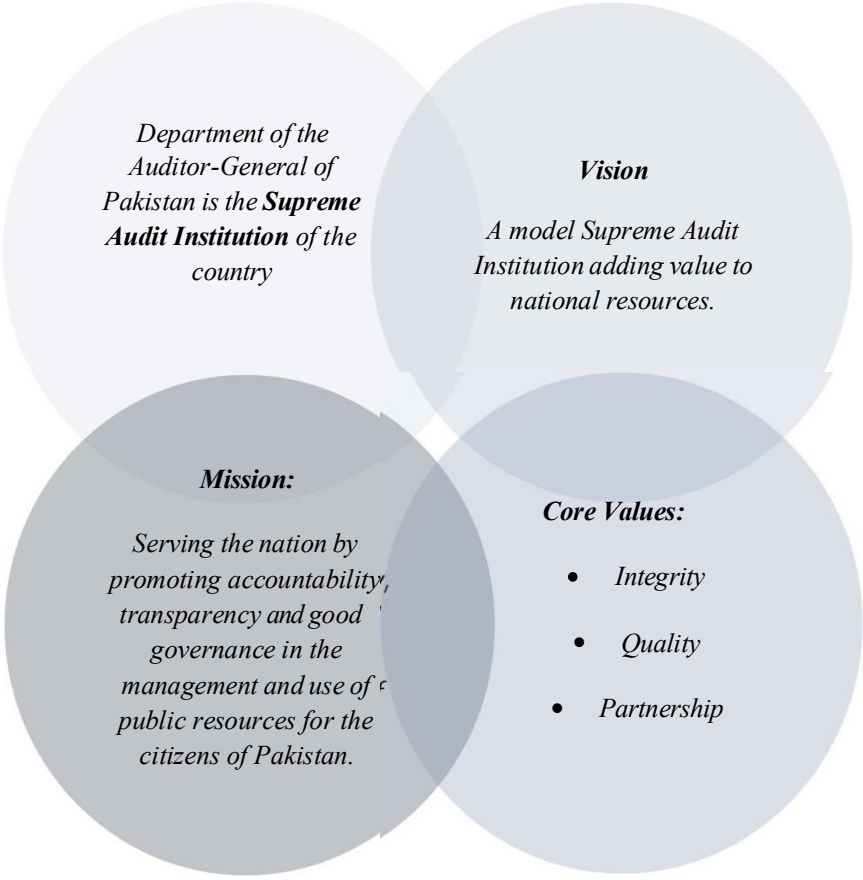
There are certain audit paras which were also reported in last three years' Audit Reports. Recurrence of such irregularities is a matter of concern and needs to be addressed.

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

Islamabad
Dated: February, 2026

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Department of the Auditor-General of Pakistan



The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

The Auditor-General of Pakistan is appointed under the Constitution of the Islamic Republic of Pakistan. His reports are laid before the legislature and are discussed in the Public Accounts Committees of the respective legislative Assemblies. His mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance at the federal, provincial, and local level.

AUDIT SNAPSHOT

Why did we do this audit?

Assurance	Test Compliance	Check Controls
To provide independent assurance on utilization of public funds for water supply and drainage schmes .	To examine compliance with applicable laws, regulations, government instructions and check procurement and financial operations.	To identify systemic weaknesses in governance and internal controls and recommend corrective measures to strengthen accountability and transparency.

What did we find?

Key Findings

- Inordinate delay in completion of water supply and sanitation schemes.
- Non-transparent procurement practices due to non-adherence with the SPPRA Rules.
- Unauthorized excess / advance payments without proper execution of works at site. Weak internal controls and ineffective monitoring mechanism.
- Poor operations and maintenance of RO/UF plants which impede clean water supply to the public.

Key Assessments

Poor Planning
- Various schemes are delayed and instead of focusing on the completion of the ongoing schemes, funds are diverted to new schemes.

Weak financial discipline
- Lack of strict financial disciplane cause excess/advance payments to the contractors without proper execution of work at site. Mandatory record keeping such as security deposit register and contractor's ledgers were not maintained.

Inadequate monitoring mechanism
- Payments were released to the contractor without sound mechanism of physical monitoring of the sites.
- Improper recording of the MBs / payments without mentioning MBs Nos. and detail of works.

Deviation from the estimates
- Executions were made in deviation of the approved estimates which indicated gap between the planning strategies and actual sites requirements.

What did we recommend?

Strengthening governance and accountability	On-going schemes must be prioritise to avoid blockage of resourcess. Resposibilty be fixed on the person(s) at fault.
Adherence to the procurement regulations	Procurement processes must strictly be complied with SPPRA Rules. Security deposits should properly be dedcuted and reecorded.
Improving financial discipline	Outstanding government dues be recovered and practice of advance payments without proper execution must be stopped.
To Stregnthen O&M Component	Focused should also be made to strengthen O&M functions of the department in order to functionalise the non-functional water/drainage schemes and RO/UF plants.
Strengthening project management	Strengthening of planning and monitoring mechanism to ensure timely completion of development schemes.

HIGHLIGHTS

ENTITY SUMMARY SHEET — PHE & RD DEPARTMENT (FY 2024–25)

Description	Details
Legal Framework of Entity	The Public Health Engineering and Rural Development Department (PHE&RDD), Government of Sindh, was established under Rules of Business, Government of Sindh, 1986. Its functions are defined in scheduled-II of these rules.
Key Responsibilities/Mandate and Objectives	The mandate of the Public Health Engineering and Rural Development Department includes the planning, design, implementation, operation, and maintenance of public health engineering infrastructure across the province. Its key responsibilities include the development and improvement of water supply systems, sewerage, sanitation, and drainage schemes.
Budget	Rs. 30,472 million[1]
Expenditure	Rs. 25,924 million (Development Rs.17,540 million and Non-development Rs.8,384 million)[2]
Funding Sources	Government of Sindh
Accounting policy	The accounts of PHE&RDD, Government of Sindh are maintained on cash basis of accounting, whereby receipts are recognized when actually received and expenditures are recognized when payments are made.
Status of financial statements	Annual accounts of the department are not prepared independently however the figures of receipts and expenditure are made part of the Annual Accounts of Sindh Government.
Composite Risk Rating	**Medium Risk** due to: • Poor planning and execution of development works • Procurement & assets management irregularities
Compliance Status of audit recommendations	Awaited

[1] https://imufd-sindh.finance.gos.pk:7443/DepartmentProfiles.html
[2] https://imufd-sindh.finance.gos.pk:7443/DepartmentProfiles.html

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ABBREVIATIONS & ACRONYMS

A.A	Administrative Approval
ADP	Annual Development Plan
AEN	Assistant Executive Engineer
AGP	Auditor-General of Pakistan
AIR	Audit Inspection Report
BER	Bid Evaluation Report
BoQ	Bill of Quantities
CC	Cement Concrete
CDR	Call Deposit Receipt
CFT	Cubic Feet
CPWA	Combined Public Works Account
CPWD	Combined Public Works Department
CSR	Composite Schedule of Rate
Cu.M	Cubic Meter
CWT	Hundred Weight
DAC	Departmental Accounts Committee
DAO	District Account Office/Divisional Accounts Officer
DDO	Drawing and Disbursing Officer
DG	Director General
FBR	Federal Board of Revenue
FD	Finance Department
FY	Financial Year
GFR	General Financial Rules
GoS	Government of Sindh
GPD	Gallons Per Day
GST	General Sales Tax
HR	Human Resources
M&E	Monitoring and Evaluation
M&R	Maintenance and Repair
MB	Measurement Book
MEC	Monitoring Evaluation Cell
MfDAC	Memorandum for Departmental Accounts Committee
MGD	Million Gallons Per Day
NCB	National Competitive Bidding
NIT	Notice Inviting Tender
NOC	No-objection Certificate
O&M	Operation and Maintenance
P&D	Planning and Development
P/F	Providing and Fixing

PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PD	Project Director
PDP	Proposed Draft Para
PDWP	Provincial Development Working Party
PEC	Pakistan Engineering Council
pH	potential of hydrogen
PHE&RD	Public Health Engineering and Rural Development
POL	Petrol Oil and Lubricant
PPM	Parts per million
PPMS	Procurement Performance Management System
PSDP	Public Sector Development Programme
PWD	Public Works Department
RCC	Reinforced Cement Concrete
RD	Reduced Distance
RFT	Running Feet
RO	Reverse Osmosis
S/F	Supplying and Fixing
SAP	Systems, Applications and Products
SDGs	Sustainable Development Goals
SDOC	Stipulated Date of Completion
SFR	Sindh Financial Rule
SFT	Square Feet
SID	Special Initiative Department
SLGO	Sindh Local Government Ordinance
SOPs	Standard Operating Procedures
SPPRA	Sindh Public Procurement Regulatory Authority
SRB	Sindh Revenue Board
SST	Sindh Sales Tax
TDS	Total Dissolved Solids
TS	Technical Sanction
UF	Ultra Filtration
UN	United Nations
WASH	Water and Sanitation Hygiene
WHO	World Health Organization
XEN	Executive Engineer

OVERVIEW OF THE DEPARTMENT

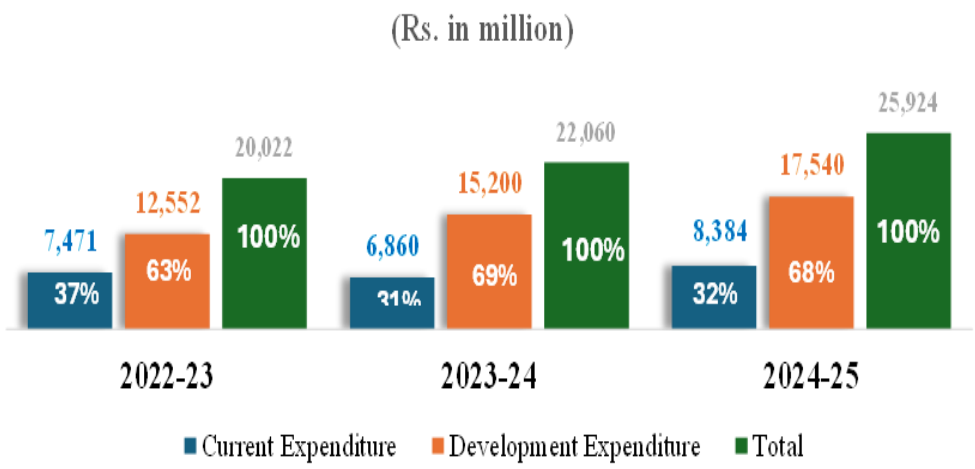
The Public Health Engineering & Rural Development Department (PHE&RDD), Government of Sindh, is responsible for the planning, design, execution and (through its O&M wing) operation and maintenance of water supply and drainage schemes across Sindh, excluding the metropolitan jurisdictions of Karachi, Hyderabad, and Sukkur.[3] The department's core mandate supports public health outcomes by improving access to safe drinking water, sanitation, and environmentally sound drainage infrastructure.

Water supply and sanitation are globally recognized as foundational services under Sustainable Development Goal (SDG) 6, which includes targets to achieve universal and equitable access to safe and affordable drinking water and adequate sanitation by 2030. In Sindh, budget strategy and development planning in the Water, Sanitation and Hygiene (WASH) sector therefore requires aligning financial resources with measurable service delivery, timely releases, and efficient utilization to avoid delays, cost, escalation and incomplete assets. For remote rural areas, separate wing, "Rural Development Department" is established for execution of water and sanitation schemes.

[3] Except metropolitan areas of Karachi

FINANCIAL ANALYSIS OF THE DEPARTMENT

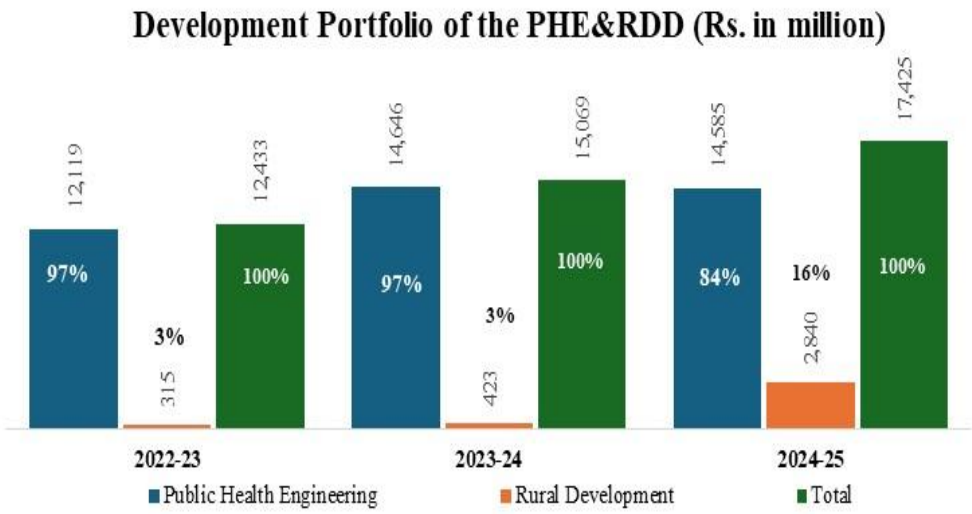
a) Expenditure Pattern of the Entity



Source: https://imufd-sindh.finance.gos.pk:7443/

The bar chart illustrates the evolving expenditure patterns of the Public Health Engineering & Rural Development (PHE&RD) department across fiscal years 2022–23 to 2024–25, highlighting a consistent prioritization of development over current expenditure. In FY 2022–23, development expenditure stood at Rs. 12,552 million, comprising 63% of the total Rs. 20,022 million, while current expenditure was Rs. 7,471 million (37%). This trend intensified in FY 2023–24, where development allocation surged to Rs. 15,200 million (69%), and current expenditure declined to Rs. 6,860 million (31%), indicating a strategic shift toward infrastructure and long-term projects. By FY 2024–25, total expenditure rose to Rs. 25,924 million, with development spending reaching Rs. 17,540 million (68%) and current expenditure rebounding to Rs. 8,384 million (32%), suggesting a balanced approach to sustain operational needs while expanding developmental initiatives. Overall, the data reflects a progressive increase in total budget outlay and a strong developmental focus, aligning with sectoral goals of rural uplift and public health infrastructure enhancement.

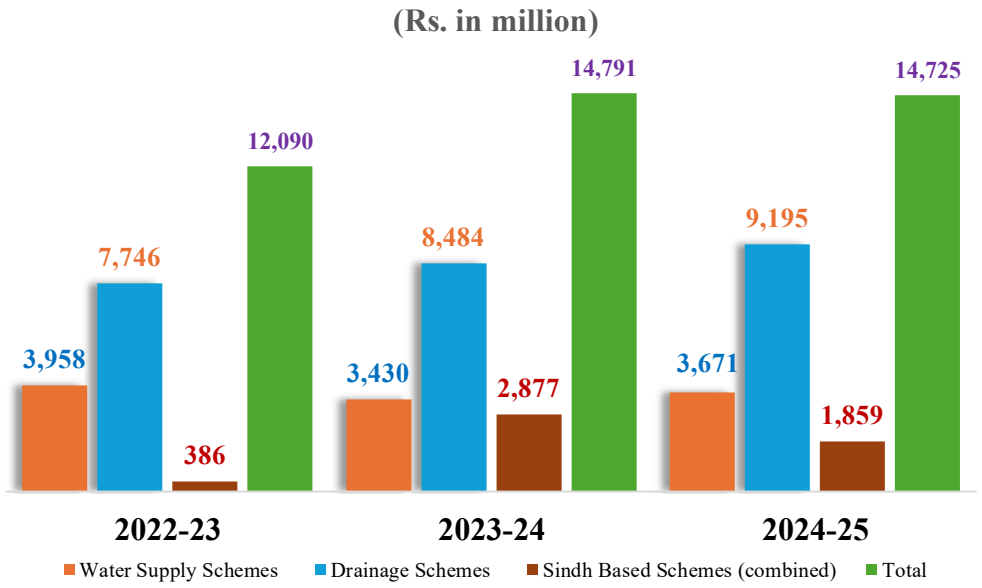
b) Capital Expenditure



Source: https://imufd-sindh.finance.gos.pk:7443/

The above depicting the capital development expenditure of the PHE&RD department from FY 2022–23 to FY 2024–25 reveals a dominant and evolving focus on Public Health Engineering (PHE) projects, with a notable shift toward increased Rural Development (RD) investment in the final year. In FY 2022–23, PHE received Rs. 12,119 million, constituting 97% of the total Rs. 12,433 million capital expenditure, while RD was allocated only Rs. 315 million (3%). This distribution remained consistent in FY 2023–24, with PHE absorbing Rs. 14,646 million (97%) and RD Rs. 423 million (3%) out of a total Rs. 15,069 million. However, FY 2024–25 marked a strategic rebalancing: while PHE funding slightly decreased to Rs. 14,585 million (84%), RD allocation surged to Rs. 2,840 million (16%) within a total capital outlay of Rs. 17,425 million. This shift suggests a broadened developmental agenda, integrating rural uplift alongside sustained investment in public health infrastructure, and reflects a more inclusive approach to capital planning within the department.

c) Funds utilization for water supply and drainage schemes

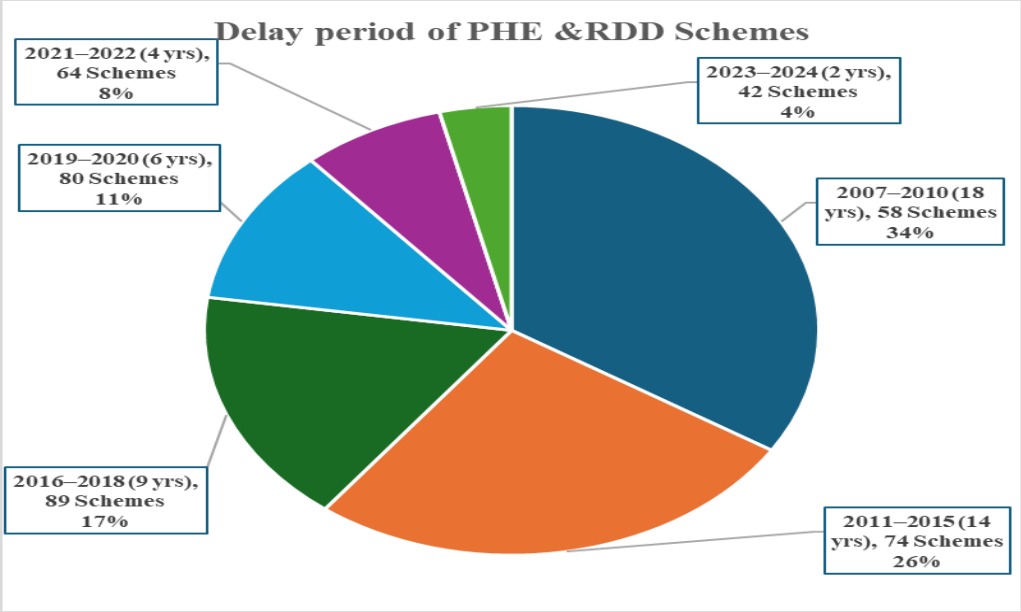


The above graph shows that development expenditure increased gradually from Rs. 3,958 million to Rs. 3,430 million and then to Rs. 3,671 million, with only minor changes over the years. Current expenditure rose steadily from Rs. 7,746 million to Rs. 8,484 million and further to Rs. 9,195 million, showing continuous growth. However, others/irregular expenditure fluctuated sharply, increasing from Rs. 386 million to Rs. 2,877 million and then reducing to Rs. 1,859 million, indicating inconsistency in this component. Overall, total expenditure increased from Rs. 12,090 million to Rs. 14,791 million and remained almost at the same level at Rs. 14,725 million, reflecting higher spending over time but uneven control across expenditure components.

PERFORMANCE ANALYSIS OF THE DEPARTMENT

The performance of the department is not very effective in terms of its mandated objectives and assigned targets as reflected in the following areas.

a) Status of delayed water supply and sanitation schemes



The analysis shows that many Public Health Engineering & Rural Development schemes have remained incomplete for a long period after their start. The delay mainly depends on the year in which the schemes were started.

The schemes started during 2007–2010 (58 schemes) are the oldest and have been delayed by about 18 years. These schemes have remained under execution for a very long time, which shows serious issues in planning, execution, and follow-up.

Similarly, 74 schemes started during 2011–2015 have been delayed by nearly 14 years. Despite the passage of more than a decade, these schemes have not been completed, which has affected the timely provision of water supply and sanitation facilities.

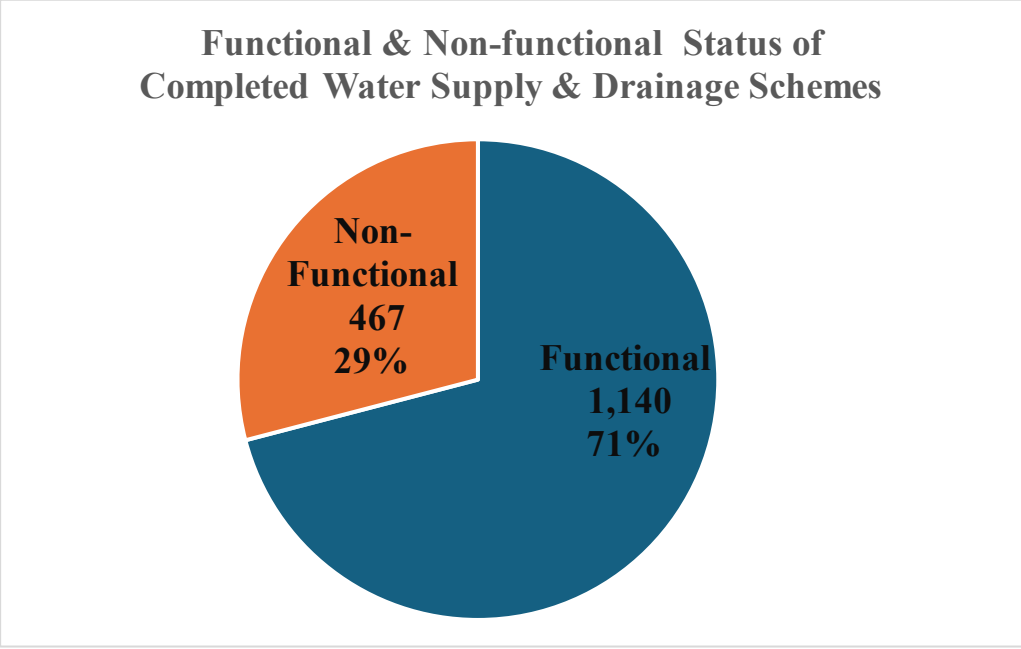
The schemes initiated during 2016–2018 (89 schemes) are delayed by about 9 years, while 80 schemes started in 2019–2020 have already faced delays

of around 6 years. This indicates that delays are not limited to very old schemes only.

Even the comparatively recent schemes are facing delays. 64 schemes started during 2021–2022 have been delayed by about 4 years, and 42 schemes started during 2023–2024 have already experienced a delay of nearly 2 years.

Overall, the analysis shows that delays exist in schemes of all periods. The continued delay in completion of schemes reflects weak monitoring and slow implementation, which ultimately affects public access to basic services.

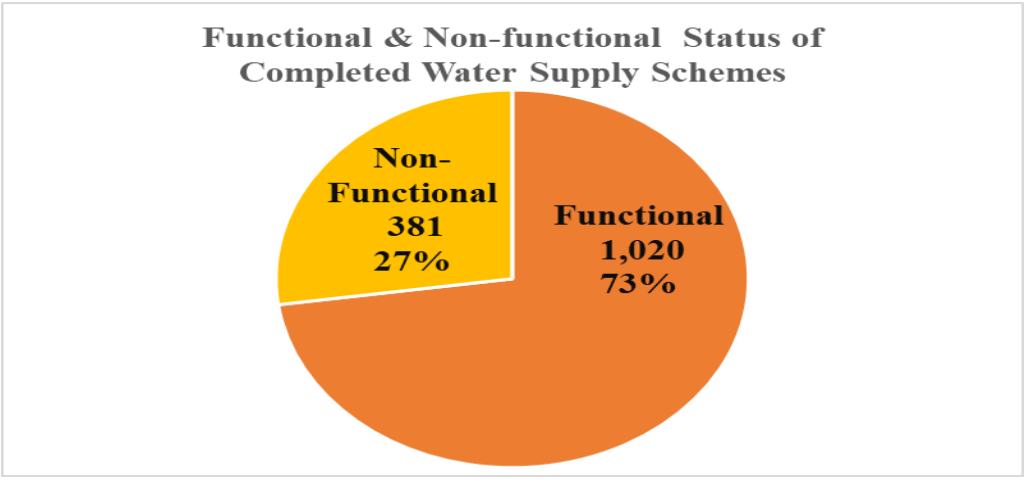
b) Overall status of water supply & drainage schemes



The abstract shows that out of a total 1,607 Water Supply and Drainage schemes, 1,140 schemes (71%) were reported as functional, while 467 schemes (29%) remained non-functional. The overall functionalization percentage of 71% indicates that a significant number of schemes, though shown as completed, are not delivering the intended services.

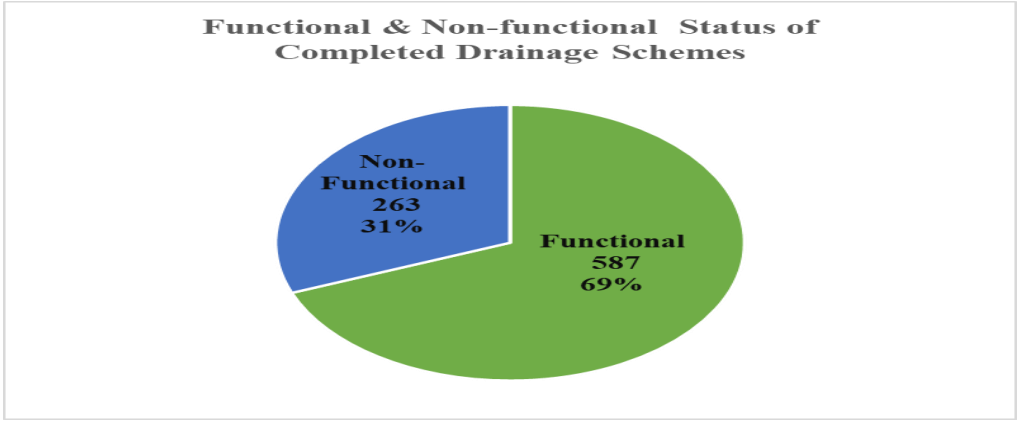
Water Supply Schemes

Out of 1,401 Water Supply schemes, only 1,020 schemes (73%) were functional, whereas 381 schemes (27%) were non-functional. This reflects that more than one-quarter of the completed water supply schemes are either partially functional or non-operational, defeating the purpose of investment made in these schemes.

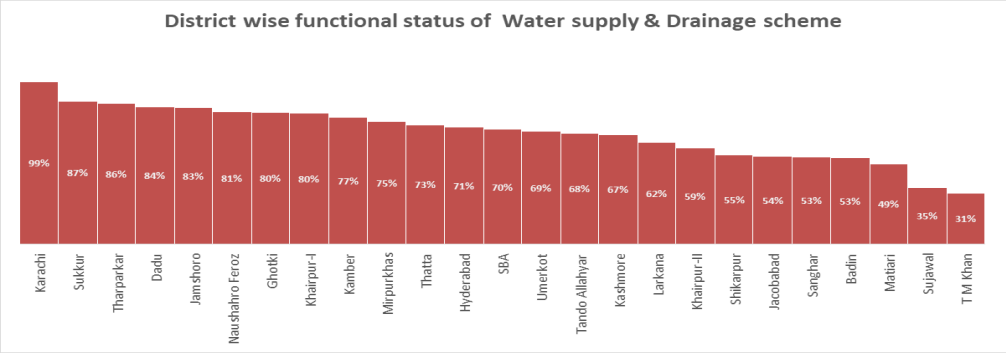


Drainage Schemes

Out of 850 Drainage schemes, only 587 schemes (69%) were functional, while 263 schemes (31%) were non-functional. The functionalization percentage of drainage schemes is lower than water supply schemes, indicating comparatively weaker performance in drainage infrastructure.



District wise functional status of scheme

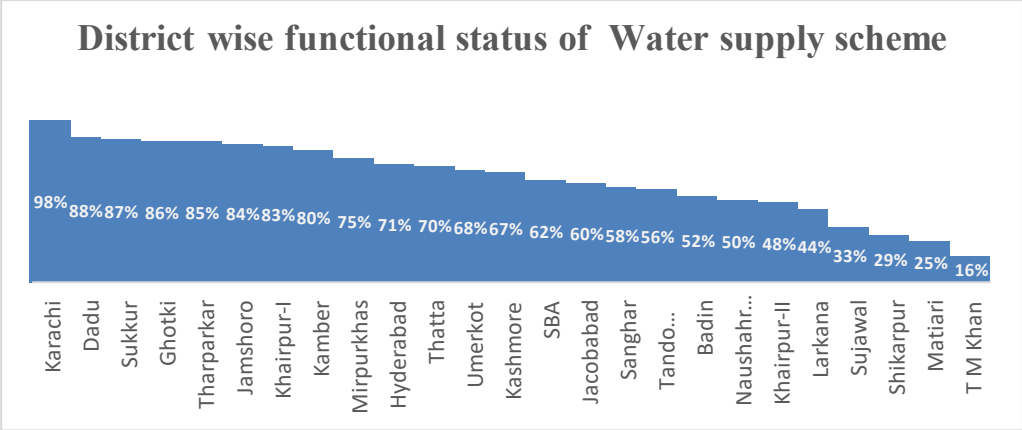


The chart depicts the district-wise percentage of functional Water Supply and Drainage schemes across Sindh, highlighting significant inter-district variation in operational performance.

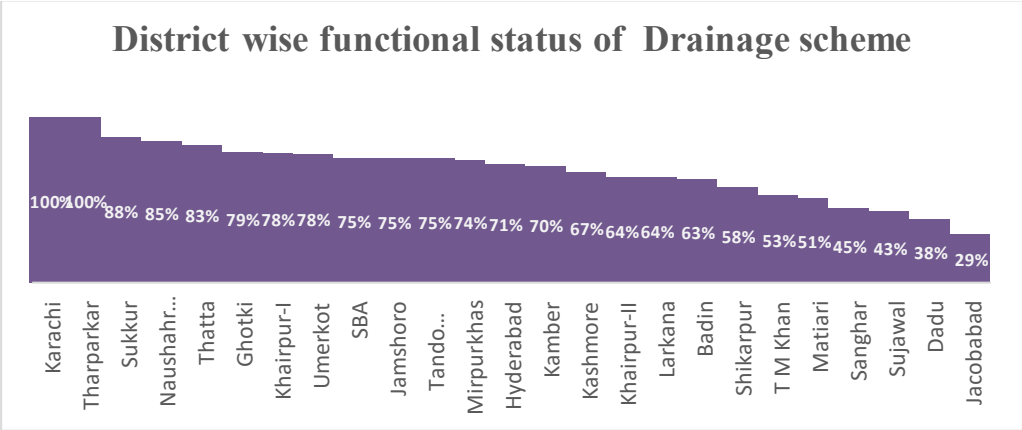
At the upper end, Karachi (99%) demonstrates the highest level of functionality, indicating almost complete operational status of schemes. This is followed by Sukkur (87%), Tharparkar (86%), Dadu (84%), and Jamshoro (83%), reflecting relatively strong functional performance in these districts. Other districts such as Naushahro Feroz, Ghotki, Khairpur-I, and Kamber also show satisfactory functionality levels ranging between 77% and 81%.

Districts falling in the mid-range (65%–75%), including Mirpurkhas, Thatta, Hyderabad, Shaheed Benazirabad (SBA), Umerkot, and Tando Allahyar, indicate moderate functionality, suggesting the presence of operational schemes alongside a notable proportion requiring rehabilitation or improved maintenance.

Conversely, Kashmore (67%), Larkana (62%), Khairpur-II (59%), Shikarpur (55%), Jacobabad (54%), Sanghar (53%), and Badin (53%) exhibit comparatively lower functional status. The lowest functionality levels are observed in Matiari (49%), Sujawal (35%), and Tando Muhammad Khan (31%), reflecting critical performance gaps and potential deficiencies in operation, maintenance, or infrastructure sustainability.

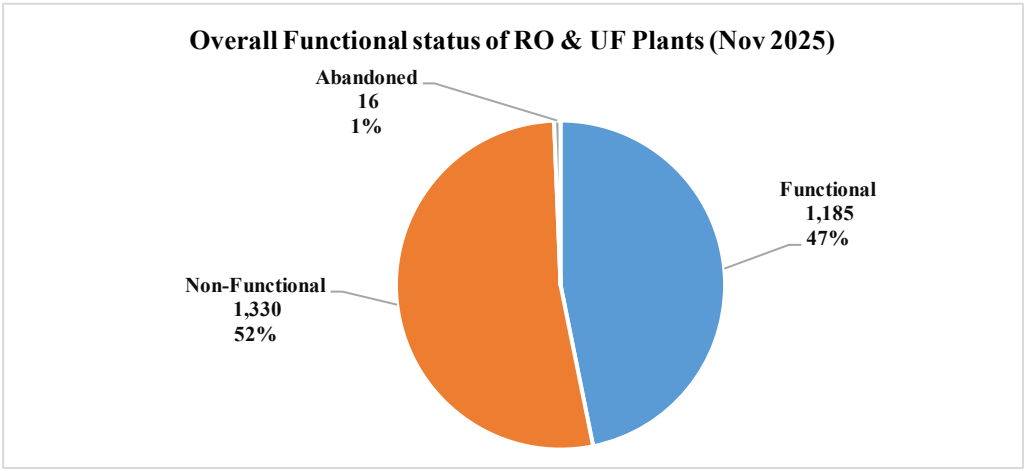


District-wise analysis reveals wide variation. Districts such as Karachi (98%), Dadu (88%), Sukkur (87%), Ghotki (86%), Tharparkar (85%) and Jamshoro (84%) showed relatively better functionalization of water supply schemes. However, districts like T.M. Khan (16%), Shikarpur (29%), Sujawal (33%), Matiari (25%) and Larkana (44%) showed very poor performance, indicating serious issues in operation and maintenance.

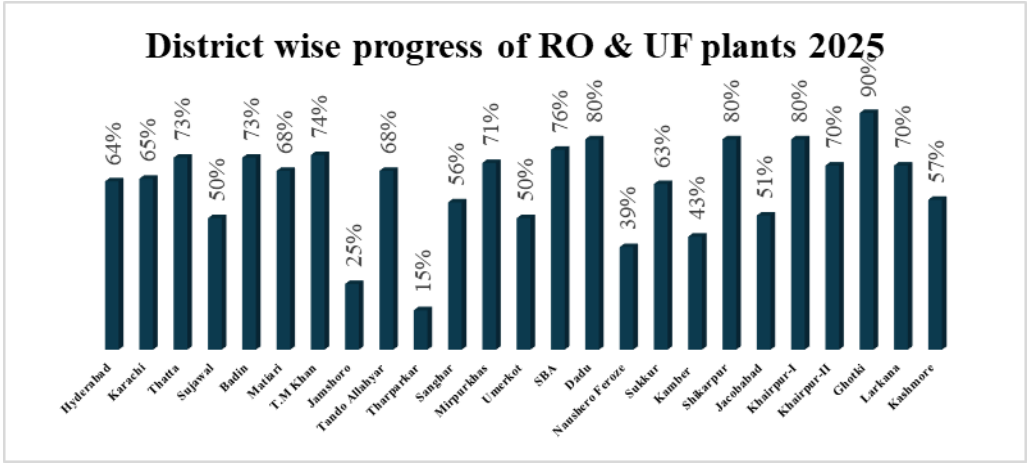


For drainage schemes districts like Karachi (100%), Tharparkar (100%), Sukkur (88%) and Naushahro Feroz (85%) showed satisfactory results, several districts including Jacobabad (29%), Dadu (38%), Sanghar (45%) and Sujawal (43%) showed low functionalization, which may contribute to sanitation issues and public health risks.

Status of Reverse Osmosis & Ultra Filtration Plants



The overall Progress Report indicates that out of a total 2,531 RO & UF plants installed across the province, only 1,185 plants (47%) were functional, while 1,330 plants (53%) were non-functional. In addition, 16 plants were reported as abandoned. The overall functionalization percentage of 47% reflects a weak operational status of RO & UF plants, despite substantial public investment.



The chart illustrates the district-wise progress of Reverse Osmosis (RO) and Ultra-Filtration (UF) plants for the year 2025, expressed in percentage terms. It highlights uneven progress levels across districts, reflecting variations in implementation capacity, operational readiness and local challenges.

Districts showing strong progress include Ghotki (90%), which leads all districts, followed by Dadu (80%), Shikarpur (80%), and Khairpur-I (80%). These districts demonstrate effective implementation and relatively timely execution of RO & UF plant activities. Other districts with satisfactory progress include Thatta (73%), Badin (73%), Matiari (68%), T.M. Khan (74%), Mirpurkhas (71%), SBA (76%), and Khairpur-II (70%).

A moderate level of progress (50%–65%) is observed in Hyderabad (64%), Karachi (65%), Sujawal (50%), Sanghar (56%), Umerkot (50%), Sukkur (63%), Jacobabad (51%), Larkana (70%), and Kashmore (57%), indicating partial completion and the need for accelerated efforts to meet targets.

In contrast, low progress is evident in Jamshoro (25%), Tharparkar (15%), Naushahro Feroze (39%), and Kamber (43%), suggesting significant implementation bottlenecks such as delayed procurement, site constraints, or operational issues.

Overall, the chart reflects mixed progress of RO & UF plants across Sindh, underscoring the need for focused monitoring, removal of district-specific constraints, and prioritization of lagging districts to ensure timely completion and equitable access to safe drinking water.

AUDIT FINDINGS

SUMMARY

The audit covered compliance, propriety, and performance aspects of expenditure incurred during Financial Year 2024-25, along with selected transactions of previous years.

Audit observed various key issues which show inefficiencies in execution of development works which caused delays in completion of several development schemes despite lapse of 2 to 18 years. New schemes were being initiated without completing the on-going schemes, which was a major planning issue at policy level.

Due to weak oversight, quality of the works was also compromised in many cases. Weak financial management was reflected in the shape of excess payments, advance / hasty payments to the contractors without proper execution of works at site, non-recoveries of the dues, non-maintenance of proper record of security deposits. Audit also noticed transparency issues in tendering process such as non-formulation & ineffective technical and financial evaluation criteria, splitting of expenditures to avoid open competitive bidding. Frequent deviations were also observed regarding contract management, whereby the scope of the work was increased beyond the permissible limits resulting in irregular and uneconomical expenditure.

Another common issue observed by Audit was the improper recording of measurement books, as most of the measurements were recorded without mentioning their dates as evident from the RA bills.

The audit observations in the report clearly indicate that the system of internal controls within the departments is ineffective and weak. Internal controls violations are reported by the Audit every year, but the response of the entities to address this pressing issue is relatively lukewarm. A major reason for weak internal controls is the non-existence of internal audit.

As a result of audit, recoveries of Rs. 132.948 million have been pointed out from January to October 2025. An amount of Rs. 19.058 million was recovered, which was verified accordingly by Audit.

1 STATED MANDATE, ROLES AND RESPONSIBILITIES

The Public Health Engineering & Rural Development Department is mandated to provide safe drinking water, sanitation, and rural development infrastructure. However, the Department failed to effectively implement its mandate due to weak planning and poor execution. Many water supply and sanitation schemes remained incomplete, delayed, or non-functional. New schemes were initiated without completing ongoing projects, affecting service delivery. Inadequate monitoring and technical supervision compromised the quality of works. Weak coordination among concerned wings further reduced efficiency. Poor operation and maintenance arrangements limited sustainability of assets. Lack of effective internal audit and performance reviews weakened accountability. Insufficient oversight by supervisory authorities resulted in recurring irregularities. Consequently, the Department could not achieve its intended public service objectives effectively.

1.1 Abnormal delay in completion of public importance schemes

According to Para-17 of C.P.W.A Code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force." Further, as per the condition of work orders issued to contractors, "The contractor should start the work within 07 days after the issuance of work order."

During the audit of various offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that expenditure worth Rs.1,167.71 million was incurred on construction / rehabilitation water supply & drainages schemes. However, the same could not be completed despite lapse of 3 to 10 years. Details are given in **Annexure-I.**

Audit is of the view that non-completion of water supply and drainage schemes despite a lapse of 3 to 10 years deprived the general public of intended benefits and reflected poor planning, weak project management, and ineffective monitoring.

The matter was reported to the management from January to October, 2025. The management replied that delay in completion of schemes was due to enhancement in the scope of work and insufficient release of funds (Sr#1,2,4 to 9). The scheme became unsatisfactory under MEC observations due to some

deterioration of works caused by the unwanted delays. Further, Chief Engineer Sukkur has also constituted a committee to probe the aforesaid work (Sr#3).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, progress report and insufficient release of funds do not justify abnormal delays ranging from 3 to 10 years in completion of water supply and drainage schemes (Sr#1,2,4 to 9). No enquiry report was produced till the finalization of this report (Sr#3).

Audit recommends completion of the public importance schemes on priority basis.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2021-22, 2023-24 & 2024-25 vide para numbers 5.5.9, 5.5.28, & 3.5.2. respectively. Recurrence of same irregularity is a matter of serious concern.

1.2 Non-functional water supply / drainage and RO plants schemes

As per 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 contributes to the losses by his own action or negligence."

During the audit of following offices of Public Health Engineering & Rural Development Department for the financial years 2022-23 & 2023-24, it was observed that out of total 1533 drainage/water supply/ROs/ UFs schemes, 569 schemes / RO plants (37%) were non-functional which is the major percentage showing ineffectiveness of the following offices. Details are as under:

Sr.#	PDP/ AIR#	Offices	Schemes	Functional	Non-Functional
1	15/04&07	XEN, PHE (O& M) Division Sukkur	RO	51	50
2	49/01	XEN, PHE (O& M) Division, Khairpur	RO	27	18
			W/SS	48	35
			D/S	60	31
3	78/01	XEN, PHE (O& M) Division, Kamber	RO	15	41

4	90/07	XEN, PHE (O& M) Division, Dadu	RO	71	05
			W/SS	193	25
			D/S	08	10
5	95/03	XEN, PHE (O& M), Division Jamshoro	RO	22	91
			W/SS	135	15
			D/S	07	08
6	140/05	XEN, PHE (O& M) Division Umerkot	RO	55	15
			W/S & D/S	61	51
7	149/09	XEN, PHE (O& M) Division, Sanghar	RO	89	64
8	177/04	XEN, PHE (O& M) Division, Hyderabad	RO	50	28
	188/19		W/S	18	30
			D/S	21	09
9	251/01	XEN, PHE (O& M) Division, Larkana	RO	33	43
Total				**964**	**569**

Audit is of the view that due to high percentage of non-functioning basic water supply and drainage schemes, citizens were deprived of basic facilities which depicted poor service delivery.

The matter was reported to the management from January to May, 2025. The management replied that non-functionality was mainly due to shortage of funds and remedial measures were being taken gradually.

Management informed during the DAC that department is proactively working on this issue and made many schemes/ ROs functional. DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to produce previous and current functional status of schemes for verification.

Audit recommends effective measures be taken to functionalize the non-functionalized schemes/ ROs for effective public service delivery.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2023-24 & 2024-25 vide para numbers 5.5.3 &5.5.29 respectively. Recurrence of same irregularity is a matter of serious concern.

1.3 Irregular approval of development schemes beyond financial powers

According to Notification No. SO (C-IV) SGA&CD/4-54 (B)/11 dated 29th January, 2020, issued by the Services, General Administration & Coordination Department, and with the approval of the Competent Authority,

i.e., the Chief Minister Sindh, a District Development Committee (DDC) is re-constituted for the implementation of District Development Schemes. As per the notification, "the DDC is empowered to approve development schemes up to a financial ceiling worth Rs. 40.00 million per scheme, and the Deputy Commissioner shall act as the Project Director. Further, as per Sindh Delegation of Financial Powers and Financial Controls Rules 2019, Part-II Special powers to certain departments and officers (12) Public health engineering department 1(a) In case of original work (iii) Superintendent Engineer shall have the power up to Rs7.00 million in each case."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that:

a) XEN, PHE, Division Tharparkar

i) DDC approved 34 development schemes worth Rs. 1,046.300 million, by way of splitting to keep sanctions within Rs. 40.000 million to avoid the approval from higher competent forum.

(PDP#223, AIR#03&04)

ii) Technical Sanctions amounting to Rs. 136.306 million pertaining to various works were approved by Superintendent Engineer in violation of above quoted rules. Details are as under:

(Rs. in Million)

Sr#	Name of Work	Units	Part	Work order and Date	TS Amount
1	Installing of Solar Submerge Pumps in Different Villages of Taluka Kaloi Diplo & Mithi for Installation of 70 Solar Submersible pumps in different villages of Tharparkar M/s Hotchand Bhuromal& Amolakh & Brothers	23	01	W/o# TC/801 06-Jun-23	20.706
2		12	02	TC/1298 14-Sep-23	9.801
3		15	03	TC/1302 20-Sep-23	16.569
4	Drilling & Installing of Submerge Pumps in Various of Tharparkar for Drilling and Installation of 200Submersible Pumps in Various Villages of District Tharparkar M/s Hotchand Bhuromal	33	04	1454 7-Dec-23	43.220
5		31	05	1451 7-Dec-23	46.010
Total					**136.306**

(PDP#243, AIR#24)

b) XEN, PHE Division, Tando Mohammad Khan

Various schemes having same nature of works worth Rs. 143.225 million were split up into various estimates despite same PC-1 and Administrative Approval in violation of above rule. Details are as under:

(Rs. in Million)

Sr#	Location of work	Nature of work	Contractor	Amount
1	1 to 7 of UC Dando Naseer	Construction of surface drain Type A & B, Paver Block and C C.C Block	Asad Const. Co.	35.9393
2			SHS Construction	26.6705
3			Rifaqat Ali & Co.	28.6275
4	1 to 8 of Municipal Committee TMK	Providing Laying Jointing & Testing RCC Sewer Line of 24 & 30"	RZ Construction	27.471
5		Providing Laying Jointing & Testing RCC Sewer Line of 18 & 24"	-	24.5168
			Total	**143.225**

(PDP#29, AIR#01)

Audit is of the view that due to splitting of scheme into different packages restricted the organization for obtaining more competitive rates and higher category contractors having more professional human resource and machinery. Furthermore, possibility of collusive practices cannot be ruled out.

The matter was reported to the management from January to May, 2025. The management replied that approvals were accorded in good faith to avoid delays in public service delivery.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, three similar nature works were awarded at the same location which justify that works were split (PDP#29). Further, offices failed to produce records till the finalization of Audit Report

Audit recommends implementation of DAC directives besides strengthening of internal controls to avoid such lapses in future.

1.4 Unjustified payments and non-enforcement of contractual provisions despite non-execution of work

According to Clause-12 of the bidding documents, “If the Contractor abandons the Works, refuses or fails to comply with a valid instruction of the Engineer/Procuring Agency or fails to proceed expeditiously and without delay, or is, despite a written complaint, in breach of the Contract, the Procuring Agency may give notice referring to this sub-clause and stating the default.”

During the audit of Executive Engineer, Operation & Maintenance Division, Hyderabad, for the financial year 2023-24, it was observed that two

separate contracts were awarded for the "Operation & Maintenance of Drinking Water Plants based on Reverse Osmosis (RO) and Ultrafiltration (UF) Technology":

Contractor Name	Work Description	Work Order No. & Date	Contract Amount	Official Correspondence Cited
M/s B.M. Jaffrani & Co	O&M of RO & UF Plants (AMP) 2022-23	TC/859 dated 28-11-2022	Rs. 39.893 million	AXENs, XEN & SE (22-03-2023 to 02-11-2023)
M/s Al-Khaliq Enterprises	O&M of RO & UF Plants (AMP) 2023-24	TC/110 dated 16-02-2024	Rs. 40.343 million	AXEN (08-07-2024); XEN (10-07-2024 & 12-07-2024)

In both cases, it was observed that:

i. The contractor B.M. Jaffarni & Co failed to properly execute the assigned operation and maintenance work, as confirmed by letters of the AXENs, the Executive Engineer, and Superintending Engineer between 22-03-2023 and 02-11-2023, as well as complaints on the PM portal.
ii. In the case of M/s Al-Khaliq Enterprises, despite multiple official letters (dated 08-07-2024, 10-07-2024, and 12-07-2024) highlighting extremely slow progress and failure to make RO/UF plants functional, no corrective action was taken.
iii. Despite these clear breaches of contract, both contractors continued to receive full payments and no legal or contractual actions, such as issuance of termination notices or risk-cost actions were initiated by the management.

Audit is of the view that the management failed to enforce the terms of the contracts, despite having full authority to act under contractual provisions.

The matter was reported to the management in January, 2025. Management replied that payments were made as per work progress and contractual provisions were duly observed.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the Chief Engineer to inquire the matter and submit report within 15 days, and get the stated position verified. However, no inquiry report or compliance reports were produced till the finalization of the report.

Audit recommends enforcement of contractual provisions and responsibility may be fixed for making full payments despite unsatisfactory performance to prevent such recurrence in future.

(PDP#201, AIR#35&36)

1.5 Unauthorized execution of works beyond jurisdiction

As per Section-39 of Sindh Local Government Act, 2013, "The local councils are empowered and responsible to manage local affairs, which include but are not limited to provision and maintenance of Municipal Services, development and maintenance of infrastructure, ensuring public health and sanitation, management of water supply systems and execution of local development projects."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that the management executed various schemes worth Rs. 6.697 million which were required to be executed by other government departments without obtaining NOC from the concerned agencies. Details are as under:

(Rs. in Million)

S.No	Office	Particulars	PDP/AIR#	Amount
1	XEN, PHE Division, Larkana	Construction of compound wall on graveyard UC mithodero and phero Arija, Construction of retaining wall of GBHS Faridabad.	132/11	1.697
2	XEN, PHE Division, Tharparkar	Construction of Waiting Shade at Sawai Singh Astan Jhapio Taluka Mithi	224/05	5.00
Total				**6.697**

Audit is of the view that due to execution of the works beyond jurisdiction and without obtaining NOC from concerned departments, chances of duplication of works cannot be ruled out.

The matter was reported to the management from January to May, 2025. Management replied that the work was neither previously executed nor duplicated by any other department and was carried out under District ADP after observing all codal formalities in coordination with the Building Department, which can be verified through physical site inspection (Sr#2). Due to non-availability of technical staff in the concerned Union Councils, the construction of compound wall was entrusted to PHED Larkana with approval of the competent authority through PC-I (Sr#1).

DAC in its meeting held on 23.12.25 & 24.12.2025, directed the management to provide NOCs from the concerned authorities and get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit recommends implementation of DAC directives.

2 PROCUREMENT

The procurement system of the Public Health Engineering & Rural Development Department was found to be weak and ineffective. Audit observed frequent non-compliance with SPPRA rules, resulting in non-transparent and unfair procurement practices. Technical and financial evaluation criteria were either inadequate or improperly applied. Instances of splitting of procurements to avoid open competitive bidding were also noticed. Limited competition and weak bid evaluation reduced value for money. Poor documentation and weak oversight further undermined transparency. Consequently, deficiencies in procurement processes adversely affected the quality, cost, and timely completion of development schemes.

2.1 Irregular award of contracts in violation of procurement rules

As per Rule-17 of SPPRA, "Procurements over three hundred thousand 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. The advertisement in the newspapers shall appear in at least three widely circulated leading newspapers of English, Urdu and Sindhi languages." As per rule-7.12.3 of SPPRA, Procurement Regulation (Works), "Procuring Agency will retain/deduct from each interim/running payments due to the contractor, the security deposit in proportion stated in the contract data/data sheet until completion of the whole of the works. The cumulative total of such amount will be 5% of bid total mentioned in the letter of acceptance. In this way total amount with procuring agency will be ten percent of bid cost in the shape of performance security and retention money/security deposit."

During the audit of various offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that contracts worth Rs. 2,278.83 million were awarded to contractors in violation of SPPRA rules. The major violations included non-advertisement in three leading newspapers, less acceptance of bid securities, non-verification of bid securities, non-uploading of mandatory bidding documents on Authority's website etc. Details are given in **Annexure-II.**

Audit is of the view that award of works without adhering to the relevant procurement rules reflected negligence on part of the management and non-transparent bidding process.

The matter was reported to the management from January to October, 2025. The management replied that advertisement has been made through information Department Government of Sindh, hence selection of newspaper is their obligation (Sr#1). The bid security was obtained as per rule-37 of SPPRA rules-2010 (Sr#2). The bid security was obtained from contractors and same were credit in the bank accounts after verification (Sr#4&5). The documents have been hoisted and uploaded on SPPRA website (Sr#6,7 to 11).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed Chief Engineer concerned to conduct inquiry into the matter and submit the report (Sr#8). Other offices to get the stated position verified from audit.

During verification, management failed to produce advertisements in three leading newspapers, proper and verified bid securities and bidding documents on the Authority's website.

Audit recommends implementation of DAC directives besides fixing the responsibility on the person(s) at fault and strengthening of procurement processes to ensure transparency in future.

2.2 Irregular award of tenders without adoption of appropriate technical evaluation criteria

As per Rule 21-A of the amendments of SPPRA dated 08th October 2013, Evaluation criteria, the procuring agencies shall formulate an appropriate evaluation criterion, listing all the relevant information against which a bid is to be evaluated and criteria of such evaluation shall form an integral part of the bidding documents. The failure to provide a clear and unambiguous evaluation criterion in the bidding documents shall amount to mis-procurement.

During the audit of various offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that works worth Rs. 3,027.775 million were awarded without adoption of sound / effective evaluation criteria such as assessment of bidders' experience, technical capability, availability of equipment, etc. Details are given in **Annexure-III.**

Audit is of the view that award of works without adhering to sound technical evaluation indicated that undue benefits were awarded to successful

contractors at the cost of transparency and the fairness in the public procurements.

The matter was reported to the management from January to October, 2025. Management replied that only key criteria/mandatory requirement were recorded in the evaluation report, while other conditions were informally verified (Sr#1). SPPRA rules were followed strictly and all codal formalities have been fulfilled according to the criteria laid down in NIT floated (Sr#2). Contractor is possessing electric license (Sr#3). The mandatory marks were entertained in bidding agreement. The operation & Maintenance of Drinking water plant was allotted to M/s. M.B Jaffarni & Co. by observing evaluation bidding process obtaining 70 marks by issuing corrigendum, by quoting economical rates was considered. Every technical bid is approved as per technical evaluation report / qualification assessment and proper marking for the data provided by the contractor (Sr#4). The required documents as mentioned in the eligibility criteria were produced by the contractors and the same were evaluated by the Procurement Committee (Sr# 5&6).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed Chief Engineer concerned to conduct inquiry into the matter and submit the report (Sr#4). The management to get the stated position verified from audit. (Sr# 1,2,3,5&6).

During verification, no documentary evidence in support of contention of management was produced till the finalization of this Audit report (Sr#1,2,3,5&6).

Audit recommends implementation of DAC directives besides strengthening of procurement processes to ensure transparency in procurement process in future.

2.3 Irregular acceptance of tender over and above 20% of the CSR rates

As per SPPRA, Procurement Regulations (Works) 11.3.3, "In case tenders are invited on the items of composite schedule of rates, where contractor has to quote the premium on schedule B, then its premium shall not exceed Engineer's estimate by 20%. If the premium quoted by the bidder is not within allowable limit of 20% then approval may be obtained from the Finance Department or the tender be floated afresh."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 to 2024-25, it was observed that the management executed schedule items as per CSR 2012

but exceeded the maximum ceiling by over 20% without approval of either Standing committee or Finance Department as required under above rules. The total amount over and above the CSR rate is irregular. Details are as under:

(Rs. in million)

Sr.#	Offices	PDP/ AIR #	Cost as per schedule rate	Inclusion of ceiling cost	% age
1	PHE (OM) Div Shaheed Benazirabad	310/08	0.760	0.188	24.73
2	PHE Div. Khairpur-I	298/03	123.525	26.274	21.27
3.	PHE Div, Jacobabad	70/2	45.92	11.21	24.42
4	PHE Div, Tharparkar	235/16	1.599	0.387	24.20
	Total		**171.804**	**38.059**	

Audit is of the view that approving schedule items at enhanced rates without approval of competent forum reflects weak internal controls in the organization.

The matter was reported to the management from January to October, 2025. Management replied that tenders were accepted within permissible limits (Sr#1,2 & 4). No premium was allowed on difference of cost of material or non-schedule items (Sr#3).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to recover the amount from contractors and get the stated position verified from audit.

During verification, documents provided which shows that work was awarded above the 20% permissible ceiling (Sr#1,2&3). No documentary evidence was produced by office at (Sr#4).

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

2.4 Irregular publication of tender before administrative approval and estimates

As per SPPRA, Procurement Regulations (Works) 6.1, "The Procuring Agency shall initiate the procurement process only after following codal formalities are (i) Administrative Approval (A.A) of the scheme is received. In case of urgency, in tender to avoid delay in the bidding process the Anticipated Administrative Approval is issued by the Administrative Department on the orders of the competent forum(ii) Technical Sanction (TS) of detailed estimate is obtained from competent authority (iii) Funds are released or anticipated to be released before award of contract."

During the audit of following offices of the Public Health Engineering & Rural Development Department, for the financial year 2024-25, it was observed that NIT involving Rs. 697.967 million was called prior to the issuance of A.A and estimates contrary to prescribed rules. Details are as under:

(Rs.in million)

Sr.#	Name of Office	No of works/ schemes	Date of NIT	Date of AA/TS	PDP/ AIR	Amount
1	P.H.E Division Jamshoro	05	285 5-3-2025	2-6-25 AA 3-6-25 TS	326/09	662.269
2	P.H.E Division Sukkur	01	81/25-1-23	24-4-2023 (TS)	312/02	35.698
					Total	**697.967**

Audit is of the view that inviting tenders prior to administrative approval and technical sanction is unauthorized which reflected weak contract management.

The matter was reported to the management in October, 2025. Management replied that development work shall not be started till issuance of A.A. Thus, the work was started after issuance of administrative approval at (Sr#1). The administrative approval (AA) was issued on 21.12.2022 and technical approval was sought well in time (Sr#2).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, documents shows that NIT was published before the approval of the estimate (Sr#2). No relevant evidence was produced by office at (Sr#1) till finalization of the Audit Report.

Audit recommends fixing the responsibility on the person(s) at fault besides strengthening of monitoring mechanisms to avoid such lapses in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2023-24 & 2024-25 vide para numbers 5.5.6 & 5.5.6 having financial impact of Rs. 274.924 million & Rs. 40.00 million respectively. Recurrence of same irregularity is a matter of serious concern.

2.5 Splitting-up of works to avoid competitive bidding

According to Rule-12 (1) of SPPRA 2010, "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. Further, Rule 17(1) ibid provides that procurements over three hundred thousand rupees and up to two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules."

During the audit of various offices of Public Health Engineering and Rural Development Department for the financial years 2023-24 & 2024-25, it was observed that an amount of Rs. 264.542 million was paid by splitting up the work orders to avoid competitive bidding process and approval of competent authority. Details are given in **Annexure-IV.**

Audit is of the view that due to splitting up of the works, the government was deprived of competitive rates.

The matter was reported to the management from January to October, 2025. Management replied that works were split due to late release of funds and time constraints to ensure timely provision of public services.

DAC in its meeting held on 23.12.25 & 24.12.2025 expressed displeasure over violation of procurement rules and directed management to provide complete record for verification.

During verification, it was observed that works were awarded through splitting of works to avoid competitive bidding (Sr#2,5,8,10&11). Further, offices at (Sr#1,3,4,6,7&9) failed to produce records for verification.

Audit recommends fixing the responsibility on the person(s) at fault, besides adherence to procurement regulations to avoid such lapses in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.21, 5.5.6, 2.5.24 & 5.5.12 having financial impact of Rs. 371.817 million, Rs. 183.650 million & Rs.222.381 million respectively. Recurrence of same irregularity is a matter of serious concern.

2.6 Non-invitation of open tenders

As per Rule-17 (1) & (2) of Sindh Public Procurement Rules, 2010, "Procurement over three hundred thousand rupees and up to two million rupees shall be advertised by timely notification on the Authority's website 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 languages."

During the audit of Executive Engineer Public Health Engineering (O&M) Division, Tharparkar, for the financial year 2023-24, it was observed that item replacement of pumps worth Rs. 4.981 million were awarded without open competitive bidding.

Audit is of the view that due to the violation of SPPRA rules, the management could not achieve competitive rates.

The matter was reported to the management in January, 2025. Management replied that procurement was carried out under prevailing rules and rates were reasonable.

DAC in its meeting held on 23.12.25, & 24.12.2025 directed the management to get the stated position verified from audit.

No documentary evidence in support of contention of management was produced during verification till the finalization of this Audit report.

Audit recommends implementation of DAC directives and fixing the responsibility on the person(s) at fault.

(PDP#216, AIR#15)

2.7 Irregular execution of work beyond 15% of the original contract amount

As per Rules-(16)(1)(e) of Sindh Public Procurement 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 the cost of additional quantities of items shall not exceed 15% of the original contract amount."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that various works were awarded at a cost worth Rs. 257.207 million. Later, the cost and scope of the works were enhanced to Rs. 461.204 million in violation of above quoted rule. Details are as under:

(Rs. in Million)

Sr. #	Offices	PDP/ AIR#	Bid Cost	Revised Cost	Beyond 15%	Excess %
1	XEN, PHE Division, Sukkur	316/10	0.950	45.441	44.461	4,680.105%
2	XEN, PHE Division, Jamshoro	328/12	5.821	19.347	13.526	232%
3	XEN, PHE(O&M) Division, Dadu	87/04	86.123	171.347	84.661	98%
4	XEN, PHE Division, Tharparkar	241/22	96.321	134.374	38.053	39%
5	XEN, PHE Division, Tando Mohammad Khan	41/16	17.540	26.368	8.828	50%
6	XEN, PHE Division, Jacobabad	71/03	50.452	64.327	13.875	27.50%
Total			**257.207**	**461.204**	**203.404**	

Audit is of the view that allowing excess on work without fresh tendering reflects poor adherence to the procurement regulations which resulted in violation of SPPRA rules.

The matter was reported to the management from January to October, 2025. Management replied that the basic reason for crossing 15% limit of the original contract amount was variation in the cost of material in the market, labour charges and items carried out at the site according to actual site requirement (Sr#1,3,4&6). The work was executed beyond 15% due to site exigencies and unforeseen technical requirements essential for completion and functionality of the scheme (Sr#2). The additional quantities were unavoidable and executed in continuation of the original scope to avoid disruption and cost escalation (Sr#5).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, the management failed to justify fresh tendering despite increase of scope of the work beyond 15% as required under SPPRA rule.

Audit recommends fixing the responsibility on the person(s) at fault besides strengthening of internal controls to avoid such lapses in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.4, 5.5.8, 5.5.8 & 5.5.9 having financial impact of Rs. 1054.886 million, Rs. 352.450 million & Rs. 444.436 million respectively. Recurrence of same irregularity is a matter of serious concern.

2.8 Non-recovery of stamp duty

According to Para 22-A of Stamp Act, 1899, "It is 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 following offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that works were awarded to contractors, but the stamp duty worth Rs. 14.372 million @ 0.35% was not deposited in the government account. Details are as under:

(Rs. in Million)

Sr#	Offices	F.Y	PDP/AIR #	Amount
1	XEN. PHE Division, Sujawal	2023-24	56/01	1.508
2	XEN. PHE Division, Kashmore@Kandhkot	2023-24	61/02	0.176
3	XEN. PHE Division, Khairpur	2023-24	117/06	0.469
4	XEN. PHE Division, Umerkot	2023-24	162/12	0.822
5	XEN. PHE Division, Tharparkar	2023-24	226/07	1.123
6	XEN. PHE Division (O&M), Jamshoro	2022-23 & 2023-24	93/01	0.962
7	XEN. PHE Division (O&M), Larkana	2023-24	253/03	0.358
8	XEN. PHE Division, Jamshoro	2024-25	320/02	8.954
Total				**14.372**

Audit is of the view that the non-recovery of stamp duty resulted in non-realization of government revenue which reflected weak financial controls.

The matter was reported to the management from January to October, 2025. The management of all offices replied that stamp duty has been recovered / under process from the contractors.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed that stamp duty may be recovered from the contractors and copy of cheque/challan be provided to audit for verification.

The management produced record for verification on the basis of record, out of Rs. 29.620 million, an amount of Rs.15.247 million has been recovered and verified by the audit. However, an amount of Rs. 14.372 million is still recoverable.

Audit recommends prompt recovery of the stamp duty besides taking corrective measures to avoid such lapses in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.31, 5.5.30, 5.5.40 & 5.5.22 having financial impact of Rs. 14.958 million, Rs. 9.422 million & Rs. 3.345 million respectively. Recurrence of same irregularity is a matter of serious concern.

2.9 Excess payment on account of premium on carriage

As per SPPRA Guidelines for Procurement 11.3.3, "Cost of cartage is not paid separately as same is adjusted in the quoted premium but cost of escalation on materials is paid separately as per consumption. No separate payment for carriage of material shall be made, premium quoted by the contractor covers all the cost of carriage of material involved."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 & 2024-25, it was observed that excess payment worth Rs. 4.305 million was made on account of premium against carriage contrary to the rule quoted above. Details are as under:

(Rs. in Million)

Sr.#	Offices	PDP/AIR#	Amount
1	XEN. PHE Division, Umerkot	152/02	1.759
2	XEN. PHE Division, Tharparkar	250/31	0.295
3	XEN. PHE Division, Hyderabad	280/19	0.170
4	XEN. PHE Division, Thatta	171/08	0.495
5	XEN. PHE Division, (O&M), Hyderabad	184/11	0.373
6	XEN. PHE Division, Thatta	344/07	1.213
		Total	**4.305**

Audit is of the view that undue favor was extended to the contractors on account of premium on carriage which resulted in loss to public exchequer and constituted weak financial management.

The matter was reported to the management from January to October, 2025. The management replied in all cases that payment for mentioned items has been made to the contractors after completing all codal formalities and as per approved TS.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to recover the pointed-out amount and get the recovered amount verified from audit. However, no recovery of pointed out amount was intimated till finalization of this report.

Audit recommends recovery as per DAC direction.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2024-25 vide para numbers 5.5.11 having financial impact of Rs. 6.956. Recurrence of same irregularity is a matter of serious concern.

2.10 Irregular award of works due to variation in SPPRA and office record

As per Rule-2(1)(x) of SPPRA 2010, "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." As per Rule-50 ibid, "Within seven days of the award of contract, procuring agency shall publish on the website of the Authority and on its own website, if such a website exists, the results of the bidding process, identifying the bid through procurement identifying number, if any, and the following information: (1) Evaluation Report; (2) Form of Contract and Letter of Award;(3) Bill of Quantities or Schedule of Requirement."

During the audit of Executive Engineer, Public Health Engineering Division, Tando Mohammad Khan for the financial year 2023-24, it was observed that work for "Construction of extension of rural water supply scheme Barchani Sharif Dist. TMK" was awarded to the contractor M/s Pak Saudi Enterprises at the cost of Rs. 22.723 million. Audit noted following observations:

i. The cost stated in the uploaded bid evaluation report on SPPRA website was Rs. 24.349 million against the quoted amount worth Rs. 22.723 million, resulting in an overstatement worth Rs. 1.627 million in the bidder's rate.
ii. Variation was found in quoted premium between documents uploaded (33.25%) and the office record (21.50%).
iii. Single NIT was floated against the three sanctioned estimates, but technical and financial bid was opened prior to technical sanction.

Audit is of the view that due to variation in SPPRA and office record, procurement was not made in transparent manner which indicates poor oversight and non-transparent tendering process.

The matter was reported to the management in January, 2025. Management replied that the work awarded cost of scheme is Rs. 22.723 million and the same amount has also been mentioned in Bid Evaluation report. The bidder's quoted rate is also 21.50% thereby no variation is in quoted premium.

DAC in its meeting held on 23.12.25, was not satisfied with management reply and directed the Chief Engineer concerned to conduct inquiry into the matter and submit the report. However, despite DAC directions, no inquiry report was produced till the finalization of the Audit Report.

Audit recommends compliance with DAC directives besides strengthening of internal controls to avoid such lapses in future.

(PDP#30, AIR#2,3,5)

2.11 Excess procurement in violation of approved estimates

As per SPPRA guidelines 2.9 Procurement Plan (Rule 11), "The procuring agency shall ensure that funds are used for the purpose for which they are allocated and should use them economically and efficiently without exogenous considerations.

During the audit of following offices of Public Health Engineering & Rural Development Department for the financial years 2023-24 & 2024-25, it was observed that payment worth Rs. 104.310 million was made on account of procurement / execution of various items of the works in excess of the approved estimates. Details are as under:

(Rs. in Million)

Sr#	Offices	F.Y	Irregularities	PDP/AIR#	Amount
1	XEN, PHE Division, Khairpur	2023-24	Excess quantities of machinery and solar system on various works than estimates	113/02	24.034
2	XEN, PHE Division, Umerkot	2023-24	Excess execution of quantities of brick, CC paver and item hard murium upto 284-465%	161/11	4.421
3	XEN, PHE Division, Matiari	2023-24	Excess payment on RCC item and cement bags	44/07	2.895
4	XEN, PHE Division, Sujawal	2023-24	Excess procurement of F&F items 33-100% than estimate	57/05	7.036
5	XEN PHE (O&M) Division Dadu	2023-24	Excess quantities of Solar panel and structure	85/01	25.556
6	XEN PHE (O&M) Division Hyderabad	2023-24	Excess quantity of pumping machinery and electric units/hour	174/01	3.787
				175/02	0.835
			Excess rate quoted than market rate	179/06	5.636
7	XEN, PHE Division, Sukkur	2024-25	Excess execution of paver blocks	314/07	2.338

8	XEN, PHE Division, Jamshoro	2024-25	Excess execution of paver block (100% excess)	327&330/10 &17	27.772
Total					**104.310**

Audit is of the view that excess payment against procurement of various items resulted in undue favor to the contractors.

The matter was reported to the management from January to October, 2025. Management replied that procurement was made as per site requirements and approved estimates, no excess procurement was made intentionally.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the Chief Engineer to inquire the matter and submit report within 30 days (Sr#6&8), and get the stated position verified from audit (Sr#1 to 5&7).

During verification, it was observed that R.A bills did not match the approved estimate ratio for RCC work (Sr#3). Further, approved estimates, measurement books, and utilization statements were not produced (1,2,4&0). No inquiry report was produced till the finalization of the Audit report (Sr#6 & 8).

Audit recommends compliance with DAC directives besides fixing the responsibility on the person(s) at fault.

2.12 Un-justified procurement through non-generic specification

As per Rule-13 (1) of the Sindh Public Procurement Rules, 2010, "Specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However, if the procuring agency is convinced that the use of a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

During the audit of Executive Engineer, Public Health Engineering Division, Thatta for the financial year 2024-2025, it was observed that the management procured item of centrifugal pump worth Rs. 45.598 million by referencing a specific brand name (KSB) in the estimate, potentially restricting competition and limiting opportunities for equivalent products to participate in the bidding process. Details are as under:

(Rs. in million)

Bill No. & Date	T.S No. & Date	Name of work & contractor	Name of item	Qty.	Rate	Cost including premium
7th Dated 13-05-2025	59 Dated 20-03-2024	Additional source from K.G Canal for Urban Water supply scheme Makli, District Thatta **(M/s. New Ali Ali & Co.)**	Group B: Pumping machinery: 100 BHP KSB Centrifugal Pump **(Main source)**	3	3,336,280 3,005,000	12.461
			Group B: Pumping machinery: 100 BHP KSB Centrifugal Pump **(Water works)**	3	3,336,280 3,005,000	12.461
		Sub-Total				**24.922**
7th Dated 13-05-2025	522 Dated 23-04-2024	Additional source from K.G Canal for Urban Water supply scheme Thatta, District Thatta **(M/s. New Ali Ali & Co.)**	Group A: Pumping machinery: 100 BHP KSB Centrifugal Pump **(Main source)**	2	3,350,300 3,215,000	8.133
			Group B: Pumping machinery: 60 BHP KSB Centrifugal Pump **(Water works)**	2	2,212,390 2,115,000	5.350
			Group B: Pumping machinery: 60 BHP KSB Centrifugal Pump **(Water works)**	3	1,962,240 1,895,000	7.191
Sub-Total						**20.676**
Total						**45.598**

Audit was of the view that the procurement process unduly favored a specific company (KSB) by referencing its brand name, instead of using generic specifications. This restricted competition and limited involvement of equivalent products, potentially violating procurement rules.

The matter was reported to the management in August, 2025. Management replied that estimate was approved by the competent authority. The term "equivalent" is used to indicate any quality equal to or better than KSB, as the department does not support any specific brand and only ensures required quality standards.

DAC in its meeting held on 23.12.25 & 24.12.2025, directed that the relevant record may be produced to audit for verification. However, no record was produced till the finalization of the Audit Report.

Audit recommends implementation of DAC decision besides strengthening internal controls to avoid such lapses in future.

(PDP#343, AIR#04)

3 FINANCIAL MANAGEMENT

The financial management system of the Public Health Engineering & Rural Development Department was found to be weak and inefficient. Audit observed instances of excess, irregular, and advance payments without proper verification of physical progress. Government dues were not recovered timely, and security deposits were poorly maintained. Weak budgetary controls and inadequate financial planning resulted in misutilization of funds. Improper record-keeping and incomplete documentation affected financial transparency. Delays in reconciliation and reporting further weakened accountability. Consequently, poor financial management adversely impacted effective utilization of public resources and achievement of departmental objectives.

3.1 Excess payment to the contractor due to inclusion of in-admissible profit on market-based item

According to Para-17 of C.P.W.A Code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of Executive Engineer, Public Health Engineering (O&M) Division, Shaheed Benazirabad for the financial year 2023-24, it was observed that an amount of Rs. 5.850 million was paid to contractor as 10% profit separately which was not admissible on non-schedule item since same was already included in rates quoted on market basis. Details are as under:

(Rs.in million)

WO dt	Work	Item	Amount	Excess Amount
763 7-6-24	S/I/T UF Membrane of ultra filtration plants 8.0 (MGD) at Quest and 6.0 (MGD) at Gajrah Wah **(M. Iqbal Shaikh)**	Membrane for ultra filtration plants	58.500	**5.850**

Audit is of the view that undue benefit was extended to the contractor at the cost of public exchequer which indicated weak financial controls in an organization.

The matter was reported to the management in January, 2025. Management replied that 10% contractor's profit was allowed to contractor, which was integral part of the approved estimate. All necessary approvals were obtained prior to the execution of the work.

DAC in its meeting held on 24.12.2025, being not satisfied with the reply of the management, directed the Chief Engineer to conduct inquiry into the matter and submit the report. However, no inquiry report was produced till finalization of Audit Report.

Audit requires recovery of the pointed out amount besides implementation of DAC directives and strengthening of financial controls to avoid such excess payments in future.

(PDP#303, AIR#02)

3.2 Irregular payment on part rate

As per DAC in its meeting held on 03.10.24, 12 &17.12.2024 showed serious concerns on payment to the contractors at part rate without execution of composite items of work at site. vide letter No. SO(PHE)10(13)/2019 dated 21st October 2024. Further, According to Para-17 of C.P.W.A Code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of various offices of Public Health Engineering and Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that expenditure worth Rs. 536.148 million was incurred on procurement of various items at part / reduced rate despite previous directions of DAC held on 03.10.24, 12 & 17.12.24 to stop this practice. Details are given in **Annexure-V.**

Audit is of the view payments made at part/reduced rate resulted in advance payment to the contractor reflected weak internal controls, thus extending undue favor to the contractor(s).

The matter was reported to the management from January to October, 2025. Management replied that rates were approved by competent authority and duly verified by the concerned AXEN on the basis of supply of material and full rates will be allowed on completion of item of work. Further, replied that payment was made to contractor as per executed quantities of the work as per site conditions.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed to stop the practice and Chief Engineer concerned to conduct inquiry in case of Tando Mohammad Khan and submit the report and get the stated position verified from audit.

Audit recommends that the matter may be investigated as per DAC directives besides taking effective measures to stop this practice in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.3, 5.5.7 & 5.5.4 having financial impact of Rs. 357.242 million, Rs. 1422.810 million and Rs.930.670 million respectively. Recurrence of same irregularity is a matter of serious concern.

3.3 Non-recovery of liquidity damages

As per Para-10.3(c) of SPPRA Procurement Regulations (Works), "Liquidated 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 the audit of various offices of Public Health Engineering & Rural Development Department for the financial years 2023-24 & 2024-25, it was observed that liquidity damages worth Rs. 108.196 million were not recovered from the contractors against the schemes which were not completed on the stipulated dates. Details are given in **Annexure-VI.**

Audit is of the view that the non-imposition of penalty against delayed works was undue favor extended to the contractors.

The matter was reported to the management from January to October, 2025. Management replied that delay was due to non-release of funds and was not attributable to contractors; therefore, liquidated damages were not imposed.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to provide record regarding releases, extensions, and progress for audit verification.

During verification, no documentary evidence regarding approved extensions, revised completion schedules, or justification for waiver of liquidated damages were produced till the finalization of the Audit Report.

Audit recommends implementation of DAC decision.

3.4 Doubtful submission of call deposit

According to Para-63 of CPWA Code, "When money is received by Government officers on behalf of the Government it should be at once brought to account. Furthermore, as per rule-75 and Rule-76 of CPWA code, the officer in-charge of call deposit should keep a book in Form-4 in which all remittances to the treasury should be entered upon and account of call deposit transactions should be maintained in form-I of call deposit as regular arrangement."

During the audit of Executive Engineer, Public Health Engineering Division, Hyderabad for the financial year 2023-24, it was observed that contract worth Rs. 33.191 million was awarded to M/s Inayatullah Khan Achakzai who submitted call deposit worth Rs. 1.390 million. However, call deposit was handwritten and over-written; it was not stamped by concerned bank official(s). Further, the name mentioned on CD was 'Inayatullah Khan'. However, work order was issued to M/s Inayatullah Khan Achakzai & Brother.

Audit is of the view that work was awarded without verifying the call deposit which undermines the transparency of whole tendering process.

The matter was reported to the management in January, 2025. Management replied that call deposits were obtained as per tender requirements and deposited into government account; documentary evidence is available.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, management failed to furnish the bank's confirmation letter to authenticate the genuineness of the call deposit.

Audit seeks justification besides fixing the responsibility on person(s) at fault.

(PDP#281, AIR#20)

3.5 Loss to government due to non-utilization of funds despite releases

According to Rule-12 of the General Financial Rules Volume-I, "A Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the fund allotted to spending units are expended in the public interest and upon objects for which the money was provided."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed

that an amount of Rs. 212.408 million was released against the schemes out of which amount worth Rs. 85.406 million remained unutilized. Details are as under:

(Rs. in Million)

Sr#	Offices	F.Y	PDP/AIR#	Amount
1	XEN, PHE Division, Khairpur	2023-24	116/05	82.853
2	XEN, PHE Division, Matiari	2023-24	48/12	2.553
Total				**85.406**

Audit is of the view that failure in utilization of funds reflected inefficient financial management.

The matter was reported to the management from January to May, 2025. Management replied that funds could not be utilized due to late releases and administrative constraints.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, it was observed that expenditure in Form-64 was misstated (Sr#1). Further, office at (Sr#2) failed to produce the status of scheme, PC-IV and budget release.

Audit recommends that the matter may be investigated to ascertain the causes of irregularities.

3.6 Non-crediting of call deposits

According to Para-63 of CPWA Code, "When money is received by Government officers on behalf of the Government it should be at once brought to account." Furthermore, as per rule-75 and Rule-76 of CPWA code, "the officer in-charge of call deposit should keep a book in Form-4 in which all remittances to the treasury should be entered upon and account of call deposit transactions should be maintained in form-I of call deposit as regular arrangement."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 & 2024-25, it was observed that call deposits amounting to Rs. 98.803 million were not deposited in government treasury. Details are as under:

(Rs. in Million)

S.No	Offices	PDP#	AIR	Amount
1	XEN. PHE Division, Umerkot	151	1	17.015
2	XEN. PHE Division,, Larkana	135	14	0.250
3	XEN. PHE Division, Sujawal	58	6	9.800

5	XEN. PHE Division, Tando Mohammad Khan	297	17	5.293
6	XEN. PHE Division, Karachi	304	01	23.928
7	XEN. PHE Division, Jamshoro	329	13	42.517
			Total	**98.803**

Audit is of the view that non-depositing of call deposits in treasury reflected weak financial management.

The matter was reported to the management from January to October, 2025. Management replied that department returned the call deposit after completing the codal formalities (Sr#5,6&7). The call deposit was not deposited in the Government account (Sr#1,2&3). Call deposits of the said schemes have been deposited in the Security deposits accounts (Sr#4).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed that call deposits may be deposited at the earliest and appropriate action may be initiated against concern officers for violation of rules. During verification, it was observed that call deposits were not deposited into treasury.

Audit recommends fixing the responsibility on the person(s) at fault besides strengthening internal controls to avoid such lapses in future.

3.7 Irregular advance payment against non-executed item

According to Paragrph-209 (d) of the Central Public Works Accounts Code, "As 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."

During the audit of Executive Engineer, Public Health Engineering Division, Thatta, for the financial year 2024-25, it was observed that the management adjusted Rs. 4.997 million in the contractor's bill for HDPE pipes (various diameters) not supplied or installed. Previous payment (M.B. No.535) was recovered from the 8th R.A bill, indicating fictitious measurement and payment for non-existent work. Details are as under:

(Rs. in Million)

Bill No. & Date	Name of work & contractor	Name of item	Qty.	Premium	Amount
8th Dated 16-06-2025	Construction of water supply scheme Bilal Nagar, Dhabeji, Taluka Mirpur Sakro, District Thatta (M/s.	Group-B: Item No.02: HDPE Pipe			-
		8" Dia	928.05	21.50%	2,841,496
		4" Dia	1,919.29		522,353
		3" Dia	3,351.35		602,640
		Differential cost			-
		8" Dia	3,480.00	-	775,901
		4" Dia	2,079.99	-	113,526

	Modern Technologies & Traders & Co.)	3" Dia	4,000.00	-	140,880
Total					**4,996,796**

Audit is of the view that the contractor received an undue benefit due to inflated measurements, which reflected weak financial and administrative controls.

The matter was reported to the management in October, 2025. Management replied that there is no any fake measurement and payment made to contractor the 8" dia and 3" dia pipe was increased after revision of the scheme and after overall measurement of scheme the final bill made to contractor.

DAC in its meeting held on 23.12.25 & 24.12.2025 was not satisfied with reply of management and directed that Chief Engineer concerned to conduct inquiry into the matter and submit the report. However, despite DAC directions, no inquiry report was produced till the finalization of the Audit Report.

Audit recommends compliance with DAC directives besides strengthening of internal controls to avoid such lapses in future.

(PDP#342, AIR#03)

3.8 Irregular expenditure on contingent paid staff

As per Finance Department, Karachi letter # FD (Exp: IX)/ 767/91 (B)/Prov dated: 23rd April, 1996 "No appointment of work charged establishment / contingent paid staff be made without prior approval of Finance Department". Further, according to the Sindh Delegation of Financial Powers and Financial Controls Rules 2019, Part-I Powers Common to all Departments. Executive Engineer has a power to incur expenditure on remuneration per month subject to the provision that:

(a) The monthly wages allowed do not exceed the emoluments including allowances admissible to regular establishment of the same category.
(b) Prescribed method for recruitment and terms & conditions shall be followed
(i) Employment under work charged establishment shall be made only for development works and services of work charged employees will be dispensed with as soon as work is completed and shall not be transferred to current budget or carried on from works to works.
(ii) In any case, period of employment shall not be more than three months at a time.

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2023-24, it was observed that expenditure worth Rs.45.077 million was incurred on account of pay of contingent staff in which following observations were noticed:

i) Expenditure was made under the head of account "Other services rendered" without approval of Finance Department.
ii) List of employees with details of pay & allowances and bank accounts was not available on record.
iii) Approval of the finance department was not obtained.
iv) Place of posting of work charged employees was not available on record.
v) Monthly attendance sheet verified by in-charge of concerned quarter was not attached with the bills submitted for payment.
vi) Copies of CNICs were not available on record.

(Rs. in Million)

Sr. #	Offices	PDP/ AIR#	Observations	Amount
1	XEN, PHE (O&M) Division, Dadu	89/06	As listed Above	6.550
2	XEN, PHE (O&M) Division, Hyderabad	178/05	Without sanction posts and misclassification of Exp	33.847
		176/03	Payment through contractor and less than minimum wage	4.680
Total				**45.077**

Audit is of the view that engagement of a large number of contingent paid staff without Finance Department approval, sanctioned posts, attendance verification, or proper justification reflects weak internal controls and non-compliance with financial rules.

The matter was reported to the management from January to May, 2025. Management replied that engagement of contingent paid staff was made to meet operational requirements.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed that management to obtain approval and its allied record and get it verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit recommends implementation of DAC decision.

3.9 Excess payment on various execution of works

According to Section-54 of CPWA code, "The Divisional Officer must, however, in each case, exercise his judgment on the demand made and it is his

duty to oppose at this stage any application of the real necessity for which he is not satisfied. In any case in which he feels that he cannot recommend the execution of a work called for by a duly constituted authority, he should explain his objections to the officer concerned and, if he fails to convince him, should refer the matter for the orders of the Superintending Engineer."

During the audit of various offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 & 2024-25, it was observed that excess payment worth Rs. 18.019 million was made on various items of works in violation of above quoted rule. Details are given in **Annexure-VII.**

Audit is of the view that excess payment was made to contractors on account of various items resulted in undue benefit to the contractor and loss to public exchequer.

The matter was reported to the management from January to October, 2025. Management replied that payments were made as per measurements recorded in MBs and approved rates.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed that management to provide MBs, RA bills, and supporting record to audit and get it verified. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit recommends recovery of overpayment besides fixing the responsibility on the person(s) at fault and strengthening internal controls to avoid excess payment in future.

3.10 Excess payment to the contractors due to wrong calculation

As per Para-17 of C.P.W.A code, "The Divisional Officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that excess payment worth Rs. 3.527 million was made to the contractors due to wrong calculation. Details are as under:

(Rs. in Million)

Sr.#	Offices	Irregularity	PDP/AIR #	Amount
1	XEN, PHE Division, Tando Allahyar	An amount worth Rs. 0.847 million was not reflected in the total.	146/06	0.847

2	XEN, PHE Division, Hyderabad	Excess payment due to calculation error.	277/15	0.092
3	XEN, PHE Division, Thatta	An amount worth Rs. 2.601 million was paid against due amount worth Rs. 1.082 million.	169/06	1.518
4	XEN PHE (O&M) Division Khairpur	Payment worth Rs. 0.186 million made against Rs.0.143 million due to wrong calculation.	55/07	0.042
5	XEN PHE (O&M) Division, Hyd	Payment worth Rs. 1.028 million made against 38 no of variations due to wrong calculation.	192/23	1.028
			Total	**3.527**

Audit is of the view that the excess payment against the works resulted in loss to the public exchequer.

The matter was reported to the management from January to May, 2025. Management replied that excess payment occurred due to clerical error and has been recovered & rectified.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to provide recovery evidence to audit for verification. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.32, 5.5.29, 5.5.41 & 5.5.27 having financial impact of Rs. 5.189 million, Rs.3.921 million & Rs7.217 million respectively. Recurrence of same irregularity is a matter of serious concern.

3.11 Non-crediting of revenue into government account

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."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24, it was observed that an amount of Rs.3.786 million on account of Income & professional tax but

the same was retained in "Deposit Account" vide Form-78 of June, 2024, instead of crediting the amount into Government treasury. Details are as under:

(Rs. in Million)

Sr.#	Offices	F.Y	PDP#	AIR#	Amount
1	XEN. PHE (O&M) Division, Sukkur	2023-24	17	06	3.514
2	XEN. PHE (O&M) Division, Dadu	2023-24	86	03	0.272
Total					**3.786**

Audit is of the view that non-crediting of revenue into government treasury reflected negligence on part of the management.

The matter was reported to the management from January to May, 2025. Management replied that revenue has been credited into government account and relevant challans are available.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends prompt deposit of the amount as specified.

3.12 Irregular expenditure without supporting documents

According to Rule-23 of Sindh Financial Rules, Volume-I, "Every payment including payment of money previously lodged with government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim".

During the audit of various offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that expenditure worth Rs.444.145 million was incurred on various schemes, but supporting documents were not available on record. Details are given in **Annexure-VIII.**

Audit is of the view that expenditure without supporting documents constituted weak administrative and financial management.

The matter was reported to the management from January to May, 2025. Management replied that all expenditure was supported by vouchers and bills which are available on record.

DAC, in its meeting held on 23.12.2025 and 24.12.2025, directed the management to produce complete supporting documents to audit for verification and to get the stated position verified.

During verification, rate analysis report, PC-IV and other relevant documents were not produced.

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

3.13 Irregular refund of security deposit

As per Para 7.12.3 (i) of SPPRA, Procurement Regulations (Works), "Security Deposit can be released in either of following ways, but the same shall be mentioned in the contract data /special conditions of the contract:-(a) On completion of the works; half the total amount retained is refunded to the contractor and half when the defects liability period has passed and the engineer has certified that all defects notified to the contractor before the end of this period have been attended to his satisfaction;(b) full amount be released after completion of defect liability period".

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that security deposit amounting to Rs.10.864 million was refunded without observing the codal formalities. Details are as under:

(Rs. in Million)

Sr#	Offices	Particulars	Refunded	AIR#	PDP	Amount
1	XEN, PHE Division, Tando Mohammad Khan	Refunded during execution	June-24	10	36	2.900
2	XEN, PHE Division, Larkana	Refunded excess security deposit on the completion of work	Feb & March 2024	10	131	5.056
3	XEN, PHE Division, Hyderabad	Refunded during execution	23.01.2.4	05	269	2.908
					Total	**10.864**

Audit is of the view that refund of security deposit in excess and before completion of work was undue favour to the contractors, which reflects poor financial management and weak internal controls.

The matter was reported to the management from January to May, 2025. Management replied that security deposit was refunded after completion of work.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, refund details, PC-IVs, and final bills were not produced (Sr#2). The office at (Sr#3) admitted that 90% security deposit was refunded and 10% was withheld for testing. Further, no inquiry report was produced till the finalization of the Audit report (Sr#1).

Audits require justification besides strengthening financial controls to avoid such lapses in future.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.29, 5.5.36, 5.5.35 & 5.5.26 having financial impact of Rs. 6.487 million, Rs. 2.538 million Rs.5.037 million respectively. Recurrence of same irregularity is a matter of serious concern.

3.14 Loss due to less deduction of security deposit

As per 7.12.3 of SPPRA, Procurement Regulation (Works), "Procuring Agency will retain/deduct from each interim/running payments due to the contractor, the security deposit in proportion stated in the contract data/data sheet until completion of the whole of the works. The cumulative total of such amount will be 5% of the bid total mentioned in the letter of acceptance. 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."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 & 2024-25, it was observed that works amounting to Rs. 223.006 million were awarded to contractors. However, security deposit worth Rs. 9.113 million was less deducted from the bills. Details are as under:

(Rs. in Million)

Sr#	Offices	PDP/AIR	Award Cost	Due	Deducted	Less Deduct
1	XEN, PHE Division, Tharparkar	237/18	19.671	1.694	1.059	0.635
2	XEN, PHE Division, Thatta	347/10	147.069	7.353	00	7.353
3	XEN, PHE Division, Karachi	306//7	56.266	2.813	1.687	1.125
Total			**223.006**	**11.86**	**2.746**	**9.113**

Audit is of the view that the management failed to safeguard the interest of the government, consequently extending undue benefit to the contractors.

The matter was reported to the management from January to October, 2025. Management replied that security deposit was deducted as per rules and no loss was caused to government.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit.

During verification, no bank guarantee was provided (Sr#3). The office at (Sr#1&2) did not produce relevant record till the finalization of the Audit Report.

Audit recommends fixing the responsibility on the person(s) at fault besides strengthening of financial controls to avoid such lapses in future.

3.15 Non-execution of agreement

As per Government of Sindh Directives, "The e-stamps for payment of stamp duty across Sindh province was introduced since 1st July, 2022, replacing traditional stamp papers an all denominations staring from Rs500/- and above. The use of traditional stamp papers was prohibited in the province after the advent of e-stamps". Further, as per Instructions to Bidders - IB.33.1 state that, "Within 14 days from the date of furnishing of acceptable Performance Security under the Conditions of Contract, the procuring agency will send the successful bidder the Contract Agreement in the form provided in the bidding documents, incorporating all agreements between the parties." And IB 33.2 states that, "The formal Agreement between the procuring agency and the successful bidder shall be executed within 14 days of the receipt of the Contract Agreement by the successful bidder from the procuring agency."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that contractors were allowed to start work before the execution of the formal agreements worth Rs. 384.691 million. Details are as under:

(Rs. in Million)

Sr#	Offices	F.Y	PDP/AIR#	Amount
1	XEN, PHE Division, Hyderabad	2023-24	287/27	72.375
2	XEN, PHE Division, Matiari	2023-24	290/01	195.873
3	XEN, PHE Division, Tharparkar	2023-24	225/06	76.100
4	XEN, PHE (O&M) Division, Hyderabad	2023-24	194/28	40.343
Total				**384.691**

Audit is of the view that execution of works in the absence of contract agreements resulted in violation of prescribed rules.

The matter was reported to the management from January to May, 2025. Management replied that agreements are executed and stamps have been affixed.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to produce executed agreements along with supporting record to audit for verification. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit seeks implementation DAC directives besides strengthening contract management system to avoid such lapses in future.

3.16 Unauthorized clearance of liabilities without approval from Finance Department

According to Para-6 (k) of the Finance Department, letter No. FD(B&E-1/4)-I/51/2009 dated 01-07-2009 "Liabilities of previous years may not be allowed to be cleared unless concurrence is given by the Finance Department."

During the audit of the following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that payment worth Rs.11.375 million was made against liabilities without approval of Finance Department. Details are given as under:

(Rs. in Million)

Sr.#	Offices	F.Y	PDP/AIR#	Description	Amount
1	XEN, PHE Division, (O&M) Division, Kamber	2023-24	83/08	M&R work executed in June 2023 and payment made in December 2023	0.983
2	XEN, PHE Division, (O&M) Division, Hyderabad	2023-24	189/20	Liability pertains to 2020-21 paid in 2023-24	7.709
3	XEN, PHE Division, (O&M) Division, Tharparkar	2023-24	210/08	M&R work executed in January 2023 and payment made in Jan, Feb, 2024	2.683
				Total	**11.375**

Audit is of the view that the payment against liabilities without approval of Finance Department reflects poor financial management and weak internal controls.

The matter was reported to the management from January to May, 2025. Management replied that the O&M works were of emergent nature, executed in

public interest with approval of the competent authority and payments were made subject to availability of funds (Sr#1&2). The detailed record is available through scheme-wise details were not provided by audit (Sr#3).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to produce relevant records, approvals, and supporting documents to audit for verification. However, the Finance Department approval could not be produced till the finalization of the Audit Report.

Audit recommends implementation of DAC decision.

3.17 Non-reconciliation of payment made to the Land Acquisition Officer

According to Para 110 (iii) of Sindh Financial Rules, Volume-I, "The officer who settles the price should draw up Form-A, Appendix 5 prescribed for use in the case of an award and this should be made on the basis of subsequent payment." As per Para 668 of Central Treasury adjustment by submission of detailed accounts supported Rules, "Advances granted under special orders of competent authority to government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to by vouchers or by refund, as may be necessary."

During the audit of the Executive Engineer, Public Health Engineering Division, Jamshoro, for the financial year 2024-25, it was observed that an amount of Rs.32.236 million was paid to Land Acquisition Officers (LAO) on account of land acquisition without obtaining details of the disbursement to the land owners and the utilization report. Details are as under:

(Rs. in million)

V.No / Date	Scheme	Particulars	Amount
01/ 11.04.25	I&E of urban drainage scheme Kotri city	Assistant Commissioner Kotri L.A.O	27.800
02/ 11.04.25	Const of disposal work and brick masonry Nalla @ Sandoz Road scheme		4.436
		Total	**32.236**

Audit is of the view that due to payment without details of the owners and utilization report, the chances of misappropriation cannot be ruled out.

The matter was reported to the management in October, 2025. Management replied that payment made to the L.A.O has been reconciled, and

details of disbursement to the landowners along with the utilization report have been obtained.

The management reply is not acceptable, as no documentary evidence regarding reconciliation, details of disbursement to landowners, or utilization reports were produced to Audit for verification.

DAC in its meetings held on 23.12.2025 and 24.12.2025, directed that the relevant record be produced to Audit for verification.

During verification, management submitted copies of cheque to LAO, however, no record of payment to landowners was produced.

Audit recommends implementation of DAC directives besides fixing responsibility on the person(s) at fault.

(PDP#324, AIR#06)

3.18 Non-maintenance of contractor ledger and security deposit register

According to Para-298 Central Public Works Account Code "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. Further. Security deposits of subordinates and contractors, whether made in cash or in one of the forms of security referred to in paragraph 390, are-covered by a bond or agreement setting forth the conditions under which the security is held and may be ultimately refunded or appropriated. Reference to such bond or agreement should be recorded in the Deposit Register or the Register of Securities as the case may be.

During the audit of following offices of PHE&RD Department for the financial years 2023-24 & 2024-25, it was observed that neither contractor ledgers nor security deposit registers were provided in order to ensure that security deposit refunded to the contractor was as per deduction from running account bill of the work. Details are as under:

(Rs. in Million)

Sr#	Name of formation	Amount
1	Executive Engineer, PHE Sukkur	-
2	Executive Engineer, PHE Thatta	166.569
3	Executive Engineer, PHE Jamshoro	-
4	Executive Engineer, PHE , Larkana	318.171
Total		**484.740**

Audit is of the view that due to non-maintenance of security deposit register and contractor ledger amount reflected in the Form-78 compromise the authenticity of the financial records.

The matter was reported to the management from January to October, 2025. Management did not submit a reply (Sr#1). The relevant registers have been properly maintained and are available for verification (Sr#2,3&4).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the office at (Sr#1) to submit its reply along with the relevant record, while the offices at (Sr#2,3&4) were directed to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation DAC directives besides, taking corrective measures to avoid such lapses in future.

(PDP#348, 147)

3.19 Unjustified payments over M&R works from the ADP provision

As per Para-17 of C.P.W.A code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of Executive Engineer, Public Health Engineering Division, Tando Mohammad Khan, for the financial year 2023-24, it was observed that an expenditure of Rs. 9.323 million was incorrectly charged to Contingencies from ADP provisions for earthwork executed in District Tando Mohammad Khan. The Maintenance & Repair (M&R) work was carried out without a provision in the scheme, and the department lacked the mandate to undertake such work. Following irregularities were observed:

1. Unauthorized payment of Rs. 3.700 million (approx.) was made to the contractor by including the item of work "extra lead for 50 feet" in the estimates which already exists in the carriage cost.
2. Contingency's proforma was not used to identify the provision of contingency available from the schemes.
3. Running account bills were kept below Rs. 0.300 million sanctioned by the XEN. concerned to avoid T.S from higher authority.

Audit is of the view that utilization of the contingency provision from ADP schemes on the execution of M&R work without providing any justification stands irregular.

The matter was reported to the management in February, 2025. Management replied that no un-justified payment was made on ADP. Since, the pointed out Ist and final bill attached.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed to revise the reply and provided detailed justification with documentary evidence.

During verification, no documentary evidence was produced to justify charging M&R works to ADP schemes, nor was any provision in the approved scheme shown to establish the department's mandate for such works.

Audit recommends compliance with DAC directives besides strengthening internal controls to avoid such lapses in future.

(PDP#37, AIR#11)

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2024-25 vide para numbers 5.5.19 5.5.5, 5.5.14 & 5.5.16 having financial impact of Rs. 24.558 million. Recurrence of same irregularity is a matter of serious concern.

4 OPERATIONAL PROCESSES, TARGETS AND KPIs

Significant deficiencies have been identified in the planning, execution, and monitoring of development schemes under PHED. Instances of unjustified payments, defective works, inaccurate cost estimates, irregular procurement practices, and inadequate supervision indicate weak internal controls and insufficient financial discipline. The absence of clearly defined objectives and measurable Key Performance Indicators (KPIs) has further resulted in weak accountability and ineffective performance management.

The operational processes of the Public Health Engineering & Rural Development Department were found to be weak and poorly structured. Audit observed that clear operational targets and measurable Key Performance Indicators (KPIs) were either not defined or not effectively implemented. Progress of schemes was not systematically monitored against approved timelines and outputs. Absence of regular performance reviews and corrective actions limited accountability. Consequently, failure to link operations with defined targets and KPIs adversely affected service delivery and achievement of departmental goals.

4.1 Doubtful execution of works due to hasty payments to contractors

As per Para-17 of C.P.W.A code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force." According to rule-54 of SPPRA Rules, "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 the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2023-24 & 2024-25, it was observed that an amount of Rs. 284.065 million was paid to various contractor(s) within days of award of contract. The nature of works demands time, however hasty payments to the contractors indicated that advance payments were made to the contractors without any provision in the rules. Details are as under:

(Rs. in Million)

Sr.#	Offices	Work order date	Payment date	Particulars	Date of completion	Amount
1	XEN, PHE Division, Khairpur 119/8	23-5-24	10-06-24	Drainage schemes including construction of pump house, inspection chamber, Collecting tank, compound wall, machinery. However, the payment worth Rs. 86.250 million was made within 15 days of the award of works	June,2025	86.250
2	XEN, PHE Division, Umerkot PDP/AIR# 160/10	6-6-2024 29-2-24	07-06-24 04-3-24	Supply of solar system before execution of any construction work. Payment of scheme at SR#1 & 02 worth Rs. 9.922 million was made in one day and payment of scheme at Sr# 3 worth Rs. 49.921 million was made in 03 days after issuance of work order	December,2024 Feburary,2026	59.843
3	XEN, PHE Division, Thatta PDP/AIR#167/4	4-6-24	10-6-24	Repair of storage tank, P/L/J/T of P.E pipe for Main rising, Payment worth Rs. 71.973 million was made within 5 days after issuance of work order	June,2026	71.973
4	XEN, PHE Division, Matiari PDP/AIR# 291/2	20-03-24	23-3-24	Supply of solar system before execution of any construction work. Payment was made within two days	June,2025	6.00

				after issuance of work order on part rate		
5	XEN, PHE (O&M) Division, Hyderabad PDP/AIR 193/24	26-12-23	1-1-24	Payment worth Rs.2.052 million was made within 7 days after issuance of work order	—	2.052
6	XEN, PHE (O&M) Division, Tharparkar PDP/AIR 206/3	08-12-23	16-12-23	Payment worth Rs.57.947 was made within 7 days after issuance of work order	—	57.947
				Total		**284.065**

Audit is of the view that hasty payments against work order indicates advance payment to the contractor without physical execution of work at site. This reflected weak financial and monitoring mechanisms in an organization.

The matter was reported to the management during January to October, 2025. Management replied that the contractor expedited work on the scheme to avoid fund lapse, considering the one-year approval and lengthy tendering process (Sr#1). The contractor keeping in view the urgency of work and short time in close of financial year has arranged all the materials, machinery, labour before issuing work order being approved while his tender was in process (Sr#2). The contractor had provided the pumping machinery and pipe on the site because of that executing agency give part payment to the contractor (Sr#3). Part rate was made due to the emergency nature of the solar panel installation project and to ensure timely completion of the work (Sr#4). Discrepancy regarding the date of commencement of work occurred due to a typographical error in the record (Sr#5). More than 85% of the work comprised supply items which were delivered within one week, therefore 71% payment was made accordingly, while no payment was released for the remaining execution items prior to their completion (Sr#6).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed Chief Engineer concerned to conduct inquiry into the matter and get the stated position verified from audit.

The management failed to produce required documents for verification. Inquiry reports were also not produced till finalization of the Audit report (Sr#2,4&5).

Audit recommends implementation of DAC directives, besides ensuring effective implementation of physical monitoring of the execution prior to payments to the contractors.

4.2 Unjustified payment on supply of Solar Systems and Pumps in excess of Bore Wells

As per Section-54 and Para-17 of the C.P.W.A Code, the Divisional Officer is responsible for ensuring financial regularity, exercising proper judgment on actual requirements, and preventing unjustified expenditure

During the audit of Executive Engineer, Public Health Engineering Tharparkar, for the financial year 2023-24, it was observed that expenditure worth Rs.30.321 million was made for supply of 20 tubewells in the PC-I of the scheme titled "Drilling & Installation of Low-Capacity Solar Submersible Pumps in Various Villages of Taluka Chachro, District Tharparkar". However, 37 units of pumping machinery along with associated infrastructure such as pump houses and fiber tanks were procured and installed far exceeding the approved number of tube wells and without specifying the geographical locations as summarized below:

(Rs. in million)

Particulars	As per PC-I	PC-I Cost	As per Bill	Exp: as per 7th R/A	Variation in bill against provision of PC-I
Tube wells / submersible pumps	20	5.350	24	9.203	(+)3.853
Pump House 4x4	37	1.681	37	1.206	(-) 0.475
Pumping Machinery	37	24.513	37	15.7201	(-) 8.792
Fiber Tanks	37	1.139	37	4.191	(+) 3.053
Total		**32.683**		**30.321**	

PDP-222/AIR-2

Further in other six schemes, procurement and installation statements indicated that pumping machinery, solar system and allied components were procured beyond the actual requirement of tubewells, leading to unjustified expenditure amounting to Rs. 207.146 million.

Particulars of schemes	Total Bore	Total Solar	Total Pumps /Tanks	Solar in excess of Bore	Pumps in excess of Bore	Solar in excess of pumps	Remarks
Various six schemes involved	66	218	166	152	100	52	Details are given in **Annexure-IX**

PDP-249/AIR-30

Audit is of the view that disproportionate procurement and installation of solar systems and pumps, absence of site-specific planning, and variation from approved quantities reflected weak administrative and financial oversight, leading to potential wastage of public funds.

The matter was reported to management in January 2025. The management stated that installations were made as per site demand and operational requirements. However, the DAC in its meetings held on 23-12-2025 and 24-12-2025 directed reconciliation and verification of installed systems with bore wells and production of record to audit. The same was not provided till finalization of the Audit Report.

Audit recommends inquiry into the matter, besides strict compliance with DAC directives and fixation of responsibility on the person(s) at fault

4.3 Execution of scheme prior to the acquisition of land

According to Annexure O (A) 'Flow Chart for Procurement of Works' of the Procurement Regulations (Works), "Activities prior to Procurement Process are stated below: (i) Development works. A-VII. Site Possession or Land acquisition."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that expenditure worth Rs. 42.384 million was incurred against the schemes prior to the acquisition of suitable land for oxidation ponds. Details are tabulated as follows:

(Rs. in Million)

Sr#	Offices	PDP#	AIR#	Amount
1	XEN. PHE Division, Larkana	125	02	10.532
2	XEN. PHE Division, Tando Allahyar	21	01	31.852
			Total	**42.384**

Audit is of view that execution of schemes prior to the acquisition of land resulted in wasteful expenditure and delay in completion of the schemes on time.

The matter was reported to the management from January to May, 2025. Management replied that possession of land was handed over with mutual consent and acquisition process was completed later by Revenue Department.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to provide evidence of land possession/acquisition to audit for verification.

During verification, the revised PC-I for the change in scope and progress report didn't authenticate the expenditure incurred against the schemes prior to the acquisition of suitable land for oxidation ponds (Sr#1). Further, office at Sr#02 failed to produce record till the finalization of the Audit Report.

Audit recommends implementation of DAC decision.

4.4 Unjustified drawl of funds against non-functional schemes

As per Rule-4 of SPPRA Rules 2010, "While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that expenditure worth Rs. 6.093 million was incurred on repair and maintenance of non-functional water supply and drainage schemes. Details are as under:

(Rs.in Million)

Sr.#	Offices	PDP/ AIR#	Particulars	Amount
1	XEN, PHE (O&M) Division, Khairpur	50/02	Expenditure on the schemes which are not reflected/available on record produced	5.227
2	XEN PHE (O&M) Division, Jamshoro	96/25	Expenditure incurred on completely damaged RO plants. Pump house washed away.	0.866
Total				**6.093**

Audit is of the view that the expenditure against non-functional water supply and drainage schemes reflected wastage of the public exchequer.

The matter was reported to the management from January to May, 2025. Management replied that funds were drawn for operation and maintenance and efforts are underway to restore functionality of schemes.

DAC in its meeting held on 23.12.25, directed the management to produce functional status and utilization record of funds for audit verification

During verification, progress report for the month of December, 2025 reflected schemes remained non-functional and requires major rehabilitation (Sr#2). Further office at (Sr#1) did not produce relevant record till the finalization of the Audit Report.

Audit recommends implementation of DAC decision besides fixing the responsibility on the person(s) at fault.

4.5 Issuance of duplicate work orders

As per SPPRA guidelines 2.9 Procurement Plan (Rule 11), "The procuring agency shall ensure that funds are used for the purpose for which they are allocated and should use them economically and efficiently without exogenous considerations.

During the audit of Executive Engineer, PHE, (Operation & Maintenance) Division, Tharparkar for the financial year 2023-24, it was observed that dual work orders bearing different reference numbers and issue dates were issued for the same scope of work to the same contractors pertaining to the following two separate works, with a combined tender cost worth Rs. 47.981 million. Further, payments were subsequently split across these dual work orders without any justification or approval. Moreover, dual payments spread across different work orders (i) increase the risk of Double billing (ii) Non-compliance with procurement regulations (iii) Confusion in accountability and contract monitoring. Details are as under:

Name of Work: Yearly Maintenance of SCA 75000 & 50000 GPD Different RO Plants of Districts Tharparkar							
Sr #	**Name of Contractor**	**Reference of Dual Work Order # & Date**	**Tender Cost**	**Tender Cost**	**Payment against WO 235 dated 12/12/2023**	**Payment against WO 228 dated 08/12/2023**	**Amount Paid**
1	Chand Puri & Co	235 dated 12/12/2023 & 228 dated 08/12-2023	32.032	32.032	23.955 (RA Bill 1&2)	9.278 (RA Bill 3,4&5)	33.234
Name of Work: One Time replacement & Routine Maintenance of RO Plant @ Villages Sohaji Pathai, Mehran Vero & Others Taluka Dahli, District Tharparkar							
Sr #	**Name of Contractor**	**Reference of Dual Work Order # & Date**	**Tender Cost**	**Tender Cost**	**Payment against WO 234 dated 12/12/2023**	**Payment against WO 220 dated 08/12/2023**	**Amount Paid**
2	Ali Builders & Constt.	234 dated 12/12/2023 & 220 dated 08/12-2023	15.949	15.949	10.206 (RA Bill 1st)	5.619 (RA Bill 2nd&3rd)	15.825
		Total	**47.981**				**49.059**

Audit is of the view that the issuance of duplicate work orders for the same scope of works reflected weak internal controls.

The matter was reported to the management in January, 2025. Management replied that duplicate work orders were not issued and payments were made against valid work orders only.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation of DAC decision.

(PDP#205, AIR#02)

4.6 Irregular execution of "Construction of extension of rural drainage scheme Barchani District Tando Mohammad Khan

According to Para-17 of C.P.W.A Code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of Executive Engineer, Public Health Engineering Division, Tando Mohammad Khan, for the financial year 2023-24, it was observed that expenditure on the scheme involving Rs. 43.957 million is doubtful on the following grounds:

(Rs. in Million)

Scheme	Contractor	R.A	CV Date	Work done
Construction of extension of rural drainage scheme Barchani district Tando Muhammad Khan	Pak Saudi Enterprises	5th RA	35. 21.06.2024	43.957

i. The contract was awarded @ 37.9% premium while the payment was made @13% premium.
ii. Unauthorized payment worth Rs. 0.034 million was made on account of premium on carriage of material under component of work "CC paver".
iii. Installation of pumping machinery item was executed on part rate i.e. Rs. 0.476 million instead of full rate worth Rs. 0.877 million.
iv. Premium at 13% worth Rs. 0.062 million was also allowed on Non-scheduled item i.e. Installation of pumping machinery.
v. Variation in quantities of materials were noticed between its actual execution and the quantities on which escalation was claimed.
vi. The cost of 5th RA bill was Rs. 5.335 million whereas payment was made to the contractor worth Rs. 5.408 million.

Audit is of the view that the above irregularities raised serious concerns about the execution of work due to which possibility of fake billing could not be ruled out.

The matter was reported to the management in January, 2025. Management replied that works were executed as per approved specifications and verified measurements.

DAC in its meeting held on 23.12.25 & 24.12.2025 was not convinced and directed the Chief Engineer to inquire into the matter and submit report within 30 days. However, no inquiry report was produced till the finalization of the Audit Report.

Audit recommends implementation of DAC decision.

(PDP#32, AIR#06)

4.7 Allowing excess dia and depth during boring of wells by ignoring the approved specification of work

As per Work Order No. HC/448 dated 17/05/2021, "For amounting to Rs 27.824 million for the work "Drilling & Installation of Low-Capacity Solar Submersible Pumps in Various Villages of Taluka Chachro District Tharparkar (37 Units) on Bore &Well" was issued to M/s Haji Sirajuddin contractor required to be completed in 12 months."

During the audit of Executive Engineer, Public Health Engineering Tharparkar for the financial year 2023-24, it was observed that the work worth Rs. 27.824 million were executed on boring of wells up to a depth of 100 feet (30.50 meters) using 5-inch diameter casing pipe as per PHSI Schedule of Rates (Item 1, Page 41 & 42). Following irregularities were noted:

i) The work was revised and specification was changed from 5" to 8" diameter and increased the depth up to 250 to 300 feet. The significant changes were made without obtaining approval from scheme-sanctioning authority and initiating a fresh tendering process.
ii) Despite the revised estimates, actual execution included 22 tubewells of 350ft resulting significant expenditure beyond approved scope.

Depth	As per Original Estimate (No. of Wells)	Revised Estimate	Actual Billed	Exp: as per 7th RA Bill (Rs)	Cost as per revised estimate	Cost as per original estimate
200 ft	10	0	2	482,129	0	1,868,700
250 ft	4	5	0	0	1,561,310	934,480
300 ft	6	15	0	0	5,663,295	1,695,168
350 ft			22	8,720,948		
Total	**20**	**20**	**24**	**9,203,077**	**7,224,605**	**4,498,348**

iii) The total expenditure incurred was Rs. 9.203 million, against the revised estimate worth Rs.7.225 million indicating an overpayment beyond the scope.

Audit is of the view that unauthorized payments were made by ignoring the approved technical specifications reflected lack of transparency, and fairness in public procurement.

The matter was reported to the management in January, 2025. Management replied that variation occurred due to geological conditions and site requirements.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit report.

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

(PDP#221, AIR#01)

4.8 Excess expenditure over and above 5% of the Technical Sanction

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 the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that expenditure worth Rs. 5.415 million was made in excess of the prescribed limit of 5% above the technical sanction without revision of the same. Details are as under:

(Rs. in million)

Sr#	Offices	PDP/AIR#	Estimate Cost	Expenditure	Amount	%
1	XEN, PHE Division, Tharparkar	234/15	20.599	23.233	1.604	7.787 %
2	XEN, PHE Division, Hyderabad	272/08	39.897	45.703	3.811	9.6%
Total			**60.496**	**68.936**	**5.415**	

Audit is of the view that execution of the work beyond 5% of the original estimated quantities and non-revision of the technical sanction stands irregular.

The matter was reported to the management from January to May, 2025. Management replied that excess occurred due to unavoidable site conditions and was essential for completion of schemes.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to provide revised T.S and verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit recommends implementation of DAC directives.

4.9 Non-accountal of replaced of RO Plant parts

As per Rule-4 of SPPRA Rules 2010, "While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that expenditure worth Rs. 29.929 million was incurred on replacement of membranes of RO plants. However, no evidence regarding proper installation, fixation of necessary parts in units/plants along with satisfactory work completion report was available on record. Further, the whereabouts of replaced parts of R.O plants such as, membranes were also not available on record. Details are as under:

(Rs. in Million)

Sr.#	Offices	F.Y	PDP/AIR#	Particulars	Amount
1	XEN, PHE (O&M) Division, Dadu	2023-24	91/09	Replacement of Membranes	7.525
2	XEN, PHE (O&M) Division, Tharparkar	2023-24	213/12	Replacement of submersible motor	22.404
				Total	**29.929**

Audit is of the view that due to non-availability of requisite record and replaced parts reflected weak internal controls.

The matter was reported to the management from January to May, 2025. Management replied that replacement of parts was carried out as per O&M requirements and approved estimates.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation of DAC decision.

4.10 Irregular execution of work due to faulty estimate

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 the audit of Executive Engineer, Public Health Engineering Division, Hyderabad for the financial year 2023-24, it was observed that item "S/F of Solar System" amounting to Rs 8.721 million was executed. However, no structure provision was found for fixing the solar panels. Resultantly, solar plates were laid on the roof floor and it would compromise the efficiency of the solar plates. The same was also identified in the Superintendent Engineer letter No.DB/327/ 2021 dated 08.02.2021.

Audit is of the view that execution of the solar system without providing a proper mounting structure, despite prior instructions of the competent authority, reflected poor planning and non-compliance with technical standards.

The matter was reported to the management in January, 2025. Management replied that estimates were prepared as per site conditions and approved by the competent authority.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to provide technical justification and approved estimates to audit verification. However, no documentary evidence was produced to audit till finalization of the Audit report.

Audit recommends implementation of DAC decision.

(PDP#284, AIR#24)

4.11 Defective completion of works

As per Para 11.1.3(i) of SPPRA, Procurement Regulation (Works), "PC-I of the scheme/work is required to be revised when the original scope is modified/changed, even though the cost of the same may possibly be covered by savings on other items in the original rough cost estimate. Further, according to

Part (II) of the SPPRA Works Guidelines for Small Civil Works (costing up to Rs. 50 million), if the final quantity of any work item exceeds the Bill of Quantities by more than 25% and impacts over 1% of the Initial Contract Price, the rate must be adjusted with prior approval as per the contract agreement."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial year 2023-24, it was observed that various works were executed at different locations; but the same were not completed as per specification given in the estimates. Details are given below:

a) XEN PHE, Division Tando Mohammad Khan

The approved project cost was Rs. 21.538 million, but it was completed with a reduced scope of work worth Rs. 12.524 million. This means the core components worth Rs. 9.014 million, including installation of pumping machinery, interconnection rising main, and compound wall, were not executed. Additionally, some components were executed below specification, indicating the project is financially completed but physically incomplete. Details are given as under:

Scheme: Construction of extension of rural water supply scheme Barchani Sharif Dist. TMK				
Contractor: Pak Saudi Enterprises (R.A 5th) work order amount 22,721,557				
CV & Date	**Component of works as per Estimates**	**Cost as per Estimate**	**Execution as per bill**	**Less/ Non-Execution**
34, 21/6/2024	Pump House	316,769	171,146	145,623
	Inter connection Rising Main	28,160	-	28,160
	Rising Main	126,106	77,704	48,402
	Staff Quarter	434,350	361,030	73,320
	Clear Water Tank	3,515,790	2,510,775	1,005,015
	Compound Wall	2,184,718	-	2,184,718
	Slow Sand Filter	7,438,231	4,096,638	3,341,593
	P/I pumping machinery 5.50 BHP	1,022,700	-	1,022,700
	P/I/T solar system	6,471,200	5,306,245	1,164,955
Total		**21,538,024**	**12,523,538**	**9,014,486**

(PDP# 31, AIR#04)

b) XEN PHE, Division, Khairpur

Civil work worth Rs. 77.709 million out of which expenditure worth Rs. 74.801 million was incurred only on "Paver Blocks" in twelve villages without execution of surface drain, pumping machinery, solar system which are the primary components of the drainage scheme.

(PDP#115, AIR#04)

c) XEN PHE, Division, Tharparkar

The Rehabilitation of Non-Functional Water Supply Scheme at 10 locations was reported as 100% completed and functional, with an executed cost of Rs. 52.626 million against approved cost of Rs. 62.603 million. However, major components worth Rs. 8.689 million, including installation of solar systems, pumping machinery, rising main work, and RCC tanks, were not fully completed, indicating non-compliance with specifications.

(PDP# 228, AIR#09)

d) XEN PHE, Division, Qamber Shahdadkot

Work orders worth Rs. 637.505 million were issued for the execution of paver blocks and CC drain components. Expenditure worth Rs. 260.227 million was incurred on the execution of paver blocks. However, work on CC drains component was not executed.

(PDP#263, AIR#06)

Audit is of the view that due to non-execution of works as per specifications and beyond the actual scope, chances of defective execution of work cannot be ruled out which reflects poor project oversight.

The matter was reported to the management from January to May, 2025. Management replied variations in quantities and execution sequence were necessitated due to site conditions, public demand, accessibility constraints, obstructions, and underground utilities, and were carried out with approval of the competent authority through revised Technical Sanctions, without extending any undue benefit to contractors in (PDPs# 31,296,263,115). Audit did not provide scheme-wise details; however, all rehabilitation works executed up to 2023–24 is completed and functional in (PDP 228).

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the Chief Engineer to inquire the matter and submit report within 30 days (PDP#31). Detailed justification along with modified PC-I, revised Technical Sanctions, progress reports, final R.A bills, Measurement Books, current functional status of schemes, and satisfactory completion reports of M&E Cell, as applicable, to audit for verification (PDPs 296,263,115,228).

During verification, no relevant record i.e. measurement books, revised technical sanctions, progress reports, modified PC-I were submitted (PDP#296,115,228&263). Further, no inquiry report was produced till the finalization of the Audit report (PDP#31).

Audit recommends implementation of DAC directives besides having an effective mechanism of physical monitoring during the execution of the works for making payments to the contractors.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2023-24 & 2024-25 vide para numbers 5.5.7, 5.5.20 & 5.5.5 having financial impact of Rs. 57.616 million, Rs.61.980 million & Rs.231.684 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.12 Unjustified approval of drainage disposal in water course

According to the estimate of the scheme namely construction of paver block, CC block and CC drain in various villages of U.C Behman (under construction of paver block and CC drains in various villages of U.C Garhi Khuda Bux Bhutto, U.C Behman, U.C Izzat Ji Wandh & U.C Banguldero of Taluka Ratodero, district Larkana (ADP No.3866)' was approved with disposal of drainage in water course @ village Allahando Jeho (Latitude 27.717651˚N Longitude: 68.376510˚E) Taluka Ratodero, District Larkana.

During the audit of Executive Engineer, PHED, Larkana, for the financial year 2023-24, it was observed that surface drainage system of village was awarded at the cost worth Rs. 18.804 million but the disposal of drainage water in open fresh water course which is used for agriculture purpose. This resulted in health issues due to polluting the fresh water. Details are as under:

(Rs. in Million)

W.O & Date	Schemes	Amount of scheme	Portion of drainage system
395 Dated 22-02-2024	Construction of paver block, CC block and CC drain in various villages of U.C Behman (under construction of paver block and CC drains in various villages of U.C Garhi Khuda Bux Bhutto, U.C Behman, U.C Izzat Ji Wandh & U.C Banguldero of Taluka Ratodero, district Larkana (ADP No.3866) **(M/s. Nabi Builder)**	18.804	2.606
	Total	**18.804**	**2.606**

Audit is of the view that disposal of drainage system in water course without proper treatment reflects poor planning on part of the management and loss to agriculture land.

The matter was reported to the management in January, 2025. Management replied that disposal was approved and drain water is used for Agriculture purposes only.

DAC in its meeting held on 23.12.25 & 24.12.2025, shows serious concerns for dispose of un-treated water in water course and directed the Chief Engineer to take serious efforts to acquiring land for oxidation ponds. However, no concrete efforts were made in this regard.

Audit recommends implementation of DAC decision.

(PDP#124, AIR#01)

4.13 Discrepancy in the total number of installed UF / RO Plants

In terms of Rule-158 to 162 of General Financial Rules volume-I, "A physical verification of inventories, all store should be made at least once a year. A certificate of store with its results should be recoded on the inventory register. All discrepancies should be brought to the notice of competent authority, so as to take appropriate action in the matter as per rule".

During the audit of Executive Engineer, Public Health Engineering (O&M) Division, Larkana, for the financial year 2023-24, a review of historical data revealed that a total of 91 plants were documented as existing in the district. However, the progress report provided by the local office in NIT for Annual Maintenance 2021-22 reflected only 76 plants. Thus 15 RO/UF plants were excluded for annual maintenance. Details are as below

Particulars	RO Plants	UF Plants	Total
Total Plants as per Historical Data	51	40	91
Total No of Plants shown in the progress report.	42	34	76
Missing Plants	09	06	15

Audit is of the view that the omission of 15 RO/UF plants from the official records raises concerns about the accuracy and transparency of inventory reporting project oversight of the management.

The matter was reported to the management in January, 2025. The RO plants Supplied according to sanctioned Estimate by Chief Engineer (O&M) PHED, Sukkur dated 24.12.2020 76 Nos. & later on 15 Nos RO Plants received from District Government.

DAC, in its meeting held on 23.12.2025 directed the management to get the stated position verified from audit. However, the relevant record (location, status & date of handing taking over of RO plants) could not be produced till the finalization of the Audit report.

Audit recommends implementation of DAC directives.

(PDP#252, AIR#02)

4.14 Irregular payment on account of un-laid pipes

According to Paragrph-209 (d) of the Central Public Works Accounts Code, "As 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."

As per Items description mentioned in CSR 2012, "Providing, laying R.C.C pipes of ASTM C-76/62 T/C 76-70 of class-II wall B and fixing in trenches including cutting, fitting and jointing in rubber ring including testing with water to specified pressure and for item providing, laying and fixing in trenches including fitting, jointing and testing etc. complete in all respect the high-density polythene pipe (HDPE-100) for water supply confirming ISO 4427/DIN 8074/8074 BS 3580 and psi 3051."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 & 2023-24, it was observed that an amount of Rs.149.966 million was paid to the contractors against un-laid pipes. However, the same works were not carried out as per above specification. Details are as under:

(Rs. in Million)

Sr#	Offices	F. Y	Particulars	PDP/ AIR	Amount
1	XEN PHE Division, Umerkot	2023-24	U-laid pipes in 03 Schemes	163/13	24.568
2	XEN, PHE Division, Tharparkar	2023-24	Un-laid pipes in 03 Schemes	247/28	104.766
3	XEN, PHE Division, Jacobabad	2022-23 & 2023-24	Supply of pipes without laying & recording of measurements	74/06	20.632
				Total	**149.966**

Audit is of the view that payment made against un-laid pipes resulted in undue benefit to the contractors, which reflected weak internal controls.

The matter was reported to the management from January to May, 2025. Management replied that pipes were supplied and laid as per site requirement and approved scope.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to get the stated position verified from audit. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends inquiry into the matter besides ensuring physical monitoring of the execution of works before payments to the contractors.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22, 2022-23, 2023-24 & 2024-25 vide para numbers 5.5.15, 5.5.5, 5.5.14 & 5.5.16 having financial impact of Rs. 280.864 million, Rs. 55.669 million & Rs.97.960 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.15 Unjustified handing over of incomplete scheme

As per Para-17 of C.P.W.A Code, "The Divisional officer, as the primary disbursing officer of division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force."

During the audit of Executive Engineer, Public Health Engineering (O&M) Division, Sanghar for the financial year 2022-24, it was observed that expenditure worth Rs. 1.049 million was incurred on execution of remaining portion of RCC roof of water tank. However, status of work already done and action taken against defaulting contractor were not available on record. Details are as under:

(Rs.in Million)

Voucher#	Date	Work	Items	Quantity	Rate	Amount
55	24/10/22	RCC roof of remaining portion of clean water tank urban water supply Sanghar	Steel	64.45	5001	0.322
			RCC	1618.75	337	0.546
			Premium			0.181
					Total	**1.049**

Audit is of the view that handing over of incomplete scheme without punitive action against the delinquent contractor was unjustified which reflects poor administrative controls and lack of discipline on part of the management.

The matter was reported to the management in January, 2025. Management replied that scheme was handed over to this office for operation and maintenance after being dropped from the development portfolio. Upon takeover, incomplete roof work was identified and executed on a need basis through a separately sanctioned estimate.

DAC in its meeting held on 23.12.25 & 24.12.2025 was not satisfied with the reply and directed the Chief Engineer to inquire into the matter and submit a report within 30 days. However, despite DAC directions, no inquiry report was produced till the finalization of the Audit Report.

Audit recommends compliance with DAC directives besides strengthening internal controls to avoid such lapses in future.

(PDP#09, AIR#03)

4.16 Irregular payment without preparation of bill and measurement

As per Paragraph-72 of CPWA code "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 and all information necessary for its proper classification and identification in the accounts. The full name of the work as given in the estimate and other particulars, deductions etc." Further as per paragraph-208 of *ibid*, "Payments for the work done otherwise than by daily labour and for all supplies are made on the basis of measurement recorded in the measurement book. The measurement book therefore be considered as very important accounts record."

During the audit of Executive Engineer, Public Health Engineering Division-I, Khairpur for the financial year 2024-25, it was observed that Rs. 129.525 million was drawn without compliance with recording of Measurement Book to substantiate the work executed and payments were processed through the SAP system and recorded in the Cash Book without supporting bills.

Audit is of the view that due to non-traceability of details of work, the payment drawn is doubtful as the chances of misappropriations cannot be ruled out.

The matter was reported to the management in August, 2025. Management replied that payments cannot be processed without recorded measurements. MBs and bills are properly maintained and available for verification.

DAC, in its meeting held on 23.12.2025 and 24.12.2025, directed that the relevant record may be produced to audit for verification. However, the relevant record (contractor files, detailed working estimates) could not be produced till the finalization of the Audit report.

Audit seeks implementation of DAC decisions besides strengthening internal controls to avoid such lapses in future.

(PDP#301, AIR#10)

4.17 Unjustified repeated operation and maintenance expenditure on same machinery and plants

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."

During the audit of Executive Engineer Public Health Engineering (Operation & Maintenance) Division, Khairpur, for the financial year 2023-24, it was observed that an amount of Rs. 9.066 million was incurred on repair and maintenance. Audit noted that the bills were repeatedly prepared for repair of same items against different schemes after interval of few days. Details are given in **Annexure-X.**

Audit is of the view that due to significant unusual transactions, the possibility of duplicate billing cannot be ruled out.

The matter was reported to the management in January, 2025. Management replied that items involved are electrical in nature and due to faults and power fluctuations; therefore, repeated repairs at different schemes were unavoidable to ensure uninterrupted public service. Payments were made at different intervals, and supporting documents are attached for audit verification.

DAC in its meetings held on 23.12.2025, directed that the history sheet of expenditure incurred on pumping stations be provided to Audit for verification of the stated position.

During verification, management submitted copies of F&F bills but did not produce repair register/history sheet to know about actual repairs.

Audit recommends implementation DAC directives besides strengthening internal controls to avoid lapses in future.

(PDP#51, AIR#03)

4.18 Irregular expenditure on repair of machinery

According to Rule 10 (i, iv) of General Financial Rules, Volume- I, "Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of the community."

During the audit of various offices of Public Health Engineering & Rural Development Department for the financial years 2022-23 & 2023-24, it was observed that expenditure worth Rs. 31.182 million was incurred on account of repair of machinery without requisitions from concerned operators; history sheets were not maintained. Absence of history sheets and requisitions, the expenditure was doubtful. Details are given in **Annexure-XI.**

Audit is of the view that in absence of requisite record genuineness of expenditure on repair of machinery could not be authenticated

The matter was reported to the management from January to May, 2025. Management replied that all repairs and maintenance of pumping machinery, transformers, solar systems, and other electrical equipment were carried out at different times and locations based on requisitions received from operators. The works were executed after site inspection and approval of the AEN/XEN, through quotations in accordance with SPPRA rules or under approved O&M plans, due to urgency, power fluctuations, and absence of a mechanical division. Transformers and equipment are the property of the department; replaced unserviceable items were left at site, rates were reasonable as per market quotations, and payments were made at different intervals against sanctioned estimates.

DAC in its meetings held on 23.12.2025, directed that the complete relevant record, including history sheets, photographic evidence, vouchers, estimates, approvals, and supporting documents, be produced to Audit for verification of the stated position.

No requisitions from operators, machinery history sheets, or other supporting documents were produced to Audit for verification.

Audit recommends the implementation of DAC decisions besides taking corrective measures to avoid such lapses in future.

4.19 Irregular preparation of estimate and detailed rate analysis

According to Sr.#4 of Schedule of Rates (Composite) for finished items of works 2012, "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." Further, as per SPPRA works guidelines para # 11.2.3, **"**No work can be started until and unless technical sanction is accorded by the competent authority. However, in case of emergencies when it is not possible to get the technical sanction in time, the adopted specifications/Manuscript copy may be approved from the competent

authority in advance before the work is started. However, the estimates for technical sanction be submitted without wasting any further time."

During the audit of the Executive Engineer, PHE (Operation & Maintenance) Division, Tharparkar, for the financial year 2023-24, it was observed that estimate amounting to Rs. 28.893 million was approved for the purchase of membranes, batteries, VFDs, etc. for maintenance of RO plants. The rate analysis was approved on 02-10-2023, but rate analyses were based on outdated quotation i.e 21-01-2021 and 10-01-2022 nearly two years prior to the approval of the estimate. It appears that the old quotations were used merely to justify the rate analysis rather than prevailing market prices.

Audit is of the view that the estimate was approved on assumptions and without conducting a proper market survey, thus chances of mis-procurement cannot be ruled out.

The matter was reported to the management in January, 2025. Management replied that rate analysis included in the estimate was duly approved by the competent authority and was both technically adequate and economical.

DAC in its meeting held on 23.12.25 & 24.12.2025, directed to produce the record to Audit for verification of stated position. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation of DAC directives.

(PDP#208, AIR#06)

4.20 Unjustified Excess Provision of solar plates

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 the audit of Executive Engineer, Public Health Engineering Division, Tharparkar, for the financial year 2023-24, it was observed that Technical Sanctions amounting to Rs. 104.701 million were initially approved for various works during the year 2021. Subsequently, these TSs were revised in 2022 to Rs. 126.144 million. However, solar system's capacity was abnormally increased from 150% to 354% of the actual power requirement of the motors installed. This resulted in excess expenditure worth Rs. 15.584 million.

Audit is of the view that the unjustified increase in solar system capacity beyond technical requirements indicated poor planning and lack of cost-efficiency, resulting in avoidable expenditure and inefficient utilization of public funds.

The matter was reported to the management in January, 2025. Management replied that work was executed strictly as per actual site requirements and revised approval was duly accorded by the competent authority after full satisfaction.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed department to provide detailed justification along with relevant record to Audit for verification. However, no documentary evidence was produced to audit till finalization of the Audit Report.

Audit recommends implementation of DAC directives.

(PDP#242,AIR#23)

4.21 Irregular award of work on single bid basis without market rate analysis

As per Rule-48 of Sindh Public Procurement Rules, 2010, "If a single bidder participates for the bidding process, the rates will be compared with market rates or last awarded contract."

During the audit of following offices of Public Health Engineering & Rural Development Department, for the financial years 2022-23 to 2024-25, it was observed that contracts of various schemes involving Rs. 1,793.931 million were awarded on single bid basis without comparison of market rates. Further, the market rate analysis and rates of previous contracts of similar nature of works were also not available on record. Details are as under:

(Rs. in Million)

Sr.#	Offices	PDP/AIR#	Amount
1	XEN, PHE Division, Sujawal	108/04	65.272
2	XEN, PHE Division, Tharparkar	240/21	110
3	XEN, PHE (O&M) Division, Sanghar	11 /07	36.512
4	XEN, PHE Division, Qamber Shahdadkot	259/01	46.546
5	XEN, PHE (O&M) Division, Dadu	88/05	71.509
6	XEN, PHE (O&M) Division, SBA	309/5	380.572
7	XEN, PHE Division, Jamshoro	323/5	1,083.52
Total			**1,793.931**

Audit is of the view that award of contracts to single bidder without conducting market rate analysis raised questions on transparency in the tendering process.

The matter was reported to the management from January to October, 2025. Management replied in all cases, works were awarded in accordance with SPPRA Rules, 2010 and tenders are properly advertised and the quoted rates are found reasonable and comparable with PC-I cost, sanctioned estimates, market rates, or previous contract rates. The NITs were duly published in print media and on the SPPRA website, procurement committees evaluated the bids, non-schedule items/rates were analyzed through approved Rate Analysis (RA), and approvals including Technical Sanction and tender acceptance were accorded by the competent authority.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the Chief Engineer to conduct an inquiry and submit a report within 30 days (Sr#7) and get the stated position verified from audit (Sr#1 to 6).

The management failed to produce required documents for verification. No inquiry report was produced till the finalization of the Audit report.

Audit recommends compliance with DAC directives besides strengthening of internal controls to avoid such lapses in future.

4.22 Unauthorized and faulty execution of work by contractor other than the one who was awarded the work.

As per 11.1.3 (i) of SPPRA, Procurement Regulation (Works), "PC-I of the scheme/work is required to be revised when the original scope is modified/changed, even though the cost of the same may possibly be covered by savings on other items in the original rough cost estimate."

During the audit of the Executive Engineer, Public Health Engineering Division, Hyderabad for the financial year 2023-24, it was observed that tile work in the office of the Chief Engineer (2nd floor) was executed over existing tiles, and a lean concrete base of approximately 5 to 9 inches was also laid. As a result, the floor level was raised, rendering the existing doors unusable, as they could not be trimmed from the bottom as previously highlighted in the Superintendent Engineer's letter No. DB/327/2021 dated 08.02.2021.

Furthermore, according to the contractor M/s Royal Sun Industries in a letter dated 15.02.2021, the defective tile work was carried out by a different contractor, not the one officially awarded the work. The original contractor

claimed that he was pressured to process the payment for the faulty work on the verbal instructions of the Chief Engineer**.**

The matter was reported to the management in January, 2025. Management replied that work was executed through quotation on the instructions of the Chief Engineer, PHED, Hyderabad, in 2021. Tile work on the 2nd floor was carried out over the existing chips flooring to avoid structural damage; the floor level was raised minimally, and existing doors were technically adjusted. The work was supervised by technical staff.

DAC in its meeting held on 23.12.25 & 24.12.2025 directed the management to produce the record and get the stated position verified from audit.

During verification, management as well as contractor admitted that work of inferior quality has been executed.

Audit recommends inquiry into the matter since work awarded to one contractor cannot be transferred to a new contractor without observing the due process.

(PDP#273, AIR#9&11)

4.23 Non-obtaining of performance security

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."

During the audit of Executive Engineer, Public Health Engineering Division, Karachi, for the financial year 2023-24, it was observed that performance security worth Rs. 2.697 million was not obtained from the contractor. Further, no evidence was provided regarding retention/credit of call deposit equivalent to performance security amount. Details are as under:

(Rs. in Million)

Schemes	W.O No & Date	Tender Cost	Performance Security 5%
Reconditioning of metaled road / paver work, providing & laying sewerage main line and rehabilitation of water schemes of different villages of UC Jumma Himayti, UC Chohar (**M/s. Naveen International)**	5017 dated 14.06.24	53.948	2.697
	Total	**53.948**	**2.697**

Audit is of the view that undue favor was extended to the contractor which reflected weak financial controls.

The matter was reported to the management in January, 2025. Management replied that call deposit / performance security amounting to Rs. 2,697,376 of M/s Naveen International, was duly deducted in the 1st R.A. Bill.

DAC in its meetings held on 23.12.2025 and 24.12.2025 directed that the record be produced to Audit for verification of the stated position.

During verification, it was observed that performance security was not obtained before the issuance of work order.

Audit recommends inquiry into the matter besides strengthening strict adherence to the procurement regulations to avoid such lapses in future.

(PDP#305, AIR#02)

CONCLUSION

The audit concludes that the Public Health Engineering & Rural Development Department suffers from persistent and systemic weaknesses in financial management, procurement, and contract administration. Recurrent irregularities already highlighted in previous audit reports demonstrate non-compliance with codal rules, ineffective internal controls and weak financial discipline.

Significant issues include excess and irregular payments, non-recovery of liquidated damages, improper handling of call and security deposits, unauthorized expenditure, non-crediting of government revenue, execution of works without valid agreements and failure to maintain mandatory financial records. In several cases, management failed to provide documentary evidence, despite repeated audit observations and explicit DAC directives, raising serious concerns regarding transparency and accountability.

The continued non-implementation of DAC decisions and absence of inquiry reports indicate inadequate oversight and governance, resulting in undue benefit to contractors and avoidable risk to the public exchequer. Immediate corrective action is required, including recovery of losses, fixation of responsibility on delinquent officials and strengthening of financial and contract management controls to prevent recurrence of these irregularities.

RECOMMENDATIONS

i. Procurement processes strictly comply with SPPRA rules, ensuring proper technical evaluation, transparency, and value for money.
ii. Effective planning and monitoring be ensured to complete water supply and sanitation schemes within approved timelines and to provide Water & Sanitation services to the rural population.
iii. Payments be made strictly on actual execution, and variations or escalation claims should be allowed only after approval of the competent authority.
iv. Outstanding government dues be recovered promptly and responsibility may be fixed for inefficiencies.
v. Security deposits should be properly deducted, recorded, and managed in accordance with rules to safeguard government interests.
vi. Proper operation and maintenance arrangements should be ensured, particularly for RO/UF plants, to keep assets functional and achieve intended public health benefits.
vii. Effective project planning and its execution must be ensured to avoid time and cost overrun.
viii. Ongoing schemes must be prioritized to avoid wastage of resources already incurred thereon.
ix. Execution of works should be confined to authorized jurisdiction, with clear roles and responsibilities to avoid unauthorized and inefficient use of public resources

APPENDICES:

A. Audit Objectives

The primary objective of this audit was to assess PHE&RD's governance framework, operational efficiency, and compliance with statutory and regulatory requirements during FY 2024-25. Specifically, the audit aimed to:

- Assess compliance with applicable laws, rules, regulations, court directives, and government instructions governing PHE&RD's operations.
- Evaluate the effectiveness of internal controls relating to financial management, water supply and sanitation projects, human resources, procurement, and project execution.
- Identify irregularities, non-compliance, and control weaknesses, and recommend corrective measures to strengthen accountability and transparency.

B. Audit Scope

This office has a mandate to conduct audit of (89) formations working under the PAO. Total expenditure of these formations was Rs. 31,877.111 million for the financial year 2024-25. During the current audit year (06) formations having a total expenditure of Rs. 8,964.608 million were audited for the financial year 2024-25. This audit report also includes audit observations of (23) formations relevant to previous FY 2023-24 having a total expenditure of Rs. 12,074.289 million.

C. Audit Methodology

The audit exercise was carried out in accordance with Department of Auditor General of Pakistan auditing standards as prescribed in Financial Audit Manual. Prior to the field activity, desk review was conducted to attain comprehension of the system, procedures and environment of audit entities. The permanent files of the entities maintained in the Directorate General Audit were utilized for understanding their business and legal / institutional framework. The evidence was primarily gathered after applying systematic procedures by means of enquiries from the management, review of monitoring and progress reports and examination of payment vouchers.

Audit tests and analytical procedures were followed to evaluate that the expenditure was completely recorded and receipts were timely deposited into government treasury. The review of payments was made to ensure that these were validated by proper supporting documents and approval of competent authority as per applicable rules and regulations. Budget comparison with actual expenditure was carried out to ensure that the expenditure was made in accordance with the approved budget, including the revisions made therein. The data pertaining to audit activity, starting from the planning to execution stage was uploaded to the Audit Management Information System (AMIS), wherein the chronological status and findings of audit programs were duly incorporated.

MEMORANDUM FOR DEPARTMENTAL ACCOUNTS COMMITTEE (MFDAC)

Annex-A

Sr#	Observation	Nature of Observation
1	Misclassification in revenue and expenditure – Rs. 34.209 million	others
2	Variation in the figure of accounts – Rs. 52.461 million	others
3	Un-justified payment for difference cost of material – Rs. 0.849 million	others
4	Irregular selection of locations without feasibility report - Rs. 320.743 million	others
5	Unauthorized exercise of powers of Chief Engineer BS-20 by officer of BS-19 grade for approval of technical sanction.	others
6	Unauthorized use of vehicle by DG beyond entitlement, non-disposal of condemned vehicles and Irregular payment of allowance-Rs 0.231 million	others
7	Loss to state due to misuse / unauthorized retention of vehicles	others
8	Irregular deduction of 20% special security deposits – Rs. 1.376 million	others
9	Irregular execution of works without its allied items-Rs. 27.118 million	others
10	Unjustified execution of extra items	others
11	Non-Accountable of old pumping machines & non-maintenance of fixed assets register	others
12	Non-verification and non-availability of bid security- Rs. 39.100 million	Others
13	Irregular and unjustified expenditure on POL for generators / engines – Rs8.004 million	Others
14	Non / less-recovery of various taxes	Recovery
15	Sub-standard execution of work due to variation in utilization of material-Rs.26.368 million	Procurement related irregularities
16	Unjustified expenditure on supply of alum without alum tank - Rs. 4.204 million	Procurement related irregularities

ANNEXES

Annexure-I

Abnormal delay in completion of public importance schemes

(Rs.in million)

Sr. #	Name of Office	F.Y	PDP	AIR #	Remarks	Start Year	Completion Year	Delay (Years)	Exp
1	Executive Engineer, Public Health Engineering .Mirpurkhas	2023-24	07	10	02 scheme of Rehabilitation of W/S Schemes Deh 170 & T.Jan Muhammad Digri , Cnstt of Rural W/S Kot G.Muhammad	Nov-2018 to August 2023	May -19 to May24	01 to 05	93.321
2	Executive Engineer, Public Health Engineering Division, Kashmore@ Kandhkot	2023-24	64	05	1,Constt: Surface Drain schemes of Kandhkot 2. Reh. W/S Kundo Bakhrani 3. P/l/J/T HDPE pipe Urban D/R Scheme Khandh kot	Nov-2019 to January 2021	August - 2020 to January 2021	03 to 04	58.451
3	Executive Engineer, Public Health Engineering Division Jacobabad	2022-23 & 2023-24	69	01	Drainage Scheme Ghari Khero Town	June - 2016	Decemb er 2016	08	37.938
4	Executive Engineer, Public Health Engineering Division, Hyderabad	2023-24	271	07	04 Schemes of Rehabilitation of Bhendo Sharif, Chuki, Mehrab Khan and Main office of PHE	August 2022 & May 2023	Dec 2022 & July 2023	01 to 02	68.704
			278	17	Reha: Drainage Sch. Waki Wasi Hyd.	May 2023	July 2023	01 year 03 months	24.195
			279	18	Reha: Drainage Sch. Jhando Khoso Hyd.	May 2023	January 2024	08 months	20.593

5	Executive Engineer, Public Health Engineering Tharparkar	2023-24	227	08	Rain Water/Sewerage water Disposal. Tharparkar	Oct-2017	-	06 Years	30.000
6	Executive Engineer, PHE (Operation & Maintenance) Division, Larkana	2023-24	254	04	O & M of Drinking water plant on Reverse Osmosis (RO) & (UF) Plant technology (AMP)	01-04-2021	March-2023	1.5 years	53.623
7	XEN, PHE, Umerkot	2023-24	155	05	Imp: & Ext: of urban water supply scheme Nabisar road M/S Mustafa Khan	20-12-23 Date of start	24/05/24 Date of MB	08 month delay in start	30.335
8	XEN, PHE, Hyderabad	2023-24	288	28	Ultra Filtration Water Supply Scheme Tando Jam District Hyderabad	start in August, 2014		10 years	617.441
9	XEN, PHE, Sanghar	2024-25	350	2	Urabn water supply scheme Shahpur chakar phase-II	26-1-2018	June 2021	07 years	133.109
								Total	**1167.71**

Annexure-II

Irregular award of contracts in violation of procurement rules

(Rs.in million)

Sr #	Name of Office	Particulars	Year	AIR No.	PDP#	Amount
1	Executive Engineer Public Health Engineering, Umerkot	Short recovery of bid security (due Rs.0.680 recovered 0.490 less recovered 0.190)	2023-24	7	157	0.190

2	Executive Engineer Public Health Engineering, Thatta	Tender was published in only single newspaper (Ummat Urdu) instead of three leading newspapers, work was awarded on single bid basis, variation in figures was found in bidding documents	2023-24	7	170	674.643
3	Executive Engineer, Public Health Engineering Division, Tharparkar	Bids of various Works were opened 13 to 39 days after the scheduled dates for opening and procuring agency had also neither uploaded nor produced any corrigendum for extension	2023-24	20	239	866.413
4	Executive Engineer, PHED, Tando Allahyar	Short recovery of bid security (due Rs.4.358 recovered 4.328 less recovered 0.030)	2023-24	4	122	0.030
5	Executive Engineer, Public Health Engineering, Division, Sujawal	Works awarded without verification of bid security	2023-24	8	110	9.8
6	Executive Engineer, Operation & Maintenance Division, Tharparkar	Non issuance of corrigendum regarding change in quantities in bid	2023-24	5	207	25.355
7	Executive Engineer Operation & Maintenance Division Umerkot	CD prepared one week before the publication of the NIT date 26-11-23 CD date 20-11-23	2023-24	02	137	3.671
8	XEN, PHE Division, Jamshoro	Modification in the quantities of different items after issuance of bidding documents and without corrigendum	2024-25	20	333	3.359.
9	XEN, PHE Division, Badin	Identical signature and contact numbers between two contracts	2024-25	01	334	142.283
10	XEN, PHE (O&M) Division, Hyderabad	without uploading mandatory bidding documents on Authority's website	2023-24	30	196	80.237
11	XEN, PHE (O&M) Division, Tharparkar	without uploading mandatory bidding documents on Authority's website	2023-24	07	209	82.046
			2023-24	17	236	393.915
Total						**2,278.83**

Annexure-III

Irregular award of tenders without adoption of appropriate technical evaluation criteria

(Rs.in million)

Sr #	Name of Office	Particulars	Year	AIR No.	PDP#	Amount
1	Executive Engineer, Public Health Engineering, Qamber Shahdadkot	Bidders were declared technically qualified without proper evaluation against the twelve mandatory eligibility criteria specified in the tender documents. Only four criteria were assessed using a simplistic "Yes" or "No" approach,	2023-24	2	260	2,310.59
2	Executive Engineer, Public Health Engineering Division, Hyderabad	Contract was awarded against the minimum turn-over of two years & turnover amount was not specified, equal weightage (20%) for all criteria was kept rather than identifying and categorizing items, no sub-criteria was defined; contractors scored below 50% in critical areas but still qualified.	2023-24	01, 02 & 03	267	199.96
3	Executive Engineer, PHE Division, Tharparkar	Various works were awarded to contractors even though they were not registered with FBR	2023-24	19	238	162.916
4	Executive Engineer, Operation & Maintenance Division, Hyderabad	Outdated, irrelevant, and incorrect documents were used for procurement, undermining transparency and compliance with SPPRA 2010	2023-24	31	197	80.237
		Contractor did not possess the Electric License for the current year as Zero marks were allocated during evaluation of mandatory criteria requirements.	2023-24	33	199	40.343
		Technical proposals revealed several irregularities, indicating that the mandatory eligibility criteria were not properly assessed or documented	2023-24	34	200	40.343
		Work was awarded without complying the evaluation criteria	2023-24	37	202	39.893

5	Executive Engineer, Operation & Maintenance Division, Tharparkar	Evaluation reports revealed that bidders were assessed using a simplified "Yes/No" approach on limited parameters.	2023-24	1	204	82.046
6	DG, RDD, Hyderabad	Award of work without eligibility criteria documents such as experience , bank statement and financial statement etc.	2024-25	06	361	71.447
					Total	**3,027.775**

Annexure-IV

Splitting-up of works to avoid competitive bidding

(Rs. in million)

Sr#	Name of Office	Particulars	F.Y	PDP#	AIR#	Amount
1	Executive Engineer (Development), PHED, Tando Allahyar	Various works for Providing delivery main for solar powered R.O plant i/c other works for water supply scheme from Bulghari Minor to village Pirbhu Kohli vide work order 371-376 dated 15-5-24 (Part-A), Taluka Jhando Mari, District Tando Allahyar	2023-24	22	02	3.394
2	Executive Engineer, (Development) PHED, Larkana	Various works for Providing and supply of Google Maps, Marking Printing etc. split-up in 39 parts.	2023-24	134	13	3.621
3	Executive Engineer, Public Health Engineering Tharparkar,	Various works through F&F bill without inviting open tender	2023-24	229	10	5.243
4	Executive Engineer, Public Health Engineering Tharparkar	cost of the work orders of contingent payment kept within the limit of Rs. 300,000/ to avoid invitation of tender	2023-24	230	11	2.955

5	Executive Engineer, Public Health Engineering Division, (O&M) Hyderabad	Hire Charges of Diesel Generator 100KVA & other accessories with pipe	2023-24	182	09	3.025
6	Executive Engineer, PHE (O&M), Division, Dadu	Repair & maintenance	2023-24	104	02	3.180
7	Executive Engineer PHE (O&M), Division Umerkot	Repair & maintenance	2022-24	138	03	6.220
8	Executive Engineer, PHE (O&M), Division, Hyderabad	de-silting work of drains		183	10	13.217
9	Executive Engineer, PHE (O&M), Division, Tharparkar	Repair works of water supply / drainage scheme	2023-24	211	09	49.049
		execution of different items of works		212	10	43.118
		Supply of variable frequency drive (VFD)		214	13	12.412
10	Executive Engineer, PHE (O&M), Division, Shaheed Benazirabad	Repair works	2024-25	308	3	10.101
11	Executive Engineer, PHE (O&M), Division, Badin	Expenditure was incurred first and final bills against various schemes	2024-25	335	03	38.007
Total						**264.542**

Annexure-V

Irregular payment on part rate

(Rs.in million)

Sr#	Name of Office	Particulars	F.Y	PDP#	AIR#	Amount
1	Executive Engineer, Public Health Engineering Division, Mirpurkhas	Supply of PE pipe	2023-24	03	03	4.059
2	Executive Engineer (Development), PHED, Tando Allahyar	Supply of PE pipe pumping machinery, Diesel Engine, Paver block, Solar Panels & RO Plants	2023-24	23	03	41.183

		Supply PE Pipe & Pumping machinery (Diesel engine) - Electric motor		27	09	5.261
3	Executive Engineer, Public Health Engineering Division, Tando Mohammad Khan	supply of various items of P.E. pipes	2023-24	34	08	25.653
4	Executive Engineer, Public Health Engineering Division, Matiari	supply of. PVC, UPVC, Paving block etc	2023-24	43	03	26.610
5	Executive Engineer, Public Health Engineering Division, Kashmore@Kandhkot	Procurement of solar system/panels	2023-24	68	09	2.390
6	Executive Engineer, Public Health Engineering Division Jacobabad	supplying machinery, including electric motors and diesel machines	2022-23 & 2023-24	76	08	22.009
7	Executive Engineer, Public Health Engineering, Division, Sujawal	supply of paver blocks	2023-24	109	07	5.238
8	Executive Engineer, Public Health Engineering Division, Mirpurkhas	Supply of PE pipes	2023-24	111	08	3.698
9	Executive Engineer, Public Health Engineering Division Khairpur	Supplying of Solar system, pumping machinery, diesel engine	2023-24	114	03	22.279
10	Executive Engineer Public Health Engineering, Umerkot	Supply of PE pipes	2023-24	156	06	41.773
		Procurement of P.E. pipes,, pumping machinery and solar system		158	08	14.991
11	Executive Engineer, Public Health Engineering Division Thatta	Supplying of Paver block	2023-24	165	02	49.211
13	Executive Engineer Public Health Engineering, Khairpur	Procurement of P.E.Pipes, pumping machinery and solar system	2023-24	120	09	33.828

14	Executive Engineer, Public Health Engineering Tharparkar	Supply solar plates and pumping machinery	2023-24	244	25	19.211
		Supplying PE Pipes		246	27	13.651
15	Executive Engineer, Public Health Engineering Division, Hyderabad	Supplying PE pipe, Pumping machinery & Solar system	2023-24	282	22	20.781
16	Executive Engineer, PHE (O&M) Division, Hyderabad	Replacement of existing RC membrane size 8"x40"	2023-24	195	29	2.153
17	Executive Engineer, Public Health Engineering Tharparkar	Supply of PE pipes	2023-24	245	26	11.853
18	Executive Engineer, PHE Sukkur	Paving blocks, pipes, solar system, pumping machinery and motors	2024-25	302	8	32.340
		Pumping Machinery, PN Pipe 6& 8 dia	2024-25	313	06	2.015
19	Executive Engineer, PHE, Jamshoro	Pumping machinery, Pipes, Solar etc.	2024-25	322	4&7	47.977
20	Executive Engineer, PHE , Thatta	Pumping machinery, Pipes, Solar etc.	2024-25	340	01	83.999
Total						**536.148**

Annexure-VI

Non-recovery of liquidity damages

(Rs. in million)

Sr#	Office	F.Y	Particulars	Stipulated date of start	Stipulated date of completion	Penalty on delay	PDP #	AIR #	Amount
1	Executive Engineer (Development), PHED, Tando Allahyar	2023-24	01 Scheme	19-Jun-16	13-Jun-19	05 years	25	07	3.418
2	Executive Engineer, Public Health Engineering Division, Kashmore @Kandhkot	2023-24	03 Scheme	2022 & 2023	2023	01 Year	63	04	0.998

3	Executive Engineer, Public Health Engineering, Division, Sujawal	2023-24	02 Scheme	2019 & 2021	2020 & 2022	02 to 04 Years	123	03	4.598
4	Executive Engineer Public Health Engineering, Thatta	2023-24	04 Scheme	2018 & 2019	2019 & 2022	02 to 04 Years	164	01	8.626
5	Executive Engineer, PHE, Division, Matiari	2023-24	05 Scheme	Jan to June-2023	Jan to June-2024	01 year	293	05	13.547
6	Executive Engineer, PHE, Division, Karachi	2024-25	03 schemes	2017-2023	2018 to 2024	01 to 07 year	307	10	35.516
7	Executive Engineer, PHE, Division, Sukkur	2024-25	03 schemes	2023	2024	1 year	315	09	6.559
8	Executive Engineer, PHE, Division, Jamshoro	2024-25	08 schemes	2012-2022	2015 to 2023	5 to 10 years	325	8&16	34.934
Total									**108.196**

Annexure-VII

Excess payment on various execution of works

(Rs.in million)

Sr#	Name of Office	F.Y	Particulars	PDP#	AIR#	Amount
1	Executive Engineer, Public Health Engineering Division, Mirpurkhas	2023-24	Carriage on Paver Blocks	05	05	4.090
2	Executive Engineer (Development), PHED, Tando Allahyar	2023-24	Excess payment against the quantity of bricks 43,781 bricks @ Rs. 6	28	10	0.263
3	Executive Engineer, Public Health Engineering Division, Tando Mohammad Khan	2023-24	Excess payment on steel than RCC ratio	39	13	3.023
			Excess payment on difference cost of steel	40	14	2.308

4	Executive Engineer, Public Health Engineering Division, Matiari	2023-24	Excess payment on difference cost of steel	45	08	0.834
5	Executive Engineer, Public Health Engineering Division, Mirpurkhas	2023-24	Excess rate on barrow pit	01	01	0.431
			Excess payment on Earthwork compaction by sheep foot roller as two compactions were allowed simultaneously	02	02	1.820
6	Executive Engineer (Development), PHED, Tando Allahyar	2023-24	Excess payment on Solar rate	26	08	0.758
			Excess payment on 10 BHP motor rate			
7	Executive Engineer, Public Health Engineering Tharparkar	2023-24	excess payment on solar plats due to enhanced watts from 2600 to 3900 whereas specification of the submersible pumps of 2:00 BHP were remained unchanged.	233	14	4.492
Total						**18.019**

Annexure-VIII

Irregular expenditure without supporting documents

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	PDP#	AIR#	Amount
1	Executive Engineer, Public Health Engineering Division, Qamber Shahdadkot	delivery challan of paver blocks along-with necessary quality tests report	2023-24	262	05	299.699
		Land Award Statement and disbursement account		265	08	30.675
2	Executive Engineer (Development), PHED, Tando Mohammad Khan	supporting vouchers i.e., record of appointed employees', approval of	2023-24	42	18	0.923

		competent authority, contract agreement and attendance sheets				
		Completion report / PC-IV		33	07	66.530
		Rate analysis		35	09	9.539
3	Executive Engineer, Public Health Engineering, Division, Sujawal	Paver blocks without invoices and test report	2023-24	107	02	13.062
4	Executive Engineer, Public Health Engineering Tharparkar	Water test reports of bores	2023-24	248	29	8.769
5	Executive Engineer, Public Health Engineering Division, Kashmore@Kandhkot	Rate analysis	2023-24	65	06	7.098
7	Executive Engineer, PHE (O&M) Division, Dadu	Lab test report of P.E pipes	2023-24	103	08	4.850
8	Executive Engineer PHE (O&M), Jamshoro	Log book & consumption account	2022-24	102	02	3.000
Total						**444.145**

Annexure-IX

Unjustified payment on supply of solar system and pumps in excess of bore wells

Sr. #	Name of Work	Total Bore	Total Solar	Total Pumps	Solar in excess of Bore	Pumps in excess of Bore	Solar in excess of pumps
1	Drilling & Installation of Low Capacity Solar Submersible Pumps in Various Villages of Union Councils Jhimpiryo, Dabhro, Bhadoor, Bolhari and Talo Jam District Tharparkar (55 Units)"	11	55	45	44	34	10
2	Drilling & Installation of Low Capacity Solar Submersible Pumps in various villages Taluka Nagarparkar (53 Units) On Bore and Well DistrictTharparkar	31	53	53	22	22	-

3	Drilling & Installation of Low Capacity Solar Submersible Pumps in Various Villages of Taluka Chachro District Tharparkar (37 Units) on Bore &Well	24	37	37	13	13	-
4	Drilling & Installing of Submerge Pumps in Various of Tharparkar for Drilling and Installation of 200Submersible Pumps in Various Villages of District Tharparkar (33 Units) Part-VI	-	29	-	29	-	29
5	Installing of Solar Submerge Pumps in Different Villages of Taluka Kaloi Diplo & Mithi for Installation of 70 Solor Submersible pumps in different villages of Tharparkar (15 Units) Part-III	-	13	-	13	-	13
6	Installing of Solar Submerge Pumps in Different Villages of Taluka Islamkot, Nagarparkar & Mithi for Installation of 200 Solor Submersible pumps in different villages of Tharparkar (31 Units) Part-V	-	31	31	31	31	-
	Total	**66**	**218**	**166**	**152**	**100**	**52**

Annexure-X

Unjustified repeated operation and maintenance expenditure on same machinery and plants

Vendor Name	Cheque No	Payment Date	Amount	CV#	Particulars	Sub-Div	Scheme	W/o#	Dated
M/S Raza Engineering & Construction	5386295	5/31/2024	289,905	H-26	Repair Of Panel Board, Pump & Silt Clearance For D/S Marecha/Manghwar Mohalla, Taluka Kot Diji District Khairpur	Kot Diji	D/S Marecha/Manghwar Mohalla,	1552	15.05.24
M/S Raza Engineering & Construction	5386295	5/31/2024	279,245	H-29	Repair Of Panel Board, Pump & Silt Clearance For D/S Marecha/Manghwar Mohalla, Taluka Kot Diji District Khairpur	Kot Diji	D/S Marecha/Manghwar Mohalla,	1555	15.05.24

M/S Muhammad Ameen Khoso	5173827	1/3/2024	274,723	H-61	De-Watering Various Drainage Scheme T/Kingri Khairpur	Khairpur	Balling Are Pumping Sub Soil Water During Excavation Concreting D/Scheme Kingri	893	26.12.23
M/S Muhammad Ameen Khoso	5173827	1/3/2024	283,554	H-63	De-Watering Various Drainage Scheme T/Kingri Khairpur	Khairpur	D/Scheme Kingri	894	26.12.23
M/S. Muhammad Munaim Constructio n	5450040	6/10/2024	284,961	H-38	Fixing 4 Core Wire 35Mm At Disposal Kot Mir Muhammad-II,Taluka Kingri, District Khairpur	Kingri	W/S Manghanwari	Nil	Nil
M/S. Muhammad Munaim Constructio n	5450040	6/10/2024	290,231	H-39	Supply Of 4 Core Wire For W/S Manghanwari, Taluka Kingri District Khairpur.	Kingri	W/S Manghanwari	Nil	Nil
M/S Dilshad Enterprises	5173831	1/3/2024	295,579	H-67	Repair Of Turbine Motor, Ac Electric Motor & Supplying 4 Core Wire For	Kingri	W/S Manghanwari	618	20.09.23
M/S. Muhammad Munaim Constructio n	5294003	3/27/2024	297,357	H-43	Repair Of Motor And Panel Board At Drainage Scheme Kot Mir Muhammad & D/Engine & Pump At Kholhra Abbasi Disposal Taluka Kingri	Kingri	D/S Kot Mir Muhammad	Nil	Nil
M/S Roshan & Brothers	5387379	6/7/2024	132,350	H-7	Repair Rewinding Of Motor & Panel Board Drainage Scheme Kot Mir Muhammad T/Kingri	Kingri	D/S Kot Mir Muhammad	1174	19.02.24

M/S Hamza Constructio n Company	529399 4	3/28/2024	298,800	H-26	Repair Of Turbine Hallow Shaft	Khairpur	W/S Scheme Arab Katohar	91	27.02.24
M/S Dilshad Enterprises	538738 1	6/7/2024	416,897	H-18	Repair Of Turbine Hallow Shaft	Khairpur	W/S Arab Katohar	1480	08.04.24
M/S Al-Khattab Constructio n	538637 7	5/31/2024	178,852	H-58	Repair Diesel Engine 16 Bhp	Khairpur	D/S Lemo Naich	1141	12.02.24
M/S Javed Hussain Shaikh Govt Contt	529417 6	3/26/2024	200,566	H-67	Repair Of Diesel Engine 16 Bhp And Pump	Khairpur	D/Scheme Lemo Naich	94	28.02.24
M/S Javed Hussain Shaikh Govt Contt	538629 7	5/31/2024	296,000	H-37	Repair And Rewinding Of Motor	Khairpur	D/S Shah Ladhani And Pir Bux Maitlo	1432	25.03.24
M/S Javed Hussain Shaikh Govt Contt	538629 7	5/31/2024	297,875	H-38	Repair And Rewinding Of Motor	Khairpur	D/S Shah Ladhani And Pir Bux Maitlo		
M/S Hamza Constructio n Company	517379 2	1/3/2024	240,989	H-30	Repair Of Diesel Engine 16 Bhp	Khairpur	D/S Village Lal Bux Tagar	403	08.08.23
M/S Dilshad Enterprises	517383 1	1/3/2024	294,828	H-66	Repair Of Diesel Engine 16 Bhp & MS Foundation For D/Scheme Waris Ghambir-I & Repair Of Pump At	Khairpur	D/Scheme Lal Bux Tagar Khairpur	506	23.08.23
M/S Hamza Constructio n Company	538654 4	6/3/2024	294,432	H-73	Cleaning Of Collecting Tank And Screening Chamber	Khairpur	Lal Bux Taggar, Maing Aateri, And Wada Machyoon	63	15.02.24
M/S Javed Hussain Shaikh Govt Contt	538629 7	5/31/2024	294,153	H-36	Cleaning Of Collecting Tank And Screening Chamber	Khairpur	Lal Bux Taggar, Maing Aateri, And Wada Machyoon	1431	25.03.24
M/S Javed Hussain Shaikh Govt Contt	529417 5	3/26/2024	298,856	H-64	Repair And Rewinding Of Transformer	Khairpur	D/Scheme Village Simming Channa	99	29.02.24
M/S Al-Khattab Constructio n	538637 8	5/31/2024	299,838	H-64	Repair And Rewinding Of Transformer	Khairpur	D/Scheme Goth Simming Channa	1146	12.02.24

M/S Ali Sajjad Government Contracto	5386338	6/3/2024	298,435	H-49	Repair Of Submersible Motor & Repair Of Rising Main For W/S Scheme Hussainabad, Taluka Kot Diji District Khairpur	Kot Diji	W/S Hussainabad	1528	13.05.24
M/S Ali Sajjad Government Contracto	5386339	6/3/2024	231,000	H-48	Rewinding/Repair Of Submersible Motor For W/S Scheme Goondariro, Taluka Kot Diji District Khairpur.	Kot Diji	W/S Hussainabad	1529	13.05.24
M/S Javed Hussain Shaikh Govt Contt	5294175	3/26/2024	299,134	H-65	Supplying And Fixing 4 Core Wire	Khairpur	D/Scheme Khadim Tunnio	100	28.02.24
M/S Javed Hussain Shaikh Govt Contt	5294181	3/26/2024	213,142	H-88	Supplying And Fixing 4 Core Wire	Khairpur	D/Scheme Khadim Tunnio	103	28.02.24
M/S Al-Khattab Constructio n	5386378	5/31/2024	398,318	H-65	Supplying And Fixing 4 Core Wire	Khairpur	D/Scheme Khadim Tunnio	1147	12.02.24
M/S Bukhari Builders	5294182	3/26/2024	291,984	H-89	Repair & Rewinding Of Transformer Water Supply Scheme	Kot Diji	W/S Scheme Dhupwaro	Nil	Nil
M/S Bukhari Builders	5385984	5/29/2024	291,984	H-14	Repair & Rewinding Of Transformer Water Supply Scheme Dhup Waro, Taluka Kot Diji District Khairpur	Kot Diji	W/S Scheme Dhupwaro	1443	29.03.24
M/S Javed Hussain Shaikh Govt Contt	5294176	3/26/2024	155,428	H-70	Repair Of Leakage And Pe Pipe 6 Dia	Khairpur	W/S Scheme Paryo Machi	95	28.02.24
M/S Al-Khattab Constructio n	5386377	5/31/2024	186,339	H-62	Repair Of Leakage At P.E Rising Main 6 Dia	Khairpur	W/S Scheme Paryo Machi And Jahlooji	1144	12.02.24
M/S Muhammad Ameen Khoso	5250538	2/2/2024	236,972	H-73	Repair Turbine Hallow Shaft	Khairpur	W/S/ Scheme Tando Masti-I		

M/S Javed Hussain Shaikh Govt Contt	5294175	3/26/2024	298,048	H-66	Repair Of Turbine Hallow Shaft	Khairpur	W/S Scheme Tando Masto	102	28.02.24
M/S Javed Hussain Shaikh Govt Contt	5294177	3/22/2024	163,330	H-78	PE Pipe 4" dia	Khairpur	W/S Tando Masti	92	28.02.24
M/S Al-Khattab Constructio n	5386377	5/31/2024	162,358	H-59	Distribution System P.E Pipe 4 Dia	Khairpur	W/S/S Tando Masti	1140	12.02.24
Total			**9,066,463**						

Annexure-XI

Irregular expenditure on repair of machinery

(Rs. in million)

Sr.#	Name of Office	F.Y	PDP #	AIR#	Particulars	Amount
1	Executive Engineer Public Health Engineering (Operation & Maintenance) Division, Khairpur	2023-24	53	05	Repair of transformer, motors & diesel engine	25.603
2	Executive Engineer Operation & Maintenance Division Umerkot	2022-24	143	08	Repair of transformers	1.805
3	Executive Engineer, Public Health Engineering (Operations & Maintenance) Division, Dadu	2023-24	92	10	Repair of transformer	3.006
4	Executive Engineer Operation & Maintenance Division Larkana	2022-24	10	04	Repair of solar panel	0.768
Total						**31.182**