



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF SINDH
AUDIT YEAR 2019-20**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AAP	Accelerated Action Plan
AC	Assistant Commissioner
ADP	Annual Development Plan
AG	Accountant General
AGPR	Accountant General Pakistan Revenue
AIG	Additional Inspector General
AIR	Audit Inspection Report
AIT	Agriculture Income Tax
APPM	Accounting Policies and Procedures Manual
ASTM	American Society for Testing and Materials
BBSYDP	Benazir Bhutto Shaheed Youth Development Program
BISE	Board of Intermediate & Secondary Education
BOQ	Bill of Quantities
BPS	Basic Pay Scale
BRT	Bus Rapid Transit
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CGA	Controller General of Accounts
CIF	Community Investment Fund
CM	Chief Minister
CMO	Chief Monitoring Officer
CNIC	Computerize National Identity Card
CPLC	Citizen Police Liaison Committee
CPWA	Combined Public Works Account
CPWD	Combined Public Works Department
CRC	Complaint Redressal Committee
CTD	Counter Terrorism Department
CVT	Capital Value Tax
DAC	Departmental Accounts Committee
DAO	District Account Office/Divisional Accounts Officer
DC	Deputy Commissioner
DCS	Direct Credit System
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
DEO	District Education Officer

DEPD	Department of Empowerment of Persons with Disabilities
DFC	Disctrict Food Controller
DFO	District Forest Officer
DG	Director General
DHA	Defence Housing Authority
DHO	District Health Officer
DIGP	Deputy Inspector General of Police
DPO	District Police Officer
DPWO	District Population Welfare Officer
DSP	Deputy Superintendent of Police
ECNEC	Executive Committee of National Economic Council
EMD	Earnest Money Deposit
EPS	Earning per Share
EUR	Euro
FAM	Financial Audit Manual
FBR	Federal Board of Revenue
FD	Finance Department
FIR	First Information Report
FO	Field Office
FY	Financial Year
G.F.R	General Financial Rules
GAAP	Generally Accepted Accounting Principle
GB	Governing Body
GBPS	Govt. Boys Primary School
GL	General Ledger
GoS	Government of Sindh
GPF	General Providnet Fund
GSP	Geological Survey of Pakistan
GST	General Sales Tax
HRA	House Requisition Allowance
HEC	Higher Education Commission
HESCO	Hyderabad Electric Supply Company
HQ	Head Quarter
HR	Human Resource
ICB	International Compitative Bidding
ICT	Information Communication Technology

IHS	Integrated Health Service
JV	Joint Venture
L/C	Letter of Credit
LARMIS	Land Administration & Revenue Management Information System
LD	Liquidated Damages
LPC	Last Pay Certificate
M&E	Monitoring & Evolution
M&R	Maintenance & Repair
MB	Measurement Book
MD	Managing Director
MfDAC	Memorandum for Departmental Accounts Committee
MS	Medical Superintendent
MSDP	Municipal Services Delivery Program
MW	Mega Watt
NAB	National accountability Bureau
NBP	National Bank of Pakistan
NCB	National Competitive Bidding
NGOs	Non-Government Organizations
NIC	National Identity Card
NICVD	National Institute of Cardiovascular diseases
NIM	National Institute of Management
NIT	Notice for Inviting Tender
NOC	Non-objection Certificate
NTC	National Telecommunication Corporation
NTN	National Tax Number
OGRA	Oil & Gas Regulatory Authority
OM	Objection Memo
P&D	Planning & Development
PA	Provincial Assembly
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Proforma-I
PD	Project Director
PDA	Project Design Advance
PEC	Pakistan Engineering Council
PFM	Public Fund Management

PLA	Personal Ledger Account
PMR	Project Management Reports
POL	Petrol Oil and Lubricant
PPP	Public Private Partnership
PRC	Provincial Reserve Center
PSC	Program Steering Committee
PSDC	Petroleum Social Development Committee
PSDP	Public Sector Development Program
PSL	Pakistan Super League
PSO	Pakistan State Oil
PTC	Police Training Center
PTCL	Pakistan Telecommunication Company Ltd
PTV	Pakistan Television
PWD	Public Works Department
QCBS	Quality and Cost Based Selection
QUEST	Quaid-e-Awan University of Engineering Science & Technology
R&D	Research & Development
RBOD	Right Bank Outfall Drain
RCC	Reinforced Cement Concrete
ROE	Return of Equity
Rs	Rupees
RSU	Reform Support Unit
SAP	Systems, Applications & Products
SBB	Shaheed Benazir Bhuto
SBEP	Sindh Basic Education Program
SBP	State Bank of Pakistan
SELD	Sindh Education & Literacy Department
SEPCO	Sukkur Electric and Power Company
SERP	Sindh Education and Reform Program
SFR	Sindh Financial Rule
SG&RRP	Sindh Growth & Rural Revitalization Programme
SGA & CD	Services General Administration & Coordination Deptt.
SGA&CD	Services, General Administration and Coordination Department
SHCC	Sindh Health Care Commission
SIDA	Sindh Irrigation Development authority
SIIDB	Sindh Industrial Infrastructure Development Board

SITE	Sindh Industrial Trading Estate
SMCs	School Management Committee
SOE	Statements of Expenditure
SOP	Standard Operating Procedure
SPPRA	Sindh Public Procurement Regularity Authority
SPSC	Sindh Public Service Commission
SRB	Sindh Revenue Board
SROs	Statutory Regulatory Orders
SRSO	Sindh Rural Support Organization
STRN	Sales Tax Registration Number
SRV	Store Receipts Voucher
SSGC	Sui Southern Gas Company
SSP	Senior Superintendent of Police
SST	Sindh Sale Tax
SSU	Special Support Unit
STEVTA	Sindh Technical Education & Vocational Training Authority
T&T	Technical & Transport
TA	Transport Allowance
TEO	Taluka Education Officer
THO	Taluka Health Officer
TMK	Tando Muhammad Khan
TOR	Terms of Reference
TPV	Third Party Validation
TS	Technical Sanction
TS	Technical Sanction
UCBPRP	Union Council Based Poverty Reduction Program
UCG	Underground Coal Gasification
UNCRPD	UN Convention On Rights Of Persons With Disabilities
UNICEF	United Nations international Children's emergency funds
USAID	United States Agency
USD	US Dollar
VBO	Village Based Organization's
WAPDA	Water & Power Development Authority
XEN	Executive Engineer

PREFACE

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

This report is based on the audit of accounts for FY 2018-19 of various departments and autonomous bodies of Government of Sindh. However, it also includes audit findings pertaining to FY 2017-18 which were reported to PAOs after finalization of Audit Report 2018-19.

The Directorate General of Audit Sindh conducted audit (during July to November 2019) on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes significant issues and audit findings carrying value of Rs one million or more. Relatively less significant issues are listed in the Annex-1 (Memorandum for Departmental Accounts Committee - MfDAC) of this report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers (PAOs) at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

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

The report was finalized in the light of written responses of the departments concerned, where available.

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



Javaid Jehangir
Auditor-General of Pakistan

Dated:

EXECUTIVE SUMMARY

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

Sindh Government carries out its operations under the Sindh Rules of Business 1986. The financial provisions of the Constitution of Islamic Republic of Pakistan mandate provinces to have a Provincial Consolidated Fund, for which annual budget statement is authorized by the Provincial Assembly in the form of budgetary grants, and Public Account which includes assets and liabilities of the government including funds and deposit accounts. The budget of Sindh Province is allocated at 161 fund centers of Provincial Government.

The final budget of the Government of Sindh for the financial year 2018-19 was Rs1,235.766 billion with the segregation of non-development budget of Rs976.430 billion and development budget of Rs259.336 billion. The actual expenditure incurred was Rs860.650 billion which included Rs752.089 billion on non-development budget and Rs108.561 billion on development budget. The combined percentage of utilization of budget comes to 70%.

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

a. Scope of Audit

This office is mandated to conduct audit of 2,786 formations working under 40 PAOs. Total expenditure of Sindh Government during the financial year 2018-19 was Rs860.651 billion against total receipts of Rs913.258 billion. The total expenditure (excluding Environment Department, Local Government Department, Public Health Engineering Department, and Rehabilitation Department) and provincial receipts under the audit jurisdiction of this office were Rs760.373 billion and Rs351.009 billion respectively for the financial year 2018-19.

Audit coverage relating to expenditure for the current audit year comprises 1228 formations of 40 PAOs having a total expenditure of Rs479.890 billion for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 63% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises 47 formations having total receipts of Rs105.497 billion for the financial year 2018-19. In terms of percentage, the audit coverage for receipts is 30% of auditable receipts.

This audit report also includes audit observations resulting from the audit of:

- i. Expenditure of Rs193.700 billion and receipts of Rs12.777 billion for the financial year 2018-19 pertaining to 321 formations of 40 PAOs.
- ii. Expenditure of Rs286.190 billion and receipts of Rs92.720 billion for the financial year 2017-18 pertaining to 907 formations of 40 PAOs.

In addition to this compliance audit report, Director General Audit Sindh conducted 16 Financial Attest audits. Reports of these audits are being published separately.

b. Recoveries at the instance of audit

As a result of audit, a recovery of Rs31,307.052 million was pointed out in this report. Recovery effected from January to December 2019 was Rs277.453 million which was verified by audit.

c. Audit Methodology

The audit year 2019-20 witnessed intensive application of desk audit techniques in the Director General Audit Sindh. This was facilitated by access to live SAP/R3 data, intranet, internet facility, and availability of permanent files. Desk reviews helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

d. Comments on Internal Controls and Internal Audit Department

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

- a. The instances of losses to government, recoverables and violation of rules, are outcome of the laxity in exercise of internal controls and violation of authorized procedures for processing transactions.
- b. The instances of splitting the expenditure to avoid sanction of the higher authority were observed to be a common practice. This is in violation of the process of delegation of financial powers as laid down in “New System of Financial Control and Budgeting 2018”.
- c. Codal requirements with regard to purchase of stores were not properly observed resulting into incurrence of expenditure in irregular and uneconomical manner in contradiction of prescribed rules.
- d. Another common issue observed by Audit was non-recording of different purchases in the stock register, which was the reflection of weak Internal Control System.
- e. Prescribed record was neither maintained nor produced to Audit, which was also a serious failure of Internal Control System.

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

e. The key audit findings of the report;

- i. Non-production of records – Rs113,956.499 million.
- ii. Reported cases of fraud, embezzlement and misappropriation – Rs370.376 million.
- iii. Irregularities:
 - a. HR/employee related irregularities – Rs3,026.993 million.
 - b. Procurement related irregularities – Rs47,902.480 million.
 - c. Management of accounts with commercial banks – Rs5,066.419 million.
- iv. Value for money and service delivery – Rs96.490 million.
- v. Others – Rs119,531.971 million.

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

f. Recommendations

1. Principal Accounting Officers need to take necessary steps to institute, evaluate and strengthen internal controls and financial management practices in order to ensure:
 - i. compliance with canons of financial propriety, rules and regulations, especially in autonomous institutions through training, monitoring and accountability of departmental functionaries;
 - ii. proper maintenance of accounting records;
 - iii. effective internal controls to avoid recurrence of irregularities of similar nature; and
 - iv. establishing an independent internal audit mechanism.
2. The Principal Accounting Officers further need to take steps to:
 - i. investigate cases of losses, embezzlements, unauthorized payments and non-recording of cash and stores and take appropriate corrective action;
 - ii. effect recovery of government dues and deposit into government treasury;
 - iii. ensure deposit of funds irregularly kept outside government accounts by the departments;

- iv. ensure procurements in accordance with SPPRA Rules;
 - v. ensure timely production of relevant record for audit in respect of cases pointed out in the report besides taking disciplinary action in terms of Section 14 (3) of Auditor General's Ordinance 2001;
 - vi. hold Departmental Accounts Committee meetings regularly and implement its recommendations;
 - vii. ensure the compliance of the directives of Public Accounts Committee (PAC) by giving special attention and developing mechanism of monitoring of the compliance of PAC directives in their departments; and
 - viii. address systematic issues, which include absence of management controls to prevent unauthorized practices, improper utilization of public money, absence of adequate safeguards to protect public property from theft, misuse of public funds, non-observance of codal formalities and procedures, etc.
3. Finance Department, Government of Sindh needs to build up institutional capacity in financial matters.

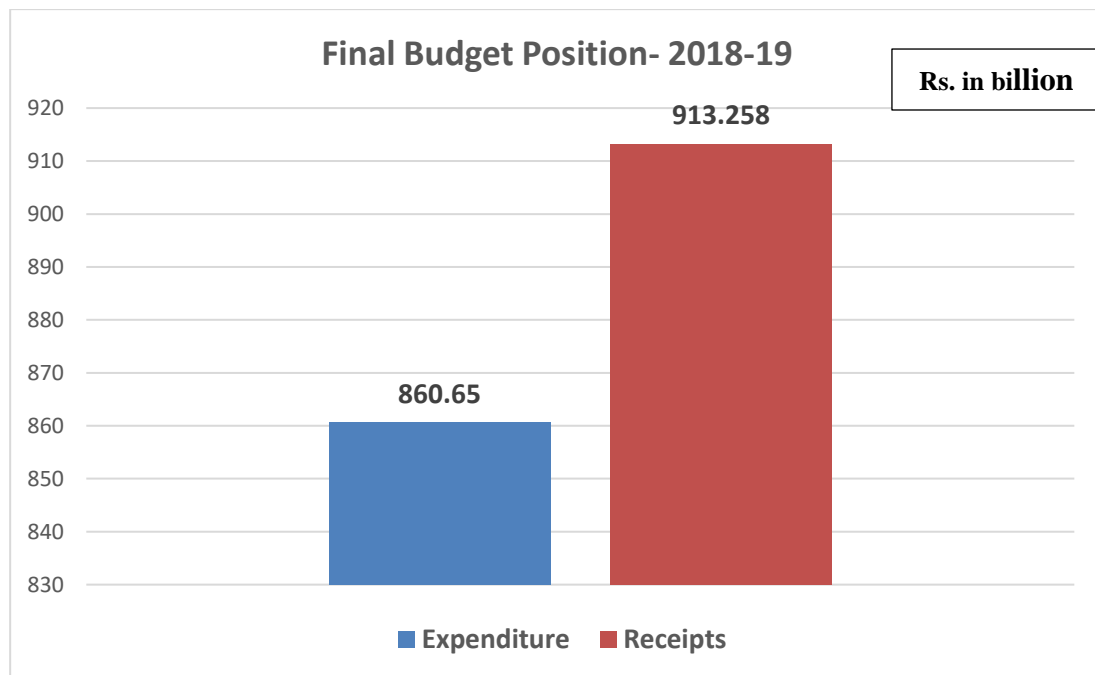
CHAPTER - 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

(A) GOVERNMENT OF SINDH - SECTORAL ANALYSIS

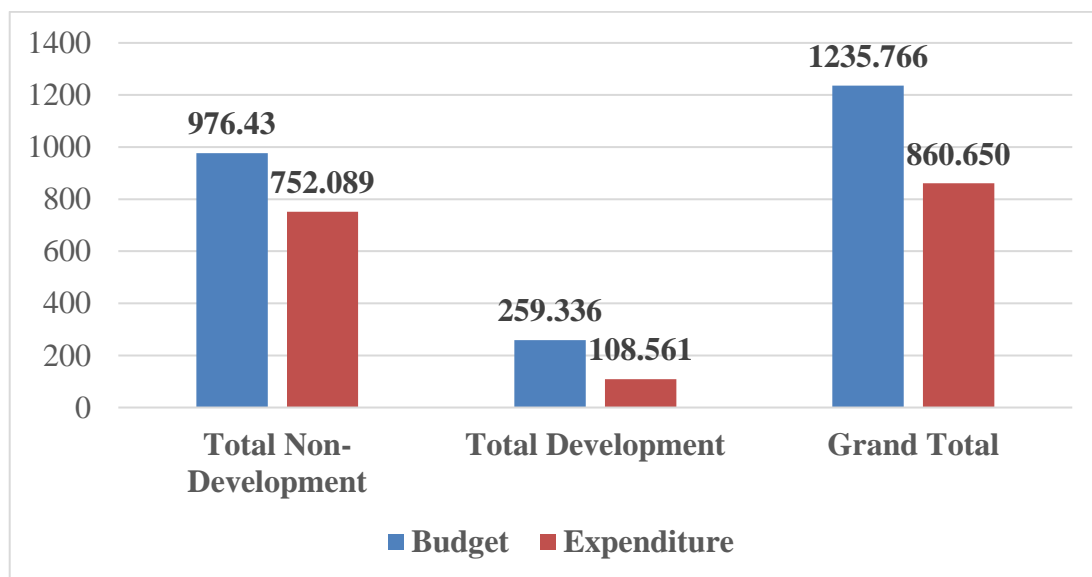
2.1. Introduction

Government of Sindh carries out its operations under the Sindh Rules of Business 1986 which consists of Governor, Chief Minister and Cabinet. The Provincial Assembly approves budget based on the leadership's vision for development. The budget estimates are based on province's own receipts and federal transfers to finance its operations and development activities during the year. The position of expenditure against receipts during the year 2018-19 was as under;



Sectoral Analysis

The audit jurisdiction of the office of the Director General Audit Sindh, Karachi consists of 2,786 formations working under 40 Principal Accounting Officers, excluding Local Government Department and Public Health Department. Audit selected 950 formations for regularity audit which makes it 34% of the total formations of the Government of Sindh during the year 2018-19. The break-up of expenditure pertaining to Development and Non-Development sectors as given under indicates that Sindh Government could only utilized around 70% of the planned budget. It was observed that the government spending on development activities remained around 12.6% of the total expenditure which was quite low. Government's claims for major spending on its priority areas for achievement of Sustainable Development Goals (SDGs) suffered adversely due to heavy burden of non-development expenditure. Savings of Rs.375 billion during FY 2018-19 also put question mark on the government's ability or priority in terms of spending on priority areas.



2.2 Analysis of budgeting

From the analysis of last three years' budgetary figures, Audit observed increasing trend in original budget and revised estimates with decreasing trend in expenditure

resulting in increased savings which is evident from the tabular presentation given below;

Table-1¹:

(Rs. in million)

Particulars	2016-17	2017-18	2018-19
Original Budget (Rs)	923,322.431	1,060,950.516	1,146,450.827
Revised Estimate (Rs)	1,049,405.334	1,171,603.815	1,235,766.255
Actual Expenditure (Rs)	863,362.637	936,327.169	860,650.588
Saving (Rs)	186,042.697	235,276.646	375,115.668

2.2.1. Receipts:

In financial year 2018-19, the Government of Sindh relied heavily on Federal Transfers which constituted 67% of its total receipts. The provincial receipts of the Government of Sindh depict overall increasing trend of over 16% during the last three years. Taxation receipts also witnessed growth along with capital receipts only with the exception of domestic debt which was nil in the year 2018-19. Details are given as under in the Table-2.

Table-2:

(Rs. in billion)

RECEIPTS	2016-17	2017-18	2018-19
<u>Revenue Receipts</u>			
Taxation (Rs)	589.276	689.953	734.272
Non-Taxation (Rs)	108.287	96.429	78.737
Total Revenue Receipts (Rs)	697.563	786.382	813.009
<u>Capital Receipts</u>			
Domestic Debt (Rs)	28.160	20.000	Nil
Foreign Debt (Rs)	6.164	5.836	5.403
Recovery of Loans & Advances (Rs)	0.013	0.013	0.010
State Trading Activities (Rs)	33.445	26.299	94.836
Total Capital Receipts (Rs)	67.782	52.148	100.249
TOTAL RECEIPTS (Rs)	765.345	838.530	913.258

¹ Source: Financial Statements of the Government of Sindh for the financial years 2016-17, 2017-18 and 2018-19.

In the year 2018-19, transfers from Federal Government consisting of revenue assignment, straight transfers and grants to offset losses of abolition of OZT were Rs.631.543 billion.² On the other hand, provincial government's own tax collection consisting of provincial tax receipts, provincial sales tax on services and provincial non-tax receipts was Rs.240.746 billion.

2.2.2 Comparison of Receipts & Expenditure

During FY 2018-19, overall receipts of the Sindh Government increased by 9% as compared to the last financial year and expenditure decreased by 8% in comparison with FY 2017-18. The overall decrease in expenditure was mainly due to the cut in development expenditure of Rs.173 billion (61%) from budget of Rs.282 billion³ to actual expenditure of Rs.109 billion⁴. Details are given in the table-3 below.

Table-3:

(Rs. in billion)

Financial Year	Receipts (Rs)	Expenditure (Rs)
2018-19	913.258	860.651
2017-18	838.530	936.327
Variance (+) / (-)	74.728	(75.676)
% Increase / Decrease	9%	8%

2.2.3 Expenditure Analysis- Major Head of Accounts

Audit noticed an increase of 14% in salaries, employee related benefits and operating expenses during the year 2018-19 as compared to FY2017-18. There was a decrease in expenditure under heads of account physical assets, civil works and repair & maintenance by 92%, 49% and 42% respectively. Audit also observed that debt repayment and debt servicing was increased tremendously by 262% and 24% respectively. It indicates that a major chunk of resources was diverted from development sector for repayment of debts of previous years.

² Source: Note 8 to the financial statement of Government of Sindh FY 2018-19.

³ Source: Budget Book Vol-V of Government of Sindh FY 2018-19.

⁴ Source: Appropriation Account of Government of Sindh FY 2018-19.

Table-4⁵:

(Rs. in billion)

Expenditure- Major Heads	2018-19 (Rs)	2017-18 (Rs)	Variance +/- (Rs)	% Increase (↑)/ Decrease (↓)
Salaries and Employee Benefits	420.277	367.896	52.381	14% ↑
Operating Expenses	65.953	76.641	-10.688	14% ↓
Physical Assets	5.189	66.105	-60.916	92% ↓
Civil Works	108.590	211.647	-103.057	49% ↓
Repair and Maintenance	13.230	22.993	-9.763	42% ↓
Principal Repayment of Debt	65.319	18.033	47.286	262% ↑
Servicing of Debt	29.292	23.559	5.733	24% ↑

2.2.4 Development Expenditure vis-à-vis Total Expenditure

Audit noticed that government's spending on development was declining for last three years as compared to total expenditure. Expenditure on development during 2018-19 remained the lowest which was not a positive indicator in terms of boosting economic activity for generation of employment opportunities and reduction of poverty and hunger in the province.

Table-6⁶:

(Rs. in billion)

Component	2016-17 (Rs)	2017-18 (Rs)	2018-19 (Rs)
Development Expenditure (Capital)	186.46	206.134	100.854
Development Expenditure (Revenue)	16.806	19.907	7.707
Total Development Expenditure	203.266	226.041	108.561
Total Expenditure	863.363	936.327	860.620
% of Development Expenditure to Total Expenditure	23.54%	24.14%	12.61%

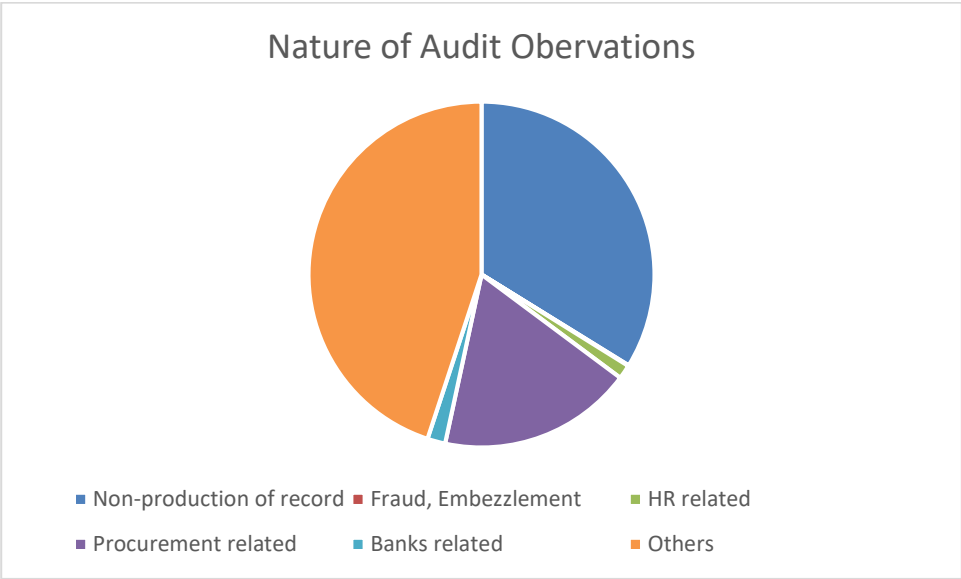
On the other hand, development grants from Federal government also decreased by 39% from Rs20.256 billion in FY 2017-18 to Rs12.338 billion in 2018-19 which also squeezed development spending of the provincial government.

⁵ Source: Financial Statements and Appropriation Account of FY2017-18 & 2018-19.

⁶ Source: Appropriation Accounts of FY 2016-17, 2017-18 and 2018-19.

2.2.5 Nature of Observation AAR 2019-20

From the analysis of PDPs issued to the Principal Accounting Officers after taking feedback from the management, the audit observed partial or complete departure from necessary compliance processes in certain cases. Systematic issues, reported to the respective PAOs included non-production of auditable record (Rs113.956 billion) and reported cases of fraud, embezzlement and misappropriation amounted to Rs0.370 billion. Other observations made part of this report are classified as HR related irregularities (Rs3.027 billion) and procurement related irregularities (Rs47.902 billion). The observation pertaining to management of accounts with commercial banks related irregularities amounted to Rs5.066 billion whereas remaining paras classified as others amounted to Rs119.532 billion.



The analysis of observations pertaining to Government of Sindh revealed that major cases under observation were due to non-compliance of SPPRA rules, improper deduction of government taxes at applicable rates, non-compliance of government rules and orders while dealing with HR matters and government formations’ resistance to allow audit access to the auditable record which indicates failure of government to spent public money in a transparent manner. Audit also found issues relating to year-end budget releases resulting into rush of expenditure in the end of June causing multiple deviations from compliance of rules. Departure from the procedures resulted

in non-transparent, un-economical expenditure due to violations of SPPRA rules and blockage of government funds due to unjustified and irregular advance payments to avoid lapse of funds. Audit observed prevalence of weak internal controls and poor financial management practices prevailing within the formations under Government of Sindh.

Audit recommends that serious efforts be made to widen provincial tax base, prioritize achievement of development goals and compliance of government rules during spending of public money and making fresh appointments. PAOs are required to revisit their budgetary requirements on realistic grounds in order to avoid unnecessary savings causing blockage of government funds.

(B) BUDGETING ISSUES

1.1.1 Assessment of Budget and budgeting process

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

Original Budget to Aggregate Expenditure

(Rs. in million)		
Particulars	FY2018-19	FY2017-18
Budget (original)	1,146,451	1,060,950
Actual Expenditure	860,651	936,327
Difference between budget and actual expenditure (%)	-24.93%	-11.75%

This measure provides an assurance of whether the PFM system is delivering effective fiscal discipline and is responsive to changes in macroeconomic situations in accordance with budget intentions. The deviation of 25% of actual expenditure from original budget demonstrates that budget preparation was not rational.

Final Budget to Actual Expenditure

(Rs. in million)		
Particulars	FY2018-19	FY2017-
Budget (Revised)	965,786	1,020,956
Actual Expenditure	860,651	936,327
Difference between budget and actual expenditure (%)	-10.89%	-8.29%

The budgetary estimates were not realistic and later on government had to revise the budget. Later on, even after downward revision there was 11% variation between the revised budget and actual expenditure. This resulted into inadequate preparation of revised budget estimates.

Original Budget compared with Revised Budget

(Rs. in million)

Particulars	FY2018-19	FY2017-18
Budget (original)	1,146,451	1,060,950
Budget (Revised)	965,786	1,020,956
Difference between original budget and final budget (%)	15.76%	3.77%

The original budget estimates were reduced by 15.76% which indicates that the management was over ambitious in formulating the original budget.

Measure of deviations in above ratios

(Amount in Rupees)

Nature of Expenditure	Final Grant/ Appropriation	Expenditure	Difference %
Charged	102,188,719,830	99,869,711,037	2
Voted	1,133,577,535,940	760,780,876,713	33
	1,235,766,255,770	860,650,587,750	30
Nature of Expenditure	Final Grant/ Appropriation	Expenditure	Difference %
Revenue	859,421,282,620	666,946,326,028	22
Capital	376,344,973,150	193,704,261,722	49
	1,235,766,255,770	860,650,587,750	30
Nature of Expenditure	Final Grant/ Appropriation	Expenditure	Difference %
Non-Development	976,430,070,530	752,088,946,608	23
Development	259,336,185,240	108,561,641,142	58
	1,235,766,255,770	860,650,587,750	30
<i>Source: Government of Sindh Appropriation Accounts 2018-19 at page No.26</i>			

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

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

Debt Management

Increase in debt servicing principal and interest payment budget (Current Capital and Current Revenue Expenditure) is almost 33% of last year while that in actual expenditure is 127% of last year.

(Amount in Rupees)

	2018-19		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	66,827,112,830	65,233,768,010	1,593,344,820
Debt Servicing (Interest Payment)	29,292,000,000	29,292,000,000	0
	96,119,112,830	94,525,768,010	1,593,344,820
	2017-18		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	48,256,348,000	18,032,543,000	30,223,805,000
Debt Servicing (Interest Payment)	23,947,340,000	23,559,517,172	387,822,828
	72,203,688,000	41,592,060,172	30,611,627,828
	Change		
Debt Servicing Principal & Interest Payment	Final Grant / Appropriation	Actual Expenditure	Difference
Debt Servicing (Principal Payment)	18,570,764,830	47,201,225,010	(28,630,460,180)
Debt Servicing (Interest Payment)	5,344,660,000	5,732,482,828	(387,822,828)
	23,915,424,830	52,933,707,838	(29,018,283,008)
Increase/decrease in Debt Servicing Principal and Interest Budget	33%		
Increase/decrease in Debt Servicing Actual Expenditure	127%		
Source: Financial Statements and Appropriation Account Government of Sindh 2018-19			

Function-wise budget and expenditure allocations with variances

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

(Rs. in million)

Sr. #	Function	Original	Revised	Actual Exp:	Variance Original Budget/ Exp:	Variance Revised Budget/ Exp:	% with base amount original allocation	% with base amount revised allocation
1	General Public Service	337,751	340,094	328,049	9,702	12,045	2.87%	3.54
2	Defense Affairs & Services	118	85	73	45	12	38.14%	14.12
3	Economic Affairs	207,819	135,898	96,890	110,929	39,008	53.38%	28.70
4	Public Order and Safety Affairs	117,592	105,776	99,468	18,124	6,308	15.41	5.96
5	Education Affairs and Services	228,498	175,705	162,060	66,438	13,645	29.08	7.77
6	Health Affairs and Services	111,904	107,716	98,147	13,757	9,569	12.29	8.88
7	Housing & Community Amenities	20,833	13,229	8271	12,562	4,958	60.30	37.48
8	Recreation, Culture and Religion	16,467	7,583	5,930	10,537	1,653	63.99	21.80
9	Social Protection	104,049	79,310	61,393	42,656	17,917	41.00	22.59
10	Environment Protection	1420	391	369	1,051	22	74.01	5.63
Total		1,146,451	965,787	860,651	285,801	105,137	24.93%	10.89%
<i>Source: Financial statements of the Government of Sindh for the Financial Year 2018-19</i>								

Object wise revenue budget variance

(Rs. in million)

Function	Budget		Actual Receipts	Variance Original Budget	Variance Revised Budget
	Original	Revised			
<u>Revenue</u>					
Taxation	836,387	796,872	734,272	12.20%	7.86%
Non-Taxation	86,797	89,634	78,737	9.29%	12.16%
Total Revenue Receipts	923,184	886,506	813,009	11.93%	8.29%
<u>Capital</u>					
Domestic Debt	-	-	-	-	-
Foreign Debt	57,684	30,974	5,403	90.63%	82.56%
Recovery of Loans & Advances	65,000	10,000	10	99.98%	99.99%
State Trading Activities	83,784	90,305	94,836	-13.19%	-5.01%
Miscellaneous Recoveries	-	-	-		
Total Capital Receipts	206,468	131,279	100,249	51.44%	23.64%
Total Receipts	1,129,652	1,017,785	913,258	19.15%	10.27%
<i>Source: Financial statements of the Government of Sindh for the Financial Year 2018-19</i>					

(C) ACCOUNTING ISSUES

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

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

Direction 13.4.1.1

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

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

Direction 13.4.1.2

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

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that Long Term Assets for Rs1,729.116 billion (2017-18) Rs1,650.270 billion) are continuously being classified on functional basis rather than object wise. This represents accumulation of yearly expenditure as appeared in Capital Grants of Appropriation Account, which are incurred on various schemes of the current and previous years. Object-wise detail or break-up of assets in each scheme is not available (Detail is on page# 12 of the Finance Account of Government of Sindh. In addition, their corresponding entry in the Asset Register was not recorded, as the same was not maintained.

(Amount in Rupees)

Asset	2017-18	2018-19
District Administration	24,554,499,537	26,264,172,478
Finance Department	385,883,438	536,254,444
Transfers	1,286,628,574	1,286,628,574
Investment	201,527,388,538	208,377,688,538
Statistics	623,776,006	623,776,006

(Amount in Rupees)

Asset	2017-18	2018-19
Board of Revenue	90,665,792	90,665,792
Planning & Development	4,057,652,524	4,115,994,278
Printing & Publishing	137,151,663	137,151,663
Other General Services	654,722,085	654,722,085
General Public Services	3,039,987,529	3,256,317,484
Civil Defense	5,993,709,411	7,908,662,175
Manpower	426,796,007	426,796,007
Agriculture & Food	10,945,064,707	11,358,834,875
Irrigation	241,619,818,548	267,251,909,993
Fuel & Energy	16,666,291,904	17,382,060,677
Mining & Manufacturing	51,180,690,273	51,405,612,957
Administration (Works)	104,868,520	104,868,520
Highways, Roads & Bridges	198,103,135,748	198,499,163,454
Buildings & Structures	90,767,830,886	90,815,909,931
Environment Protection	20,367,568,618	20,459,629,163
Urban Development	12,023,598,228	12,042,435,008
Rural Development	1,909,236,514	2,343,298,413
Water Supply	47,822,285,953	50,355,209,744
Health	35,251,417,209	38,266,804,440
Cultural Services	12,644,950,284	15,286,680,545
Religious Affairs	1,250,429,259	1,670,783,899
Education	82,517,961,457	89,518,291,261
Social Protection	460,362,352,880	513,577,791,773
Commutation of Pension	21,721,158	21,721,158
State Trading	105,602,469,950	62,727,172,737
Foreign Project Assistance	18,329,905,745	32,349,854,223
Total	1,650,270,458,945	1,729,116,862,295
Source: Finance Account Government of Sindh 2018-19 at page No.12		

The same audit observation was raised in all Management Reports issued to date since 2006-07 & 2017-18 but no action had been taken to comply with the requirements made in the APPM.

It is recommended that AG office should follow the Accounting Policies and Procedures Manual accordingly.

The matter was reported to the department in the month of September 2019. The management replied that it was decided in the DAC meeting on the Certification Audit 2017-18 that the matter will be taken with FABS for consideration. However, in compliance of OM # 38, same has again been referred to the Controller General of

Accounts for early finalization. The DAC in its meeting held on October 24, 2019 directed to take up the matter with CGA again and pursue it actively so that long outstanding matter could be resolved.

Audit recommends that DAC directives may be complied.

(OM#38)

1.1.3 Non-receipt of profit against investment - Rs13.700 billion

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that an amount of Rs 13.700 billion was invested in establishment of Sindh Bank from Sindh Consolidated fund but figures of profit or loss from the investment were not incorporated in Finance Accounts of Government of Sindh. (Detail is available on page No.107 of Finance Accounts).

Audit is of the view that there is possibility of overstatement/understatement of profit due to non-incorporation of profit or loss of Sindh Bank in the finance account of Government of Sindh.

The matter was reported to the department in the month of September 2019. The management replied that as a result of Qualified Opinion on the accounts of the Govt. of Sindh for the financial year 2015-16, the team of the DG Audit, Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its reports. In the DAC meeting, it was decided that the adjustments of profits / interest etc. will be kept pending till the accounting procedure is received from the CGA office. However, in compliance of OM # 36, same has again been referred to the Controller General of Accounts for early finalization.

The DAC in its meeting held on October 24, 2019 directed to implement the decisions taken in last DAC meeting of certification audit on accounts of Government of Sindh for FY 2017-18. DAC in its meeting held on 28th November 2018 also

directed that the outcome of the committee's proposals constituted for the purpose will be guided policy to proceed further in the matter."

Audit recommends that DAC directives may be complied.

(OM#36)

1.1.4 Non-recording of profit earned from investment – Rs9,197.560 million

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that an amount of Rs9,197.560 million was earned from the investment fund managed by the Sindh Fund Management House, Finance Department, Government of Sindh as per budget book Volume-I 2018-19, but the same was not recorded in Financial Statement and Finance Account of Government of Sindh prepared by Accountant General Sindh. As a result, reported government receipts were understated by the above mentioned amount.

(Rs. in million)

Sr. #	Description of Investment	Accumulated Value of Investments as on 1st July 2018	Releases in 2018-19	Estimated Expenditure Incurred in the Year 2018-19	Estimated Profit Earned During the Year RE 2018-19	Estimated Accumulated Value of Investments as on 30th June, 2019
1	Sindh Pension Fund	100,690.61	0.00	0	0.00	100,690.61
2	Sindh General Provident Fund	53,292.94	0.00	0	0.00	53,292.94
3	Sindh Employees Group Insurance Fund	2,446.16	0	0	0	2,446.16
4	Viability Gap Fund	10,948.50	1,150.00	0.00	0.00	10,948.50
5	People's Housing Cell Fund	439.95	0	0	0	439.95
6	SASO Pensioner's Funds	143.96	0	0	0.00	143.96
7	Provincial Disaster Management Fund	0.06	0	0	0	0.06
8	Sindh Project Development Facility	286.38	0	0	0	286.38
9	Sindh Flood Relief Fund	0.67	0	0	0.000	0.67

(Rs. in million)

Sr. #	Description of Investment	Accumulated Value of Investments as on 1st July 2018	Releases in 2018-19	Estimated Expenditure Incurred in the Year 2018-19	Estimated Profit Earned During the Year RE 2018-19	Estimated Accumulated Value of Investments as on 30th June, 2019
10	Sindh Coal Development Fund	4,823.10	2,000.00	0	0.000	4,823.10
11	Education City Fund	0.15	0	0	0	0.15
12	Endowment Fund for PPHI	563.98	0.00	0	0	563.98
13	Sindh Social Relief Fund	442.80	5,000.00	0	0.00	442.80
14	Investment Fund For Sindh Civil Servants Housing Foundation	6,715.55	0.00	0	0	6,715.55
15	SPPRA Investment Fund	61.00	0	0	0.000	61.00
16	Sindh Alternative Energy Fund	158.74	0	0	0.000	158.74
Total		181,014.55	8,150.00	0.00	9,197.56	181,017.55
Source: Finance Department, Government of Sindh as per Budget Book Volume-I 2019-20						

The matter was reported to the department in the month of September 2019. The management replied that as a result of Qualified Opinion on the accounts of the Govt. of Sindh for the financial year 2015-16, the team of the DG Audit, Sindh had completed the verification process of Fund Management House on the directives of the competent authorities and submitted its reports. In the DAC meeting, it was decided that the adjustments of profits / interest etc. will be kept pending till the accounting procedure is received from the CGA office. However, in compliance of OM # 40, same has again been referred to the Controller General of Accounts for early finalization.

The DAC in its meeting held on October 24, 2019 directed to implement the decisions taken in last DAC meeting of certification audit on accounts of Govt of Sindh for FY 2017-18. DAC in its meeting held on 28th November 2018 also directed that the outcome of the committee's proposals constituted for the purpose will be guided policy to proceed further in the matter."

Audit recommends that DAC directives may be complied.

(OM#40)

1.1.5 Un-reconciled long outstanding difference between book and bank balances - Rs731.509 million

According to APPM chapter 6 para 6.1.1.1 to 6.1.1.6 regarding bank reconciliation: The State Bank of Pakistan and the National Bank of Pakistan, acting as an agent for the State Bank of Pakistan, shall be the Government's banker, unless otherwise authorised by the Government.

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

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

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that that there was a net un-reconciled difference in bank account as per page # 167 of Finance Account of Government of Sindh. Details are as below:

Transaction awaited for adjustment by Bank	2018-19
Breakup of un-reconciled difference	(Rs. in million)
Provincial Account Current period 2018-19 (1997-98 to 2018-19)	585,835,575 Dr.
Provincial Account Previous period 1995-2018(1994-95 to 1996-97)	145,673,784 Dr.
Total	731,509,359 Dr.

Monthly bank reconciliations of Provincial A/C I and II are carried out by the Accountant General Sindh, therefore such differences should not arise, this practice is

a case of non-observance of the requirements of APPM for preparation of bank reconciliations on specified formats.

It is recommended that appropriate measures should be taken in order to present a true and fair picture of the financial position of the entity.

The matter was reported to the department in the month of September 2019. The management replied that the figures reflected at the end of 2018-19 i.e. Rs. 731,509,359/- is the outstanding progressive amount which is awaited for adjustment from the bank. This office has regularly reconciled the differences appeared between book and bank and reported to the concerned bank branches through District Account Office as well as to the Head Office of National Bank. This is evident from the statement that huge differences of Rs762.7 million occurred during the current financial year 2018-19 against which Rs736.7 million has been adjusted by NBP and SBP.

The DAC in its meeting held on October 24, 2019 directed to take up the matter with SBP & NBP to reconcile the difference between book and bank balances.

Audit recommends that DAC directives may be complied and reconciled figures may be furnished to audit for verification.

(OM#42)

1.1.6 Unadjusted/un-realized current assets

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

account all moneys received by him as dues of Government or for deposit in the custody of Government, and no Government servant shall deposit in a bank moneys withdrawn from the public account.

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that current assets of the Government of Sindh classified into following sub-headings as Civil Department Balances, Receivables, Other Receivables, and Other Assets, are unadjusted/unrealized. Following observations were noted:

Receivables

I. O.B. Advances (Civil) Rs 48.014 million

O.B. Advance (Civil) comprises mainly the payments on account of Pay and T.A. on transfer and payments of one month salary to the Government Servants on Eid festival. The Eid advance is recovered in 02 or 03 installments and its recovery appears in next month's payroll. Balances are appearing at Page # 131 of Finance Account of Government of Sindh.

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

a) Special advances Rs 1.707 million

Special Advance records advance of the special nature under the orders of the Provincial Government. These advances except District Accounts Officer Khairpur relate to the period prior to 1970-71 and have not been repaid so far. The details are as under Balances appears at Page # 134-135 of Finance Account of Government of Sindh.

(Rs. in million)

Sr.#	Description	Amount
1	Advances paid for test purchase made by Price Control Department	0.005
2	Advances for Taraviah Prayer	0.001
3	Trap money advance for Anti-Corruption Department	0.070
4	Advance for Students of District Municipal Corporation Karachi	0.002
5	Advances to Board of Management of Muslim Education Cess, Karachi	0.012
6	Advances by revenue department for Flood Relief	0.185

(Rs. in million)

Sr.#	Description	Amount
7	Advances by Deputy Commissioner Lahore for Flood Relief	0.677
8	Advances for purchase of Coconut Seeds	0.005
9	Advances for Agriculture Department for East Pakistani Families.	0.435
10	District Account Officer Khairpur	0.315
Total		1.707

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

b) Payment for fertilizer Rs1.839 billion

The debits received from Federal Government on account of supply of Fertilizer to Sindh Agriculture Supply Corporation are booked under this head pending recovery from the Corporation. The balance represents amount outstanding against the corporation. The acceptance of the balance is awaited. This is a stagnant balance appears at Page # 135 of Finance Account of Government of Sindh.

II. Other Receivables

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

a) Permanent Advance - Rs6.204 million

According to Para 140 of General Financial Rules, permanent advances may be granted to officers who may have to make payments before they can place themselves in funds by drawing bills on the Accounts Offices. According to these rules, any advances made out of the permanent advance may be recovered out of the amounts drawn from the Bank on expense bills. The balances include an amount of Rs 130,639 transferred by the A.G West Pakistan, Lahore on disintegration of one unit. Balances are appearing at Page # 134 of Finance Account of Government of Sindh.

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

The above head records transaction between the Government of Sindh and the various Provincial Governments in India requiring settlement. The balance represents the outstanding balance for which settlement could not be carried out through the account of the Stand Bank up to the year 1982-83. The matter is correspondence with

the various Accountant Generals in India. Balances are appearing at Page # 135 of Finance Account of Government of Sindh.

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

This head records transactions between the Government of Burma and the Government of Sindh requiring settlement through State Bank. The balance represents the outstanding for which settlement could not be carried out through the accounts of the State Bank up-to the year 1982-83 and is under investigation. The ledger balance is under agreement with broadsheet figures. Balances are appearing at Page # 135 of Finance Account of Government of Sindh.

d) East Pakistan suspense - Rs4.540 million

This head is intended to accommodate payment on behalf of the Government of East Pakistan and their autonomous bodies after Separation of that Government with the Government of Pakistan. The balance will be settled only upon agreement between the two Governments. Balances are appearing at Page # 135 of Finance Account of Government of Sindh.

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

It is recommended that receivables and advances need to be reconciled with borrowers at regular intervals and adequate documentation of the same should be maintained. Appropriate measures should be taken in respect of recovery or settlement of long outstanding balances in order to present a true and fair picture of the financial position of the entity.

The matter was reported to the department in the month of September 2019. Department replied that these balances are very old. The Finance Department Government of Sindh is working to write off/adjust above balances.

The DAC in its meeting held on October 24, 2019 directed AG to take up the matter with Finance Department GoS and CGA for early resolution of the matter.

Audit recommends that DAC directives may be complied for reconciliation, recovery or write off from competent authority.

(OM#76)

1.1.7 Long outstanding loans and advances - Rs2,163.320 million

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that there was long outstanding loan balance against various institutions appearing at Page #125 of Finance Account of Government of Sindh. Moreover, it was also observed that except recovery of Rs9.856 million against the loans to government servants all loans and advances are outstanding. These loans/advances include:

(Rs. in million)

Institution	Opening Balance	Payments	Receipts	Closing Balance
To non-financial institutions	1,957.060	0	0	1,957.060
To Government Servants	41.120	0	9.856	31.260
To private sector	175.000	0	0	175.000
Total	2,173.180	0	9.856	2,163.320

The above long outstanding loan balances against various institutions since long appearing at page No. 125 of Finance Accounts of Government of Sindh. During the course of audit.

It is recommended that loans and advances need to be reconciled with borrowers at regular intervals and adequate documentation of the same should be maintained. Besides, appropriate measures should be taken in respect of recovery or

settlement of long outstanding balances in order to present a true and fair picture of the financial position of the entity.

The matter was reported to the department in the month of September 2019. The management replied that balances are very old and Government of Sindh is working for their adjustments/write off. However, in compliance of OM # 64, same has again been referred to the Finance Department for early finalization.

The DAC in its meeting held on October 24, 2019 decided that AG Sindh will pursue the matter with Finance Department to recover/adjust the amount after detailed working on each line item. If amount is not recoverable/ adjustable then move the case for write off to the competent authority.

Audit recommends that DAC directives may be complied.

(OM#64)

1.1.8 Un-authenticated expenditure on clearance of previous year liability- Rs177.676 million

According to Rule 289 of Federal Treasury Rule, Volume-I, all charges must be paid and drawn at once and under no circumstances may they be allowed to stand over to be paid from the budget grant of the next year and under Clause (g) of the policy decision of the Government of Sindh, the pervious years liability from the current budget shall be made after the prior approval of the Finance Department Government of Sindh.

During certification audit of Government of Sindh, for the financial year 2018-19, it was noticed that an amount of Rs177.676 million was drawn by the office of the Executive Director NICVD Karachi. The said amount was paid for clearance of previous year liability, without obtaining approval from the Finance Department Government of Sindh.

The matter was reported to the department in the month of September 2019. The management replied that it has instructed the department to get post-facto sanction from the Finance Department for unauthorized expenditure without permission. However, the concerned department has stated that amount pertains to previous year's commitment due to short realization/ released by the finance department. It is further stated that this institute is running under the Budgetary Provision of Sindh government and basic function related to the day to day issues of public health and expenditure

cannot be suspended and the amount of previous year's is not excess then the budgetary provision/ allowance. These institutes clear the short fall of previous years of budget/ release from the current year allocation and no any extra amount/ supplementary budget/ allocation is to be required.

The DAC in its meeting held on October 24, 2019 directed the management to get ex-post-facto approval from Finance Department Government of Sindh.

Audit recommends that DAC directives may be complied.

(OM#75)

1.1.9 Un-authorized retention of federal receipts – Rs3.528 billion

As per Generally-accepted Management Practices, the Management is required to produce the financial statements of the accounts with management assertions that the financial statements are valid, complete in all material respects, comply consistently with the principles and policies of the government and the same are not over- or under-stated and present proper and fair picture in all respects of presentation. Further as per Para 12 of the GFR Volume-I "Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipt, it is the duty of the department Controlling officers to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly account and return in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statement of treasury credits furnished by the Accountant General, to see that the amount reported as collected have been duly credited in the Public Account.

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that federal receipts of Rs3.528 billion were retained. As a result federal receipts understated and liabilities of Government of Sindh overstated by Rs 3.528 billion. Details are as under:

(Amount in Rupees)

Head	Balance on 1st July 2018	Receipts	Payment	Balance on 30th June 2019
G103045-Zakat Collection Accounts	902,768,811	9,058,164	9,121,258	902,705,717
G12713-Income Tax deduction from Salaries	311,367,050	1,215,373,851	1,435,444,220	91,296,681
G12714-Income Tax deduction from Contractors / Suppliers	3,370,919,634	9,301,216,460	10,182,085,612	2,490,050,482
G12777-Sales Tax Deduction at Source under Sales Tax Special Procedure	187,713,804	344,090,003	487,479,423	44,324,384
Total	4,772,769,299	10,869,738,478	12,114,130,513	3,528,377,264
Source: Finance Account Government of Sindh 2018-19				

It is recommended that above mentioned receipts may be remitted to Federal Government.

The matter was reported to the department in the month of September 2019. The management replied that as per Special Procedure of withholding tax, the AG of the province or the District Account Officer, as the case may be, shall credit the amount deducted at source during a month to the relevant head of account. Cheque for the amount will be prepared by the AG or DAO, as the case may be, in the name of Collector/ Commissioner having jurisdiction by debiting to the aforesaid head of account and send to the above vendors by the 15th of the following month. Therefore, the deductions of June are paid in the month of July (i.e. next Financial Year).

The DAC in its meeting held on October 24, 2019 directed the management to provide relevant evidence against each line item for verification of audit.

Audit recommends investigation of the matter for fixation of responsibility and report be submitted within one month.

(OM#39)

1.1.10 Doubtful expenditure on account of monthly pension - Rs92.224 million

According to Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its

judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be not in order.

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that Rs92.224 million was incurred on monthly pension (A04101) through cheques instead of payment through NBP or through DCS. Thus, the chances of fake payment or misappropriation cannot be ruled out.

(Amount in Rupees)

Sr.#	Name of District	Payment of monthly pension through cheque
1	Mithi	34,330,960
2	Umarkot	12,307,983
3	Larkana	9,800,295
4	Sukkur	7,506,433
5	Nawab Shah	5,508,252
6	Khikarpur	4,669,515
7	Badin	3,998,447
8	Ghotki	3,266,593
9	Khairpur	2,934,540
10	Jacobabad	1,957,035
11	Karachi	1,943,063
12	Tando M Khan	1,162,006
13	Kashmore	1,108,229
14	Mirpurkhas	932,257
15	Shahdadkot	503,144
16	Tando Allahyar	149,827
17	Hyderabad	145,454
Total		92,224,033

Audit is of the view that payment of monthly pension through cheques instead of NBP or DCS is doubtful.

The matter was reported to the department in the month of September 2019. The management replied that amount of Rs1.900 million out of Rs92.224 million has been credited from Karachi and issued through cheques under the same head (A04101) for those Sindh government employees who permanently relieved/ transferred from Sindh government to other government department. Therefore, these cheques are issued apart from monthly DCS Payments. However, pension payment amounting to Rs.90.324 Million has been made by districts other than Karachi for which letter has been written to concerned DAO/ADAOs for clarification/justification.

The DAC in its meeting held on October 24, 2019 directed to produce reply along with documentary evidence in support of the cases pertaining to DAOs for verification by audit.

Audit recommends investigation of the matter for fixation of responsibility and report be submitted within one month.

(OM#63)

1.1.11 Multiple Payments of Commutation and Gratuity Amount

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

During certification audit of Government of Sindh, for the financial year 2018-19, it was observed from one report of SAP data that various pensioners were paid commutation in which following shortcomings were observed.

In multiple cases, same pensioner was paid commutation amount multiple times:

- With different Bank account Nos
- With different amounts for the same period

(Amount in Rupees)

Pers.no.	Name	Fathers Name	Grade	Payroll Area	Wage Type	Amount	Start Date	Organizational Unit	Bank account
10261201	Imtiaz Ali Shah	Muhammad Ali Shah	20	Larkana Pension	Commutation Payment(Self)	5,955,051	6/1/2019	Min. of Health	14599-41
10261201	Imtiaz Ali Shah	Muhammad Ali Shah	20	-do-	-do-	5,955,051	6/1/2019	Min. of Health	14599-7
10359897	Aslam Parvaiz	Allah Warayo	20	Thatta Pension	-do-	5,450,048	2/1/2019	Health Deptt.	1810-0
10359897	Aslam Parvaiz	Allah Warayo	20	-do-	-do-	5,450,048	2/1/2019	Health Deptt.	1300006642
10096522	Muhammad Irfan Ashraf Siddiqi	Muhammad Yousuf Ali	20	AG Sindh Pension	-do-	5,301,785	7/31/2018	Health Deptt.	00650060988601
10096522	Muhammad Irfan Ashraf Siddiqi	Muhammad Yousuf Ali	20	-do-	-do-	45,466	7/31/2018	Health Deptt.	00650060988601
10088545	Amina Memon	Dr. Imtiaz Farooque	20	-do-	-do-	5,019,164	8/31/2018	Health Deptt.	05430011828201
10088545	Amina Memon	Dr. Imtiaz Farooque	20	-do-	-do-	5,019,164	8/31/2018	Health Deptt.	00567901063301

The matter was reported to the department in the month of September 2019. The management replied that in cases pertaining to AG Sindh office record is ready for verification. However, in relation to cases belonging to districts other than Karachi letter has been written to the concerned DAO/ADAOs for clarification/justification.

The DAC in its meeting held on October 24, 2019 directed for verification of cases pertaining to AG Sindh and also directed for submission of reply along with evidences for the cases pertaining to DAOs.

Audit recommends that DAC directives may be complied.

(OM#114)

1.1.12 Multiple payments of arrear to same Subscriber

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

During certification audit of Government of Sindh, for the financial year 2018-19, it was observed from one report of SAP data that various pensioners were paid arrears of pension multiple times within short span of time.

Details are in Annex in soft copy. However, Sample of such instances is as follows.

(Amount in Rupees)

Pers.no.	Name	Fathers Name	Grade	Payroll Area	HR : Pensioner Type ID	Wage Type	Amount	Start Date
10053812	Naseem Nighat Seema	Ahmed Din	19	AG Sindh Pension	SPOUSE	Arrears of Pension	2,000,000	6/29/2019
10053812	Naseem Nighat Seema	Ahmed Din	19	AG Sindh Pension	SPOUSE	Arrears of Pension	209,978	6/30/2019
10088264	Dr-Nuzhat Minhaj	Zaffar Hussain	19	AG Sindh Pension	SELF	Arrears of Pension	2,000,000	12/31/2018
10088264	Dr-Nuzhat Minhaj	Zaffar Hussain	19	AG Sindh Pension	SELF	Arrears of Pension	609,671	12/30/2018
10197973	Sanaullah Jatoi	Shamasuddin Jatoi	19	Sukkur Pension	SPOUSE	Arrears of Pension	2,000,000	10/1/2018
10197973	Sanaullah Jatoi	Shamasuddin Jatoi	19	Sukkur Pension	SPOUSE	Arrears of Pension	2,000,000	10/1/2018

Audit requires justification as to why multiple payments of arrears of pensions to same subscriber were made.

The matter was reported to the department in the month of September 2019. The management replied that in cases where pensioners who were paid pension and arrears from office of the AG Sindh, the reason for second time payment of arrears was that the SAP system does not allow punching of payment over Rs.2000,000/- on the same date. Therefore, remaining amount was punched on the next date. However, pensioners whose cases were processed in districts other than Karachi, the concerned DAO offices have been asked for clarification/justification.

The DAC in its meeting held on October 24, 2019 directed for verification of cases pertaining to AG Sindh and also directed for submission of reply along with evidences for the cases pertaining to DAOs.

Audit recommends that DAC directives may be complied.

(OM#115)

1.1.13 Un-authorized payment of inadmissible allowances – Rs780.979 million

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

During certification audit of the Government of Sindh, Karachi for the financial year 2018-19, it was observed that amount of Rs780.979 million was paid to various officers/officials of different offices/departments on account of various allowances for which they were not entitled. Payment of allowances without entitlement was irregular. The detail is given below:

(Rs. in million)			
Sr.#	Particulars	O.M No	Amount
1	Teaching allowance	08	16.336
2	utility allowance	12	22.385
3	unattractive area allowance	13	68.906
4	various discontinue adhoc allowances	14	24.598
5	CM Secretariat allowance	16	35.777
6	Gilgit allowance	17	0.040
7	Orderly allowance	18	0.129

(Rs. in million)			
Sr.#	Particulars	O.M No	Amount
8	Casualty allowance	19	2.786
9	Secretariat allowance	21	0.266
10	Prosecution allowance	20	0.411
11	Technical allowance	22	4.076
12	Maintenance allowance	23	0.520
13	Hard area allowance 50%	24	1.738
14	Non-Practicing allowance	26	213.851
15	Nursing allowance	31	27.370
16	Mess allowance	32	4.704
17	uniform/ liveries allowance	33	2.743
18	Governor House Allowance	50	85.338
19	Special Pay Package (One Basic)	52	85.338
20	High Risk allowance	53	7.455
21	Sessional allowance	56	43.081
22	Qualification Pay /Allowance	79	64.271
23	Incentive Allowance	81	68.860
Total			780.979

The matter was reported to the department in the month of September 2019. The management replied that matter pointed out by the Audit through different observation/ O.Ms, In this regard it is intimated that different allowance paid through AG Sindh has been communicated to concerned PAOs/DDOs and DAOs for justification /verification and recovery, if not due. Whereas payment of inadmissible allowances has been stopped by the concerned pre-audit sections of AG Sindh and PAOs are informed accordingly for recovery. Reply of pre-audit sections and record is available for scrutiny by the audit.

The DAC in its meeting held on October 24, 2019 directed audit to verify recovered amount so that amount of para may be reduced. DAC further directed AG Sindh for follow-up of remaining cases and to provide record and relevant notifications/ evidences in cases where allowances are admissible for verification of audit.

Audit recommends that DAC directives may be complied.

1.1.14 Excess payment on account of various allowances – Rs163.794 million

According to Rule-88 of Sindh Financial Rules, volume-I,” every public officer is expected to exercise the same vigilance in respect of expenditure incurred from

public money as person of ordinary prudence would exercise in respect of expenditure of his own money”.

During certification audit of the Government of Sindh, Karachi for the financial year 2018-19, it was observed that excess amount of Rs163.794 million was paid to various officers/officials of different offices/departments on account of various allowances for which they were not entitled. Payment of excess amount of allowances without entitlement was irregular. The detail is given below:

(Rs. in million)			
Sr.#	Particulars	O.M #	Amount
1	Deputation allowance	09	0.080
2	House rent allowance	10	142.105
3	Conveyance allowance	11	0.875
4	Excess payment on account of salary	25	8.020
5	Two time medical & adjustment of adhoc relief allowances	27	5.798
6	Pension with pay & allowance	28	1.309
7	Project allowance	30	0.300
8	High Risk Allowance	54	5.110
9	Double payment of Pay& Allowances through DDO account	86	0.197
Total			163.794

The matter was reported to the department in the month of September 2019. The management replied that as matter pointed out by the Audit through different observation/ O.Ms, In this regard it is intimated that different allowance paid through AG Sindh has been communicated to concerned PAOs/DDOs and DAOs for justification /verification and recovery, if not due (copies enclosed). Whereas payment of inadmissible allowances has been stopped by the concerned pre-audit sections of AG Sindh and PAOs are informed accordingly for recovery. Reply of pre-audit sections and record is available for scrutiny by the audit.

The DAC in its meeting held on October 24, 2019 directed audit to verify recovered amount so that amount of para may be reduced. DAC further directed AG Sindh for follow-up of remaining cases and to provide record and relevant notifications/ evidences in cases where allowances are admissible for verification of audit.

Audit recommends that DAC directives may be complied.

1.1.15 Irregular withdrawal of amount from assignment account – Rs257.395 million

As per Para 2(vi) of Controller General of Accounts Islamabad letter No. No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008, “The officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. A certificate to this effect will be recorded on the Schedule of Payment mentioned in Para 2(i) above. The cheques for payments on account of purchases/supplies will be drawn in the name of contractor/supplier.

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed from the fund utilization statement of Integrated Health Service (IHS) for the period from July 2018 to December 2018 that an amount of Rs257.395 million remained unspent during the year 2017-18. The said amount was drawn and transferred to IHS bank account from assignment account No. 4136520699. The non-utilization of the said amount reflects the poor financial management as the amount was not required for immediate disbursement.

The matter was reported to the department in the month of September 2019. The management replied that the concerned PD of PPP Node responded that the PPP Node disburse the release to IHS as per MOU signed. As per IHS, the amount of Rs257.395 million was not spent from July 2018 to December 2018, however it was spent later on.

The DAC in its meeting held on October 24, 2019 directed for regularization of unauthorized amount from Finance Department Government of Sindh.

Audit recommends that DAC directives may be complied.

(OM#44)

1.1.16 Irregular payment on account of premium of Health Insurance and Corporate medical pool - Rs120.176 million

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that Rs120.176 million was paid through document No.1900575818 on account "A03970-Others 012-Provision for Health Insurance". Following observations were noticed:

- i. Record for competitive process of selecting M/s United Insurance Company was not found.
- ii. The Insurance of employees was made from private insurance company (M/s United Insurance) instead of Government owned and controlled insurance company.
- iii. Recovery of Sindh Services Tax of Rs15.622 million was not made (@13% of total amount paid i.e. Rs120.176 million).

The matter was reported to the department in the month of September 2019. The management stated that letter have been written to the concerned departments for providing complete record. Moreover, there is no embargo to obtain insurance from private insurance companies if the entire requirement is fulfilled and the current rate for the S.S.T for tax year 2019 is 8% for life insurance.

The DAC in its meeting held on October 24, 2019 observed that the reply of management was unsatisfactory and directed the management to provide entire record as pointed out in the observation.

Audit recommends that DAC directives may be complied.

(OM#108)

1.1.17 Excess expenditure over and above the budget allocation/releases

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed through one report of SAP data that excess expenditure is shown incurred in various non-salary GL Heads. Details are given at **Annex-1** of Chapter-1.

The matter was reported to the department in the month of September 2019. The management replied that the bills of Discharged Observation Cell Lahore (KQ-0465) Irrigation Department Sindh, are dealt in Accountant General Punjab Lahore, & managed through province to province transfer of fund. Similarly, the Sindh House Islamabad KQ-0537 & KQ-0538. Works & Services Department Sindh are dealt in A.G.P.R. Islamabad & managed through Federal & Provincial transfer of fund.

The DAC in its meeting held on October 24, 2019 directed to take up the matter with concerned quarters and produce the minutes of clearing house meeting for reconciliation of expenditure.

Audit recommends that DAC directives may be complied.

(OM#113)

1.1.18 Retention of un-utilized budget – Rs1,123.648 million

According to APPM chapter 4 para 4.12.1.4 “Before approval of a grant, the delegated authority must obtain an audited financial statement from the recipient body, to justify the requirement for the grant and to ensure any previous grants have been spent for the purpose intended. When approving the grant, the delegated authority must indicate that an audited financial statement was received and the criteria for providing the grant was met (or, for any reason, was exempted from providing an audited financial statement). The purpose of the grant, and any conditions attached to it, must clearly be indicated by the delegating authority in any grant agreements as well as to the Accountant General”.

Para 4.12.1.5 “Once approved by the delegated authority, a claim for payment, accompanied by the relevant documentation (e.g. grant agreement, financial clearance) shall be submitted to the DAO/AG/AGPR office for certification, authorization and payment”.

Para 4.12.1.8 “Unless specifically exempted by the Government, the conditions of all grant agreements shall provide for the time limit in which the utilization of the grant applies, the surrender of grant monies not spent at the end of the financial year, the financial and other disclosures required of the grant recipient, the cancellation or postponement of further grant payments by the paying authority, should the conditions attached to the grant be breached (e.g. if the required reports are not furnished)”.

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed from the utilization reports of the below mentioned institutions that an amount of Rs9,787.399 million was released to them under the head “Other-Grand in Aid”. However, as per bank statements an amount of Rs1,123.648 million was shown as balance on 30.6.2019. This suggest that funds amounting to Rs1123.648 million were not utilized and remained unspent till the closure of financial year. Neither any grant agreement was found attached with the payment claims nor any surrender / deposit of the funds into Govt. Account was found.

(Rs. in million)

Department/Institutions	Head of Account	Amount released	Closing balance as per bank statement (on 30-06-2019)
Sindh Sports Board (OM#66)	Other-Grant in Aid	10.000	2.318
Sindh Education Foundation (OM#120)	Other-Grant in Aid	5341.066	294.441
Sindh Solid Waste Management Board(OM#116)	Other-Grant in Aid	4436.333	826.889
Total		9787.399	1123.648

The matter was reported to the departments in the month of September 2019. The management replied that as per prevailing practice there is no mechanism/ accounting procedure of surrender/deposit of unutilized funds allocated through Grant-in-aid. Whereas, this matter will be taken with concerned authorities, if applicable.

The DAC in its meeting held on October 24, 2019 directed to follow relevant APPM directions in this regard.

Audit recommends that DAC directives may be complied.

(OM#66,116,120)

1.1.19 Variation in figures between finance accounts & State Bank deposit – Rs2,027.843 million

As per Para 2.3.2.2 of APPM on Accuracy, the information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omissions. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period. As per Para 7.3.2 of APPM on rectification of errors, errors or omissions found prior to the cut-off date for production of the Annual Accounts may be made by w of journal entry, submitted to the AG office for approval. Such errors or omissions typically include mis-classification of accounts, usually

requiring an adjustment between heads. In interpreting the direction, an error or omission is considered to be material, if it exceeds 10% of the reported expenditure or revenue reported against a particular head.

During certification audit of Government of Sindh for the financial year 2018-19, it was observed that there was variation in figures between the finance accounts & state Bank deposits of receipts amounting to Rs2,027.843 million. (Detail of State bank deposits attached). Summary is as under:

(Amount in Rupees)		
Receipts as per Fin. Accounts	State Bank deposits	Variation
913,257,633,758	911,229,790,367	2,027,843,391

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

The matter was reported to the department in the month of September 2019. The management replied that a figure of Rs. 913,257,633,758/- that has been indicated in Finance Account 2018-19 is actually the total of Consolidated Fund Receipts. The details of state bank deposits are available for scrutiny.

The DAC in its meeting held on October 24, 2019 directed to submit detailed revised reply along with documentary evidence.

Audit recommends investigation of matter by committee headed by Additional AG (Accounts) and report be submitted to audit for verification.

(OM#82)

1.1.20 Variation in figures of receipts of Sindh Workers Welfare Fund – Rs651.95 million

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

During Certification Audit of Government of Sindh for the financial year 2018-19, it was observed that funds amounting to Rs7907.616 million were released by Finance Department on account of transfer of collection of receipts related to Sindh

Workers Welfare Fund collected by Sindh Revenue Board (SRB) during the financial year 2017-18. However, as per challans submitted by SRB on accounts of collection of receipts was Rs7255.666 million. Hence there was variation of Rs651.95 million between figures of collection report and challans produced. Thus, chances of over payment to workers welfare board could not be ruled out. The details are as under;

(Rs. in million)

Summary of Collection of Sindh Workers Welfare Fund			
Period	Amount as per Challans (submitted by SRB)	Amount as per Collection Report (submitted by SRB)	Difference
2017-18	7255.666	7907.616	651.95

The matter was reported to the department in the month of September 2019. The management stated that Observation pertains to Sindh Revenue Board and Treasury Officer, Karachi and the same has been communicated to SRB for submission of reply to the Audit.

The DAC in its meeting held on October 24, 2019 directed to take up matter with Finance Department for further reconciliation with SRB.

Audit recommends that DAC directives may be complied.

(OM#83)

1.1.21 Un-authorized utilization of Trust Account/Public Account in Government Operations – Rs73.849 billion

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

And

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

During Certification Audit of Government of Sindh for the financial year 2018-19 while analyzing Finance Account, it was observed that balance of Trust Account /Public Account was shown as Rs151.764 billion. Moreover, cash balance at the end

of year was Rs22.176 billion and investment of GP fund and provincial government employees insurance fund was Rs55.739 billion. Thus there seems net shortfall of cash balance amounting to Rs73.849 billion even when GP Fund and investment are adjusted against the public account balance. It appears that public Account Funds/Trust Account were utilized in general services of Government.

Audit is of the view that Trust Accounts/Public Accounts funds were supposed to be utilized for the intended purpose only and they cannot be utilized to finance the Government Operations. Furthermore, minimum cash balance in Account-I of Government of Sindh should not be less than closing balance of Public Account/Trust Account. Details are as mentioned in table:

(Amount in Rupees)

Trust Account Funds			
Sr. #	Heads of account	Balance on 30th June, 2019	Investments in Fund Management House
1	General Provident Fund (Civil)	133,621,969,091	53,292,940,000
2	General Provident Fund (Forest)	166,760,174	0
3	Provincial Government Employees Benevolent Fund	2,211,600,623	0
4	Benevolent Fund Sindh Police	123,828,634	0
5	Workers' Welfare Fund Sindh	1,522,100,487	0
6	Provincial Government Employees Insurance Fund	7,761,782,667	2,446,160,000
7	Public Works Deposits	6,356,558,155	0
Total		151,764,599,831	55,739,100,000
Cash balance at the end of the year		22,176,000,000	
Investments		55,739,100,000	
Net Short fall of Cash Balance		73,849,499,831	
Source: Finance Account of GoS at page# 142 to 147			

The matter was reported to the department in the month of September 2019. The management replied that the Finance Dept. Govt. of Sindh is investing the funds since 2002-03 in various financial institutions on account of Pension fund, GP Fund, Viability Gap Fund etc. The value of all the investments at the end of 2018-19 is more than 211.000 billion which can be utilized for payment of any liability arises in future. However, the Govt. of Sindh is regularly paying the liabilities on account of the Trust Funds.

The DAC in its meeting held on October 24, 2019 directed to take up the matter with Finance department.

Audit recommends that DAC directives may be complied.

(OM#34)

1.1.22 Non-reconciliation of receipts – Rs85,159.208 million

As per Para 26 of the GFR Volume-I “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipt, it is the duty of the department Controlling officers to see that all the sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly account and return in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statement of treasury credits furnished by the Accountant General, to see that the amount reported as collected have been duly credited in the Public Account.

During audit of various offices of various departments of Government of Sindh, it was observed that receipts of Rs85,159.208 million was realized but the same was not reconciled from the accounts office. Details are given at **Annex-2** of Chapter-1.

The matter was reported to the management during December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

1.1.23 Non-reconciliation of expenditure – Rs14,887.829 million

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

During audit of various offices of various departments of Government of Sindh, it was observed that an expenditure of Rs14,887.829 million was incurred on various heads of account but the same was not reconciled from the accounts office. Details are given at **Annex-3** of Chapter-1.

The matter was reported to the management during December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

1.1.24 Savings not surrendered in time- Rs1,890.116 million

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

During audit of various offices of various departments of Government of Sindh, it was observed that funds amounting to Rs1,890.116 million were remain unutilized till the close of financial year and the same was not surrendered to government well in time. The saving would have been used in some other useful objects or functions of the government, had the same been surrendered in time. Details are given at **Annex-4** of Chapter-1.

The matter was reported to the management during December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

1.1.25 Excess expenditure incurred over & above the budget allocation – Rs959.633 million

According to Section-133 of Sindh Budget Manual, “No government servant should, however, without previously obtaining an extra appropriation, incur

expenditure in excess of the amounts provided under the heads concerned. When a government servant exceeds the annual appropriation he runs the risk of being held responsible for the excess”.

During audit of various offices of various departments of Government of Sindh, it was observed that an excess expenditure of Rs959.633 million was incurred over and above the budget allocation. Details are given at **Annex-5** of Chapter-1.

The matter was reported to the management during December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

1.1.26 Misclassification of expenditure – Rs300.212 million

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

During audit of various offices of various departments of Government of Sindh, it was observed that an expenditure of Rs300.212 million was incurred by way of misclassification. This was done to avoid the process of re-appropriation through Finance Department. Detail is given in **Annex-6** of Chapter-1.

The matter was reported to the management during December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

CHAPTER-2

AGRICULTURE, SUPPLY AND PRICES DEPARTMENT

2.1 Introduction

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

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

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

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

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	44	20	2,642.642	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	3	3	3,676.006	

2.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/(Savings)
15,060.444	-	2,045.235	(2,045.235)	(5,274.668)	9,785.776	8,697.955	(1,087.821)

The department was unable to spend the allocated budget in time. As a result, savings of Rs1,087.821 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
1,170.000	910.000	412.427	-497.573

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs497.573 million was observed.

2.3 Classified Summary of Audit Observations

Audit observations amounting to Rs1,814.397 million were raised as a result of this audit. This amount also includes recoverables of Rs148.847 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	1,294.156
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	-
A	<i>HR/Employees related irregularities</i>	23.022
B	<i>Procurement related irregularities</i>	-
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	497.219

2.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 6.35%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	14	9	0	9	-	
2	1998-99	11	7	0	7	-	
3	1999-2000	31	2	0	2	-	
4	2001-02	11	6	0	6	-	
5	2004-05	19	9	2	7	22.2	
6	2005-06	16	13	1	12	7.7	
7	2006-07	9	3	0	3	-	
8	2007-08	4	4	0	4	-	
9	2008-09	5	5	0	5	-	
10	2009-10	8	1	0	1	-	
11	2010-11	7	4	1	3	25	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		135	63	4	59	6.35	

2.5 Audit Paras

2.5.1 Non-production of auditable record - Rs1,294.156 million

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

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

During audit of the various offices of Agriculture Supply & Prices Department, Government of Sindh for the financial years 2013-14 to 2018-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs1,294.156 million remained unaudited. The details are given at **Annex-1** of Chapter-2.

The non-production of record was reported to the management during November 2017, January 2018 and August to October 2019. The management of the offices at Sr. 01 to 07 & 23 of the Annex-1 in its reply stated that required record is available. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

2.5.2 Payment of inadmissible allowances to officers & staff - Rs23.022 million

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

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh for the financial years 2013-14 to 2018-19, it was observed that various allowances amounting to Rs23.022 million were paid to the officers/officials which were not admissible. This resulted in loss to government exchequer.

(Rs. in million)

Sr. #	Name of Office	Financial Year	Particulars	AIR Para#	Amount
01	Director Planning & Monitoring Cell, Karachi	2013-14 to 2017-18	Secretariat Allowance	05	0.469
			Utility Allowance	01	7.628
			Mobile charges	10	0.209
02	Director On Farm Water Management, Hyderabad	2018-19	Conveyance Allowance	12	0.240
			Inadmissible adjustment of pay & allowances	22	2.621
03	Director Agriculture Farms & major crops Development Hyderabad	2017-18	Conveyance Allowance	10	0.180
04	Director, Agriculture Extension, Larkana	2017-18	Various allowances	05	0.104
05	Director Agriculture, Planning & Monitoring, Karachi	2018-19	Utility allowance	07	4.551
			Secretariat allowance	08	6.023
06	Additional Director General, Agriculture Engineering Hyderabad	2018-19	Conveyance Allowance	01	0.120
07	Deputy Director Agriculture Extension Naushahro Feroze	2018-19	Adhoc Allowance	08	0.877
Total					23.022

The matter was reported to the management during November 2017 and January to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

2.5.3 Non-recovery of 20% farmers' share - Rs107.000 million

As per paragraph# 6.4.5 of the revised PC-I of ADP Scheme No. 35, Government would share 80% of total cost of watercourse, where farmers would share 20% of total cost of watercourse in shape of demand draft to be deposited to Additional Director General, On Farm Water Management Sindh (Lower) Hyderabad or in kind”.

During audit of the office of Director, On Farm Water Management Hyderabad, Agriculture Supply & Prices Department, Government of Sindh, for the financial year 2018-19, it was observed from the record of revised PC-I of ADP Scheme# 35 that farmers' share (@ 20% of total cost of project) amounting to Rs107.000 million was not recovered in violation of aforementioned provision of the PC-I.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of the due share, besides investigation of the matter.

(AIR#02)

2.5.4 Irregular expenditure on consultancy – Rs46.591 million

As per Rule-72 of SPPRA 2010, The selection system shall be determined by the procuring agency prior to issuance of the Request for Proposals from interested consultants. A procuring agency may adopt one of the following methods for selection of consultants, keeping in view nature of the assignment:

1. Least Cost Selection Method
2. Quality Based Selection MethodLeast cost
3. Quality and Cost Based Selection Method
4. Direct Selection Method
5. Fixed Budget
6. Design Contest

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed that payment amounting to Rs46.591 million was made to consultants on account of third party validation. The contractors were hired in violation of laid down procedure and monitoring reports were not furnished. Deatails are as under.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Name of consultant	Particulars	Amount
01	Director On Farm Water Management, Hyderabad	2018-19	05	M/s Joint Venture MDC (Pvt) Ltd	i. Consultant hired without tender ii. The payment s were made without reports as per agreement	15.880
02	Project Director, Sindh Agricultural Growth Project, Hyderabad (Agriculture Component)	2017-18	4.5.2	M/s Management & Development Center & Meta Holding	Monitoring reports not available	30.711
Total						46.591

The matter was reported to the management during October 2018 and August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter and strengthening of internal controls for avoiding recurrence of such practice in future. Audit further required production of monitoring reports for verification.

2.5.5 Outstanding recovery of cost of plots from allottees - Rs28.684 million

According to Rule-7 of Central Treasury Rules regarding revenues and other receipts of the Government, “It is the primary duty of the officers concerned to see that dues of Government correctly and promptly assessed, quickly realized and immediately deposited into Government treasury”.

During audit of the office of Director Planning & Monitoring Cell Karachi, Agriculture Supply & Prices Department, Government of Sindh, for the financial years 2013-14 to 2017-18, it was observed that plots were allotted to various persons under the scheme “Agro Export Processing Zone Sindh Karachi,” but the cost of land worth Rs28.684 million was still outstanding against the allottees. The record made available to audit indicated initial payments by the allottees during May, 2007 to September,

2008. However, the data for aging of the outstanding receivables was not available on record.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery from the allottees, besides taking remedial measures.
(AIR#16)

2.5.6 Irregular payment through DDO account - Rs23.552 million

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

During audit of the various offices of the Agriculture Supply & Prices Department, Government of Sindh Karachi for the financial years 2013-14 to 2018-19, it was observed that an expenditure of Rs23.552 million was incurred under various head of accounts, but the payments were made through DDO account instead of direct payment to relevant payees. The details are given at **Annex-2** of Chapter-2.

The matter was reported to the management during October 2017 to October 2019. The management of the offices at Sr. 04 to 07 as per annex that payments were received from District Accounts Offices in DDO bank account and same were issued to actual payees through crossed cheques. The reply was not tenable as the bills in favor of DDO were submitted by the management. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter, besides taking remedial measures.

2.5.7 Irregular payment of advance to contractor - Rs23.000 million

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

During audit of the office of Director Agriculture Engineering Hyderabad, Agriculture Supply & Prices Department, Government of Sindh for the Financial Year 2017-18, it was observed that 20% advance payment amounting to Rs23.000 million was made to a firm, M/s Multiline Enterprises without obtaining bank guarantee. Moreover, supporting documents justifying the advance payment and adjustment/recovery of the advance was not made available to audit.

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustment of advance and investigation of the matter for taking remedial measures.

(AIR#06)

2.5.8 Splitting up of expenditure to avoid open tenders – Rs18.618 million

As per Rule 12 (1) of SPPR 2010, “All proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.”

As per Rule-17(1) of SPPRA 2010 provides that, “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in the rules”.

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh, for the financial years 2017-18 to 2018-19, it was observed that an expenditure of Rs18.618 million was incurred through splitting up of

expenditure in order to avoid open tenders. Thus, the government was deprived of competitive rates.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
01	Director Planning & Monitoring Cell Karachi	2017-18	07	0.372
02	Deputy Director, Agriculture Extension, Tando Muhammad Khan	2017-18	02	2.677
03	Deputy Director, Agriculture Extension, Qambar Shahdadkot	2017-18	03	1.460
04	Rice Botanist, Rice Research Station, Thatta	2017-18	03	1.170
05	Controller Weights & Measures Cell, Karachi	2017-18	01	3.138
06	Deputy Director Agriculture Extension Shaheed Benazirabad	2018-19	01	0.413
07	Director, Rice Research Institute Dokri	2018-19	11	1.535
08	Director General Agriculture Extension Hyderabad	2018-19	03	2.340
			05	1.451
09	Director Farms Agriculture Hyderabad	2018-19	01	0.717
10	D.G, Agriculture Engineering & Water Management, Hyderabad	2017-18	05	2.895
11	Director Training Agriculture Extension Hyderabad	2017-18	26	0.450
Total				18.618

The matter was reported to the management during August 2018, August & November 2019. The management of office at Sr. 03 to 05 in its reply stated that the Finance Department released budget on quarterly basis and the expenditure was incurred in piece meals. The reply was not tenable as the expenditure was split up in a row in same/short span of period within the quarter which is not related to release of funds. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

2.5.9 Non-deduction of government taxes – Rs13.163 million

According to Taxable Services as per Second Schedule to the Sindh Sales Tax on Services Act, 2011, Part A, Sindh Revenue Board, Government of Sindh, vide Tariff Heading-9813.4990 - Services provided or rendered by banking companies,

insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non- banking financial institutions and other persons dealing in any such services - Other services not specified elsewhere, tax @ 13% is to be paid accordingly.

According to Para-22-A of Stamp Act, “It was the duty of the competent authority to recover the Stamp Duty and affix the same while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost”.

According to Notification issued by Sales Tax Department for sales Tax Special procedure (withholding) rules, 2007 vide letter No S.R.O 77 (I) 2008 dated 23-01-2008, “Withholding agent shall deduct an amount equal to 1/5 of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him. If sales tax invoice is not provided then 17% tax would be deducted”.

According to section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract with Government or local authorities, etc.

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed that payments were made to various suppliers/ contractors but income tax, SST, GST and stamp duty amounting to Rs13.163 million were not deducted from the bills, due to which government sustained loss of revenue.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Particulars	Amount
01	Director On Farm Water Management Hyderabad	2018-19	11	Stamp Duty	0.521
02	Director Training Agriculture Extension Hyderabad	2017-18	23	Income Tax	0.021
		2018-19	08	SST	0.055
03	Director Planning & Monitoring Cell Karachi	2017-18	15	Income Tax	4.752
04	Director Agriculture Farms & major crops Hyderabad	2017-18	11	Income Tax	0.201
05	D.D Agriculture Extension, Qambar Shahdadkot	2017-18	08	GST & SST	0.145
06	Deputy Director Agriculture Extension Shaheed Benazirabad	2018-19	07	GST	0.146
			10	Income Tax	0.088

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Particulars	Amount
07	Director General, Bureau of Supply & Prices Karachi	2018-19	11	Income Tax	0.011
08	Add: D.G, Agriculture Engineering, Hyderabad	2018-19	03	GST	4.744
09	Project Director, Sindh Agricultural Growth Project (Agriculture Component)	2017-18	4.2.1	1/5 th of GST	0.484
			4.2.3	Income tax	1.606
			4.3.4	Stamp duty	0.389
Total					13.163

The matter was reported to the management during August, October 2018 & August to November 2019. The management of the office at Sr. 05 stated that deduction of taxes was responsibility of District Accounts Office. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

2.5.10 Irregular expenditure on exhibitions and seminars – Rs8.235 million

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

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh for the financial years 2015-16 to 2018-19, it was observed that an expenditure of Rs8.235 million was incurred on account of fair exhibition and seminar.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
01	Deputy Director, Agriculture Extension, Mirpurkhas	2015-16 to 2017-18	12	2.949
02	Deputy Director, Agriculture Extension, Umerkot	2017-18	05	0.691
03	Deputy Director, Agriculture Extension, Tando Allahyar	2017-18	01	0.385
04	Vegetable Specialist, Chilies Research Station, Mirpurkhas	2017-18	03	0.131
05	Director Training Agriculture Extension Sindh Hyderabad	2018-19	14	0.060
06	Director, Rice Research Institute Dokri	2018-19	14	1.438
07	Controller Weights & Measures Cell, Karachi	2017-18	04	0.608
08	Sugarcane Specialist Sujawal	2017-18	05	0.120
09	Secretary Agriculture, Supply & Prices Department, Karachi	2018-19	04	1.853
Total				8.235

Following irregularities were noticed:

- i. Lists of participants were not available on record.
- ii. Dates and places were not mentioned in the bills.
- iii. Office orders regarding seminars/ meetings were not available on record.
- iv. Evidence of conference & seminars executed were also not available on record.

The matter was reported to the management during December 2017, February 2018 & October 2019. The management of offices at Sr. 04, 07 & 08 in their replies stated that all codal formalities were fulfilled which required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires provision of relevant record and investigation of matter, besides taking remedial measures.

2.5.11 Non-crediting of revenue into government account - Rs6.664 million

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

During audit of the office of Director, Rice Research Institute Dokri, Agriculture Supply & Prices Department, Government of Sindh, for the financial year 2017-18, it was observed that an amount of Rs6.664 million was collected on account of receipts from agriculture proceeds, but the same was not credited into government account. Details are given as under:

(Rs. in million)

Sr.#	Name of DDO	Amount
01.	Director Rice Research Institute Dokri	4.669
02.	Plant Physiologist Rice Research Institute Dokri	0.144
03.	Pulse Botanist Rice Research Institute Dokri	0.092
04.	Agriculture Chemist (Soils) Rice Research Institute Dokri	0.150
05.	Rice Botanist Rice Research Institute Dokri	0.425
06.	Rice Technologist Rice Research Institute Dokri	0.120
07.	Agriculture Chemist (S&WTL) Rice Research Institute Dokri	0.144
08.	Agronomist Rice Research Institute Dokri	0.153
09.	Plant Pathologist Rice Research Institute Dokri	0.153
10.	Rice Economist Rice Research Institute Dokri	0.119
11.	Statistician Rice Research Institute Dokri	0.108
12.	Entomologist Rice Research Institute Dokri	0.202
13.	Communication Specialist Rice Research Institute Dokri	0.185
Total		6.664

The matter was reported to the management in December 2018. The management in its reply stated that all the dues were deposited in government treasury and the challans have been got verified from the DAO Larkana. The record related to the deposit and verification from DAO Larkana was not provided to audit.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires evidence in support of the reply for verification.

(AIR#07)

2.5.12 Unauthorized retention of government money – Rs2.162 million

As per APPM at 3.3.12.6, all anticipated savings must be surrendered to the Government immediately as they are foreseen but no later than 15th May each year. Savings from funds provided after 15th May must be surrendered no later than 30 June. Stringent controls should be exercised in the spending of all potential or actual savings.

During audit of the following offices of Agriculture Supply & Prices Department, Government of Sindh for the financial year 2018-19, it was observed that an amount of Rs2.162 million was drawn from government treasury and kept into DDO bank account. The unauthorized retention was made to avoid lapse of funds.

(Rs. in million)			
Sr. #	Name of Office	AIR Para #	Amount
01	D.G, Agriculture Engineering & Water Management Hyderabad	12	1.311
02	Director Farms Agriculture Hyderabad	03	0.851
Total			2.162

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

CHAPTER-3

AUQAF, RELIGIOUS AFFAIRS & ZAKAT & USHR DEPARTMENT

3.1 Introduction

Department's main functions are detailed below:-

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

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	2	1	64.852	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

3.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
1,224.459	-	291.174	(291.174)	(391.978)	832.481	699.263	(133.218)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs133.218 million was observed which was not surrendered in time.

3.3 Classified Summary of Audit Observations

Audit observations amounting to Rs57.850 million were raised as a result of this audit. This amount also includes recoverables of Rs6.004 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	36.666
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	1.199
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	19.985

3.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	0	0	0	0	-	
4	2001-02*	0	0	0	0	-	
5	2004-05*	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	0	0	0	0	-	
8	2007-08	0	0	0	0	-	
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0	-	
12	2014-15	4	3	0	3	-	
13	2016-17	0	0	0	0		Audit Report not yet discussed
Total		4	3	0	3	0	

3.5 Audit Paras

3.5.1 Non-production of auditable record – Rs36.666 million

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

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

During audit of various offices of Auqaf, Religious Affairs, Zakat & Ushr Department Government of Sindh, for the financial years 2010-11 to 2018-19, it was observed that the auditable record worth Rs36.666 million was not produced for audit scrutiny despite various reminders. The details are given in **Annex-1** of Chapter-3.

The matter was reported to the management in July 2018 & March 2019. The DAC meeting was held on 21 January 2020. The management of all three offices informed that requisite record was available. The DAC took a serious view over non-production of record at the time of audit and directed the management to provide all relevant record to the audit for necessary scrutiny within 15 days. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

3.5.2 Irregular expenditure without inviting tender - Rs1.199 million

According to Rule 17(1) of SPPRA Rules 2010 "Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules".

During audit of the office of Secretary Auqaf, Religious Affairs, Zakat & Ushr for the Financial Year 2017-18, it was observed that an expenditure of Rs1.199 million was incurred on "Seerat conference". The items were purchased from local market without inviting tender to achieve most economical rates.

The matter was reported to the management in July 2018. The DAC meeting was held on 21 January 2020. The management clarified that due to shortage of time, the purchases were made according to the prevailing rules through three different quotations, whereas sanctions have been obtained in different dates according to the arising need/requisitions. They added that relevant record of quotations/sanctions/approval of competent authority are available.

The DAC directed the management to obtain ex-post-facto sanction for not observing the requirement of tender from the competent authority which may be produced to audit for verification within 30 days. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#03)

3.5.3 Un-authorized drawl of cheques in the name of DDO instead of actual payee -Rs13.981 million

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

During audit of following offices of Auqaf, Religious Affairs, Zakat &Ushr Department Government of Sindh, Karachi, it was observed that an expenditure of Rs13.981 million was incurred on account of various heads through DDO account instead of direct payment to vendor through cheque.

(Rs. in million)					
Sr #	Name of Office	Financial Year	Particulars	AIR Para #	Amount
01	Secretary, Auqaf, Religious Affairs, Zakat &Ushr	2018-19	DDO's Cheques	17	12.296
02	Administrator Zakat, Karachi	2010-11 to 2017-18	Cash withdrawal by DDO	22	0.426
03	Provincial Zakat Council, Karachi	2010-11 to 2017-18	Contingency by DDO	09	1.259
Total					13.981

The matter was reported in March, May & July 2019. The DAC meeting was held on 21 January 2020. The management at Sr#1 (Secretary, Auqaf, Religious Affairs, Zakat & Ushr) stated that Rs4590 was pertaining to telephone charges, Rs2,100,000 pertained to financial assistance to heirs of government servants who expired during the service. As regards to Rs10,191,300, the management pointed out that the same amount was paid to the Ministry of Religious Affairs, Islamabad as the funds in this regard were routed by the Finance Department, Government of Sindh through Auqaf, Zakat & Ushr Department. Other offices did not reply in DAC. The DAC directed the management to produce record in support of the reply to audit within 15 days for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

3.5.4 Non-recovery of outstanding dues – Rs6.004 million

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

During audit of the office of Chief Administrator Auqaf, Hyderabad for the year 2017-18, it was observed that an amount of Rs6.004 million was not recovered on account of outstanding arrears of Auqaf properties all over Sindh. The details are as under:

(Rs. in millions)

Sr.#	Name of Circle	Outstanding Dues
01	DargahPakha peer Hyderabad	2.273
02	Jamia Masjid Kumar para Hyderabad	1.407
03	Jamia Masjid Mustafa Hyderabad	0.961
04	Jamia Masjid Azad Meadian Hyderabad	0.755
05	Sayal graveyard	0.339
06	Jamia Masjid Mai Khari Hyderabad	0.130
07	Jamia Masjid Sunehri	0.094
08	Jamia Masjid Jail road Hyderabad	0.045
Total		6.004

The non-recovery was pointed out to the department in July 2018. The DAC meeting was held on 21 January 2020. The management replied that partial recovery

of Rs1.000 million has been made and some of cases are subjudice. The DAC directed the management to submit a revised reply showing details of subjudice cases together with details of recovered amount along with supporting documents to audit for verification within 15 days. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#01)

CHAPTER – 4

BOARD OF REVENUE

4.1 Introduction

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

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	41	31	3,545.160	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

4.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
9,706.295	307.366	1,955.004	(1,955.004)	(3,082.129)	6,931.532	6,022.481	(909.051)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs909.051 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
29,155.000	28,108.000	17,120.138	- 10,987.862

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs10,987.862 million was observed.

4.3 Classified Summary of Audit Observations

Audit observations amounting to Rs64,629.995 million were raised as a result of this audit. This amount also includes recoverables of Rs234.690 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	62,642.170
2	Reported cases of fraud, embezzlement and misappropriation	98.908
3	Irregularities	-
A	<i>HR/Employees related irregularities</i>	19.932
B	<i>Procurement related irregularities</i>	1,075.125
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	793.862

4.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Percentage of Compliance	Remarks
1	1992-93	55	19	0	-	
2	1998-99	7	4	0	-	
3	1999-2000	21	7	0	-	
4	2001-02	9	9	0	-	
5	2004-05					No audit para
6	2005-06					

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Percentage of Compliance	Remarks
						pertaining to this department was printed in these Audit Reports
7	2006-07	7	7	0	-	
8	2007-08	5	5	0	-	
9	2008-09	10	10	0	-	
10	2009-10					No audit para pertaining to this department was printed in this Audit Report
11	2010-11	5	5	0	-	
12	2014-15	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	-	Audit Report not yet discussed
Total		119	66	0	-	

4.5 Audit Paras

4.5.1 Non-production of auditable record – Rs62,642.168 million

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

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

During audit of various offices of Board of Revenue, Government of Sindh, the auditable record of Rs62,642.168 million was not produced to audit for scrutiny despite various reminders. Details are given at **Annex-1** of Chapter-4.

The matter was reported to the management during February 2018 to October 2019. The management of the office of Commissioner, Karachi at Sr. # 04 of the Annex-1 (AIR Paras # 51, 04, 21, 32 & 18) stated that the relevant record was available for audit scrutiny. The reply was not tenable as it was not supported with required record. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

4.5.2 Doubtful expenditure on purchase of POL – Rs94.412 million

As per Rule 23 of Sindh Financial Rules, Volume-I, "Every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by sub-vouchers setting forth full and clear particulars of the claim". As per Appendix 18-A "Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant

to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs94.412 million was incurred on purchase of POL. The following irregularities were noticed:

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Irregularity	Amount
1	Secretary, Board of Revenue (Census 2 017)	2016-17	09	The POL charges were drawn on computer made bills causing doubts on authenticity of the same.	74.909
2	Deputy Commissioner, Korangi, Karachi	2018-19	08	The payment was made to M/s Al-Tawakal Oil & Lubrication Station, against fake bill mentioning fak NTN number. On online verification from FBR online portal, The NTN number 7288340-5 was allotted to M/s S.S. Enterprises, General order supplier.	9.354
3	Secretary, Board of Revenue, Hyderabad	2018-19	21	The diesel was purchased against petrol engine vehicles	0.530
4	Commissioner, Karachi	2017-18	23	Blank POL slips were used	8.949
5	Deputy Commissioner, Tando Mohd. Khan	2018-19	05	Blank POL slips were used	0.670
Total					94.412

The matter was reported to the management during April 2018 to August 2019, but no reply was received except Commissioner Karachi who denied usage of blank POL slips for purchase of POL. Reply was not tenable as the same was not substantiated with evidence.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of matter, besides taking remedial measures.

4.5.3 Irregular expenditure on transportation of containers - Rs6.045 million

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

During audit of the office of Deputy Commissioner, East, Karachi, Board & Revenue, Government of Sindh for the financial year 2018-19, it was observed that an expenditure of Rs6.045 million as detailed below was incurred on account of transportation of containers for sealing the parking grounds and installation of mobile washrooms during cricket matches, Pakistan Super League 2019.

(Rs. in million)

Sr. #	Particulars	Vendor name	Amount
1	Transportation of containers for sealing the Parking grounds during the PSL-2019	Al-Karam Carriers	3.250
2	Installation of mobile washrooms	A.K Multi works	2.795
Total			6.045

Following irregularities were observed:

- i. Open tenders were not invited.
- ii. Government taxes were not deducted.
- iii. No agreement was signed with vender mentioning number of containers on the lines of approved site plan.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter, besides taking remedial measures.

(AIR#18)

4.5.4 Irregular award of 37.02 acres of land

As per Appendix 18-A of Sindh Financial Rules Volume-I, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of Board of Revenue, it was observed that Deputy Commissioner, Badin awarded land measuring 93.21 acres in 2012 against the approval of 56.19 acres by the competent authority. Thus causing irregular award of excess 37.02 acres of land without approval. Audit also observed that entry of the said land was made in Form VII-B in 2008 whereas the same was registered during ban period in 2016 by Permanent Record Cell Hyderabad.

The irregularity was pointed out to the management in August 2018, but no response has been received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter, besides taking remedial measures.

(AIR#4.1.6)

4.5.5 Non-preparation of fresh Record of Rights “VF-VII A”

As per the Honorable High Court of Sindh decision in CP No. D-11/2007 dated 28-05-2009, directives was issued to Assistant Commissioner/Assistant Collector, Thatta for preparation /reconstruction of fresh record of Rights i.e. Form VII-A.

During audit of Board of Revenue, it was observed in the Assistant Commissioner/ Assistant Collector, Thatta that the Honorable High Court of Sindh in CP No. D-11/2007 dated 28-05-2009 has directed to the said office for preparation /reconstruction of fresh record of Rights i.e. Form VII-A for various Dehs as the same were burnt during 2007 (details of case were extracted from the Notification of Board of Revenue, Government of Sindh dated 30-04-2015). The compliance of orders of the Honorable High Court Sindh was not made despite lapse of ten years causing calims

of ownership of various people questionable. Details are given at **Annex-2** of Chapter-4.

The irregularity was pointed out to the management in August 2018, but no response has been received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter, besides taking remedial measures.
(AIR#4.1.7)

4.5.6 Non-vacation of 1,822 Acres encroached land

As per Appendix 18-A of Sindh Financial Rules Volume-I, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of Board of Revenue, it was observed that 1,821.68 Acres land of the University of Sindh was encroached unlawfully by various land grabbers. Details are as under;

Sr. #	Deh	Acres
1	Moorho Jabal	288.00
2	Sonwalhar	19.16
3	Railo	718.27
4	Khanpur Jagir	796.25
Total		1,821.68

The irregularity was pointed out to the management in August 2018, but no response was received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires immediate vacation of land, besides taking necessary against land grabbers under law.

(AIR#4.2.3)

4.5.7 Unjustified payment on acquisition of land – Rs50.000 million

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

During audit of Board of Revenue, it was observed, in the office of the LAO, Latifabad, Hyderabad, that 100 acres of land costing Rs50.000 million was acquired by the LAO for scheme “Construction of 1500 flats project for the Industrial workers at Hyderabad” for the employees of Social Workers Welfare Board, Karachi. The payment was made to Mr. Muhammad Ilyas Memon who was not the legal owner of the acquired land (Mr. Muhammad Aslam & others were the owner of land) as per Form VIIB. Moreover, it was also observed that 100 acres of land was acquired against the requirement 32 acres only which resulted in excess procurement of 68 acres of land. Audit is of the view that land purchase in excess from unconcerned person amounted to extension of undue favour resulted in loss to government exchequer worth Rs34.000 million.

The irregularity was pointed out to the management in August 2018, but no response has been received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that an inquiry be conducted for fixing of responsibility against the person(s) at fault.

(AIR#4.2.9, 4.2.10)

4.5.8 Un-authorized retention of funds for acquisition of land – Rs31.000 million

As per APPM at 3.3.12.6, all anticipated savings must be surrendered to the Government immediately as they are foreseen but no later than 15th May each year.

Savings from funds provided after 15th May must be surrendered no later than 30 June. Stringent controls should be exercised in the spending of all potential or actual savings.

During audit of Board of Revenue, it was observed in the office of the Assistant Commissioner, Manjhand that an amount of Rs31.000 million was received from National Highways Authority (NHA) in November 2014 for acquisition of land. The same amount was retained un-authorizedly for four years. An amount of Rs20.000 million was refunded vide cheque # 20465291 dated 07-02-2018 while holding remaining amount of Rs11.000 million. It was also observed from the bank statement of the DDO account of said office that an amount of Rs7.154 million was shown as unspent as on 30th June 2018. The details of amount spent were not provided to audit.

The irregularity was pointed out to the management in August 2018, but no response has been received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#4.2.11)

4.5.9 Acquisition of land on higher cost – Rs5.349 million

As per Appendix 18-A of Sindh Financial Rules Volume-I, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of Board of Revenue, it was observed in the following offices that the piece of land was sold to various persons (might be some influential parties) on very cheap rates; however, after lapse of few months or years the same piece of land was acquired back by the BOR on very inflated rates (too much higher than the market value). Thus, this resulted into loss to the government of Rs16.484 million.

(Rs. in million)				
Sr #	Name of office	Land sold details	Same land acquired details	Loss
01	A.C. Sehwan	2.20 Acres sold for Rs25,000 to Mr. Nabi Bux in July 2007	2.20 Acres acquired back for Rs800,000 after lapse of 05 months i.e. December 2007 for XEN, PHE Jasmshoro (Bhan Saeedabad)	0.775
02	A.C. Dadu	2.09 acres costing Rs70,000 as on 12-09-17	Acquired same land for Rs4.644 million for XEN, PHE Dadu vide cheque # 2920653 dated 14-12-17 (within three months)	4.574
Total				5.349

The irregularity was pointed out to the management in August 2018, but no response has been received till finalization of report.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#4.2.13)

4.5.10 Irregular tendering of works – Rs592.903 million

According to Rule 4 of Sindh Public Procurement (SPP) Rules 2010, “Principles of Procurements - While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical”.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs592.903 million was incurred on execution of works in violation of provisions of SPPRA. Details are given as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Director, LARMIS, Karachi	2017-18	02	Expenditure on previous years tender/agreement in violation of Rule 12(1) of SPPR 2010	279.267
2	Deputy Commissioner, West, Karachi	2017-18	21	Opening of bids without proper assessment by the tender evaluation committee	125.327
			24	Award of contracts without hoisting results of bidding process as required under Rule 50 of SPPR 2010	80.561
			22	Award of contracts without hoisting results of bidding process as required under Rule 50 of SPPR 2010	50.295
			20	Award of work without obtaining administrative approval and technical sanction of the estimated cost as defined under Rule 2 (q)(ii) and non-production of documents pertaining to technical soundness of the contractors and their history of successful completion of projects by the contractors	5.490
			01	Award of work to contract without obtaining evidence of tax registration Certificates as required under Rule 46(1)(a)(iii) of SPP Rules 2010	4.391
			25	Award of work in violation of Rule 46 & 7 of SPPR 2010	3.995
3	Deputy Commissioner, East, Karachi	2017-18	31	Award of work without constituting Redressal Committee as required under Rule 31 of SPP Rules 2010	39.881
4	Commissioner, Larkana	2018-19	12	Opening of bids by ignoring the encircle the rates and signature of procurement committee on bids in violation of Rule 41 of SPPR 2010	3.696
Total					592.903

The matter was reported to the management during November 2018 to August 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter, besides taking remedial measures.

4.5.11 Non-invitation of tenders – Rs515.620 million

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

During audit of the various offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs515.620 million was incurred without calling open tender in violation of above-mentioned rule. Details are given at **Annex-3** of Chapter-4.

The matter was reported to the management during April 2018 to October 2019. The management of office of the Commissioner, Karachi at Sr # 13 of Annex-3 (AIR Para # 20) stated that the procurement was made in piecemeal on need basis and did not fall under the purview of inviting tender. The management in its reply did not produce procurement plan so as to verify the spending trend of funds for said financial year. The management in response to AIR Para # 12, added that M/s Ahmed Enterprises was the only contractor who provides all the merchandise & other items on credit & on most economical rates; therefore, most of the expenditure was incurred on purchases from the said vendor. The management, in response of AIR Para # 38, stated that the expenditure was incurred after fulfilling of all codal formalities and keeping in view the prevailing rates & regulations. They added that all the requisite record was available for audit scrutiny. No reply was received from remaining offices. Replies of the above offices were not tenable as expenditure was incurred in violation of rules.

The matter was reported to the management during April 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

4.5.12 Non-obtaining of performance security – Rs6.607 million

As per Rule 39 of SPPR 2010, Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that performance security amounting to Rs6.607 million was not obtained from the contractors prior to award of the contracts worth Rs66.070 million.

(Rs. in million)				
Sr.#	Name of office	Financial Year	AIR Para #	Amount
1	Deputy Commissioner, West, Karachi	2017-18	18	4.947
2	Deputy Commissioner, Malir, Karachi	2017-18	04	1.291
3	Commissioner, Larkana	2018-19	08	0.369
Total				6.607

The matter was reported to the management during October 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking remedial measures.

4.5.13 Un-authorized retention of government money in DDO account – Rs188.661 million

As per APPM at 3.3.12.6, all anticipated savings must be surrendered to the Government immediately as they are foreseen but no later than 15th May each year.

Savings from funds provided after 15th May must be surrendered no later than 30 June. Stringent controls should be exercised in the spending of all potential or actual savings.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs188.661 million was retained in DDO accounts till close of the financial year.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Commissioner, Karachi	2017-18	13	53.130
2	Deputy Commissioner, South, Karachi	2018-19	02	46.102
3	Secretary, Board of Revenue (Census 2017)	2016-17	07	33.777
4	Deputy Commissioner, Korangi, Karachi	2017-18	17	15.000
5	Deputy Commissioner, Jamshoro	2018-19	02	12.339
6	Deputy Commissioner, Kashmore @ Kandhkot	2018-19	05	12.075
7	Deputy Commissioner, Central, Karachi	2018-19	12	6.254
8	Deputy Commissioner, TandoMohd Khan	2018-19	06	4.505
9	Deputy Commissioner, Sukkur	2017-18	06	2.629
10	Deputy Commissioner, Sujawal	2018-19	01	2.072
		2017-18	11	0.330
11	Commissioner, Larkana	2017-18	07	0.305
		2018-19	06	0.143
Total				188.661

The matter was reported to the management during April 2018 to August 2019. The management of the office of Commissioner, Karachi at Sr. # 01 above stated that the amount is still available and not be utilized without concurrence from the competent authority. The reply was itself admission of irregularity. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter besides taking remedial measures.

4.5.14 Irregular payment through DDO account – Rs89.182 million

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

will avoid unnecessary delays and risk involved in the drawl and disbursement of cash.”

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs89.182 million was paid through DDO account instead of direct payment to payees in violation of the above rule.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Deputy Commissioner, Central, Karachi	02	2018-19	26.291
		10	2018-19	10.485
2	Deputy Commissioner, Hyderabad	01	2018-19	8.740
		03		2.441
3	Deputy Commissioner, TandoAllayar	04	2018-19	6.199
4	Deputy Commissioner, Jamshoro	03	2018-19	6.013
5	Commissioner, Karachi	41	2017-18	5.300
6	Deputy Commissioner, Sangher	21	2018-19	3.611
7	Commissioner, Larkana	01	2017-18	2.256
		01	2018-19	1.637
8	Deputy Commissioner, Korangi Karachi	10	2018-19	2.000
		14	2018-19	0.500
9	Deputy Commissioner, Thatta	07	2018-19	1.862
10	Deputy Commissioner, Ghotki	03	2018-19	1.801
11	Deputy Commissioner, Mirpurkhas	01	2018-19	1.595
		03	2018-19	0.833
		07	2017-18	0.096
12	Commissioner Hyderabad	03	2018-19	1.281
13	Deputy Commissioner, Sujawal	01	2017-18	1.280
14	Deputy Commissioner, Umerkot	11	2017-18	1.084
15	Deputy Commissioner, Sukkur	11	2018-19	0.960
		11	2017-18	0.108
16	Commissioner, Sukkur	04	2017-18	0.573
17	Director, Settlement, Survey & Land Records Sindh, Hyderabad	04	2017-18	0.554
18	Deputy Commissioner, Shikarpur	06	2018-19	0.375
		07	2018-19	0.321
		17	2018-19	0.270
19	Deputy Chief Inspector Stamps Sindh, Karachi	08	2017-18	0.260
20	Deputy Commissioner, Tando Muhammad Khan	11	2018-19	0.191
21	Secretary, Board of Revenue	20	2018-19	0.133
		19	2018-19	0.132
Total				89.182

The matter was reported to the management during March 2018 to October 2019. The management of office of the Commissioner, Karachi at Sr. # 05 above stated that the payments pertain to deceased employees, since the payments were made to legal heirs/widows of the deceased staff who did not possess any vendor number as required by Accountant General Sindh, for A/c payee only cheque. They added that all the payments were made after fulfilling all codal formalities. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking remedial measures.

4.5.15 Cash payments through DDO bank account – Rs4.496 million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy”. Further, as per Accountant General Sindh, Karachi circular No. TM/Policy/556 dated 16-04-2007 “The salary and other personal claims of Government employees are required to be paid through their bank accounts and no payment may be made to them in cash”.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs4.496 million was drawn from DDO bank account in cash instead of direct crediting to payee concerned. Thus, the misuse of public funds could not be ruled out in the states scenario.

(Rs. in million)				
Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Commissioner, Karachi	10	2017-18	3.045
2	Secretary, Board of Revenue (Census 2017)	15	2016-17	0.872
3	Deputy Commissioner, Kamber @ Shahdadt	02	2018-19	0.579
Total				4.496

The matter was reported to the management during April 2018 to August 2019. The management of the office of Commissioner, Karachi at Sr. # 01 above stated that

the amount was not withdrawn from the “Flood Relief Account” and instead the same was in our account. They added that the amount was withdrawn & distributed cash to the needy & deserving people on their written requests by the then Commissioner Karachi. No reply was received from remaining offices. Reply was not tenable as distribution of huge payments through cash are not allowed by the rules.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

4.5.16 Non-recovery of outstanding receipts - Rs72.728 million

Under Sections-113 to 115 of the Land Revenue Act 1967, any sum of outstanding government dues referred to a revenue officer is required to be recovered as arrears of land revenue.

During audit of the following Offices of Board of Revenue, Government of Sindh for the financial year 2018-19, it was observed that revenue receipts amounting to Rs72.728 million were outstanding against various khatedars, but no recovery was effected.

(Rs. in million)			
Sr. #	Name of Office	AIR Para #	Amount
1	Deputy Commissioner, Ghoki	24	66.102
2	Deputy Commissioner, Umerkot	15	4.749
3	Deputy Commissioner, Hyderabad	10	0.958
4	Deputy Commissioner, TandoAllahyar	08	0.719
5	Deputy Commissioner, Shikarpur	12	0.200
Total			72.728

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery of government revenue besides taking remedial measures.

4.5.17 Non-recovery of various taxes – Rs57.426 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time “any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 13%. According to Rule 2(2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of the various offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs57.426 million on account of Income Tax/Sindh Sales Tax & General Sales Tax was not deducted at applicable rates while making payments to vendors which result in loss to the government. Details are given at **Annex-4** of Chapter-4.

The matter was reported to the management during November 2018 to October 2019. The management of office of the Commissioner, Karachi at Sr # 07 of the Annex-7 (AIR Paras # 37, 03 & 26) stated that the vendors were registered in FBR and the Income Tax was deducted by the Accountant General Sindh. They added that in case of petty purchases, relating to tea, milk, sugar, mineral water, tissue boxes, etc., the GST was already included in their prices; hence, the same was not deducted. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

4.5.18 Non-realization of various taxes – Rs36.247 million

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

During audit of the various offices of Board of Revenue, Government of Sindh, it was observed that various urban immovable properties were registered, but the various taxes i.e. Capital value tax, Advance tax, Stamp duty, Registration fee amounting to Rs36.247 million were not recovered from the owners/transferees of the properties. Details are given at **Annex-5** of Chapter-4.

The matter was reported to the management during November 2018 to May 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of taxes from the concerned under intimation to audit.

4.5.19 Irregular payment of allowances – Rs19.932 million

As per Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1997 read with Para-7(a) of Finance Division (Regulation wing) OM No.I(I)imp/2008 dated 30-6-2008, “The office cum residence conveyance allowance is an allowance to facilitate Government officers/officials to reach the office and not admissible to those officer/officials who have been provided with government transport facility or residing within work premises.”

As per Revised Pay Scales, 1987, vide Finance Department Office Memorandum No. FD (SR-IV)1/43/87 dated 17th May, 1987, “All employees not provided with government accommodation and posted at Karachi, Hyderabad including Kotri and Jamshoro are entitled to house rent allowance @ 45% of the minimum of basic pay scale. For all other places, this allowance will be allowed @ 30%”.

As per Para11 of General Financial Rules Volume-I, “each head of a department is responsible for enforcing financial order and strict economy at every

step. He is responsible for observance of all relevant financial rules and regulations, both by his own office and by sub-ordinate disbursing officer.”

During audit of various offices of Board of Revenue, Government of Sindh, it was observed that various allowances amounting to Rs19.932 million were paid to the officers & staff without admissibility. Details are given at **Annex-6** of Chapter-4.

The matter was reported to the management during November 2018 to May 2019. The management of office of the Commissioner, Karachi at Sr # 07 of Annex-6 (Paras # 16, 14 & 22) stated that utility allowance was paid to then Commissioner due to the fact that the Commissioner works under direct supervision of SGA&C Department and was treated as Secretariat staff. The reply was not convincing as not covered under any rules. For Paras # 11 & 33, the same office stated that the officers were not availing official vehicle facility due to the fact that their official vehicles were off-road; hence, conveyance allowance were drawn. The management in response to Paras # 02 & 47 added that due to poor condition of commissioner’s official residence, which required major repair, Mr. Ejaz Ahmed Khan, the then Commissioner was not availing the official facility of residence; therefore, he was drawing H.R.A and that undertaking/affidavit for not availing orderly was enclosed. The reply needed verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of inadmissible allowances besides taking of remedial measures.

4.5.20 Irregular expenditure on POL without entitlement/beyond ceiling – Rs13.531 million

According to letter # CTC(S&GAD)5(238)/97 dated 05-04-1997, issued by the Service and General Administration Department, Government of Sindh regarding entitlement of government at Sr.#(i) Additional Chief Secretary, Senior Member BoR, Secretaries of the Administrative Departments, IG Police, Additional IGs and DIGs of Police, Heads of Autonomous Bodies/ Corporations in BPS-20 and above should be allowed to use 1300 CC locally manufactured cars (ii) All the officers in BPS-19 and 20 like Heads of attached Departments/Regional Heads or equivalent in Autonomous Bodies/Corporations and Deputy Commissioners to use 1000 cc locally manufactured cars, (vi) All Deputy Secretaries in various departments who are using departmental

vehicles along with facility of POL and repair charges will be allowed to use these vehicles subject to the condition that expenses of the repair and POL will be borne by them. (ix) existing Toyota Land Cruisers and Pajero Jeeps and other equivalent vehicles may be used for cross country/tour with prior approval of SGA & CD. (x) in case of foreign aided projects entitled officers will use locally made 1300 cc or below vehicles as per approved PC-I.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs13.531 million was incurred on account of POL beyond entitlement of the officers.

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
1	Deputy Commissioner, Korangi, Karachi	2018-19	18	Excess over ceiling	6.797
2	Commissioner, Karachi	2017-18	01	Without entitlement	2.971
		2017-18	06		0.945
3	Director, LARMIS, Karachi	2017-18	04	Excess over ceiling	1.806
4	Deputy Commissioner, Jamshoro	2018-19	18		0.471
5	Regional Director, Evaluation & Inspection, Larkana	2017-18	06	Without entitlement	0.357
6	Deputy Commissioner, Shikarpur	2018-19	18	Excess over ceiling	0.184
Total					13.531

The matter was reported to the management during December 2018 to August 2019. The management of office of the Commissioner, Karachi at Sr # 02 above (AIR Paras # 01 & 06) stated that fuel facility was granted as per need & with the approval of the competent authority to those staff only who were deputed on field duty or checking team of commodity prices. The reply was not tenable as justification provided was not convincing and not covered under rules. No reply was received from other offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking of remedial measures.

4.5.21 Non-recovery of Agriculture Income Tax – Rs12.532 million

As per (Amendment Act 2018) of Sindh Land Tax and Agriculture Income Tax Ordinance 2000, dated: 22.05.2018, the rates of tax on agriculture income tax shall be as under:

Sr.#	Description	Tax rate
1	Where the total income does not exceed Rs1200000/-	Nil
2	Where the total income exceeds Rs1200000/-, but does not exceeds Rs2,400,000/-	5% of amount exceeding Rs1200000/-
3	Where the total income exceeds Rs2,400,000/-, but does not exceeds Rs4,800,000/-	Rs60000/- plus 10% of amount exceeding Rs2,400,000/-
4	Where the total income exceeds Rs4,800,000/-	Rs300,000/- plus 15% of amount exceeding Rs4,800,000/-

During audit of the following office of Board of Revenue, Government of Sindh for the financial year 2018-19, it was noticed that Agriculture Income Tax (AIT) of Rs12.532 million was not collected.

(Rs. in million)

(Rs. in million)					
Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Deputy Commissioner, Ghotki	2018-19	26	Non-realization of past years arrears of AIT	7.059
			27	Short-realization of AIT	5.473
Total					12.532

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of taxes besides taking of remedial measures.

4.5.22 Non/Less-deduction of security deposit – Rs8.034 million

According to Rule-39 of SPPRA2010. Performance Security (1) Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of the office of the Secretary, Board of Revenue, Government of Sindh for the year 2016-17, it was observed that security deposits amounting to

Rs8.034 million on contracts worth Rs160.687 million for hiring of vehicles on account of Census 2017 were not obtained. The hiring of vehicles was done by the following offices.

(Rs. in million)			
Sr. #	Name of Office	Contract amount	Amount
1	Deputy Commissioner and Assistant Commissioners of District Jacobabad	20.495	1.025
2	Deputy Commissioner and Assistant Commissioners of District Kamber	26.587	1.329
3	Deputy Commissioner and Assistant Commissioners of District Khairpur	22.417	1.121
4	Deputy Commissioner and Assistant Commissioners of District Korangi	23.707	1.554
5	Deputy Commissioner and Assistant Commissioners of District Sanghar	31.089	1.185
6	Deputy Commissioner and Assistant Commissioners of District Tando Allahyar	19.482	0.974
7	Deputy Commissioner and Assistant Commissioners of District Thatta	16.910	0.846
Total		160.687	8.034

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking remedial measures.

(AIR#16)

4.5.23 Non-recovery of stamp duty – Rs2.270 million

As per Para 22-A of Stamps Act, “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that various works/supply orders were awarded to contractors but stamp duty of Rs2.270 million was not realized.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Secretary, Board of Revenue(Census 2017)	04	2017-18	0.711
2	Sub-Registrar-II, Saddar Town, Karachi	04	2017-18	0.359
3	Deputy Commissioner, West, Karachi	19	2017-18	0.310
4	Deputy Commissioner, East, Karachi	30	2017-18	0.209
5	Sub-Registrar-I, Gulshan-e-Iqbal, Karachi	02	2015-16 to 2016-17	0.207
6	Deputy Commissioner, Central, Karachi	20	2018-19	0.198
		23		0.035
7	Sub-Registrar-I, Saddar Town, Karachi	04	2017-18	0.172
8	Deputy Commissioner, Korangi, Karachi	07	2018-19	0.069
Total				2.270

The matter was reported to the management during April 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of stamp duty besides taking remedial measures.

4.5.24 Irregular payment of previous years liability – Rs226.446 million

According to Finance Department, Government of Sindh instructions conveyed by Board of Revenue Sindh, Hyderabad vide Para 5 (p) of letter No.2/2312/15-16/Bud-III/786 dated 20-08-2015, “liability of previous financial years may not be allowed to be cleared unless concurrence is given by Finance Department. However, last financial year claims of Reimbursement of Medical Charges and TA are exempted this condition”.

During audit of following offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs226.446 million was paid on account of previous year liability without obtaining approval from the Finance Department.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Chief Inspector of Stamps, Karachi	03	2018-19	225.00
2	Commissioner, Mirpurkhas	12	2018-19	0.615
3	Commissioner, Sukkur	02	2017-18	0.222

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
4	Deputy Commissioner, Jamshoro	13	2018-19	0.330
5	Deputy Commissioner, TandoAllahyar	09	2018-19	0.279
Total				226.446

The matter was reported to the management during October 2018 to August 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

4.5.25 Irregular expenditure on contingent paid staff – Rs120.570 million

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

During audit of the following offices of the Board of Revenue, Government of Sindh, it was observed that expenditure of Rs120.570 million was incurred on account of pay of contingent paid employees under the head of account “Other services rendered”. The employees were appointed without approval of the Finance Department. Details are given as under.

(Rs. in million)

Sr.#	Name of office	Financial Year	AIR Para #	Amount
1	Director LARMIS, Karachi	2017-18	23	62.416
			17	41.265
2	Deputy Commissioner, Shikarpur	2018-19	29	10.305
3	Commissioner, Karachi	2017-18	07	3.864
4	Deputy Commissioner, Sukkur	2017-18	10	1.943
5	Deputy Commissioner, Matiari	2018-19	05	0.546
6	Deputy Commissioner, Tando Mohd Khan	2018-19	13	0.231
Total				120.570

The matter was reported to the management during September 2018 to August 2019. The management of the office of Commissioner, Karachi at Sr # 03 above stated that contingent paid staff were hired on contract basis keeping in view the Finance

Department's directives and after getting concurrence of SGA&CD. Reply was not tenable as compliance of Finance Department's directive was not made.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter for fixing responsibility besides taken remedial measure.

4.5.26 Variation in figures of expenditure – Rs60.725 million

Under Para 7.4.1.4 of Accounting Policies and Procedures Manual provides that the key controls to be followed in the production of financial reports are as follows:

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

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that variation of Rs60.725 million was found in expenditure as detailed below:

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
1	Deputy Chief Inspector Stamps Sindh, Karachi	2016-17	03	Expenditure incurred was Rs87.665 million but the reconciled expenditure statement reflected incurrence of expenditure of Rs43.833 million.	43.833
2	Commissioner, Karachi	2017-18	09	Expenditure booked under SAP system for Rs132.674 million; however, as per DDO, expenditure of Rs124.589 million was incurred.	8.084
			39	Closing balances of Bank statement reflected balance of Rs12.918 million, whereas cash book	4.787

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
				reflected balance of Rs8.131 million on 30th June 2018.	
3	Director, LARMIS, Karachi	2017-18	25	Variation of expenditure figures booked under SAP system and payment ledger	2.294
			34		0.988
4	Sub-Registrar-I, Gaddap Town, Karachi	2017-18	01	Variation of cash book figures with statement of paid challan of government taxes	0.589
			06		0.077
5	Sub-Registrar, Korangi Town, Karachi		03		0.073
Total					60.725

The irregularity was pointed out to the management during March 2018 to May 2019. The management of the office of Commissioner, Karachi at Sr # 02 (AIR Para # 09) above stated that the expenditure incurred in excess was incurred in pay & allowances and that the same has been reconciled with the Accountant General Sindh. The management, in response of AIR Para # 39, added that the cheques issued to the vendors were recorded in the cash book but vendors did not present the cheques to withdraw the amount resulting in difference between the bank statement & cash book. No reply was received from remaining offices. Both replies were not tenable.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking remedial measures.

4.5.27 Non-crediting of revenue in government account – Rs49.065 million

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

During audit of the following offices of Board of Revenue, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs49.065 million was received on account of taxes deducted from the contractors or fee realized as government fee, but the same was not deposited into government treasury.

(Rs. in million)			
Sr. #	Name of Office	AIR Para #	Amount
1	Deputy Commissioner, Malir, Karachi	07	40.053
		09	0.995
2	Deputy Commissioner, Central, Karachi	14	6.091
3	Deputy Commissioner, Umerkot	01	0.889
4	Deputy Commissioner, Korangi, Karachi	12	0.813
5	Director, LARMIS, Karachi	38	0.224
Total			49.065

The matter was reported to the management during September 2018 to January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

4.5.28 Irregular expenditure on uniform & liveries – Rs46.686 million

As per Rule - 113 of Sindh Financial Rules, Volume-I states that “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken by a responsible government Officer who should see that the quantities are correct and their quality is good, and record a certificate that he has actually received the materials and recorded them in the appropriate stock register”.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs46.686 million was incurred on purchase of Uniform & Liveries.

(Rs. in million)				
Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Director, Anti-Encroachment Cell, Karachi	01	2017-18	38.474
2	Deputy Commissioner, Malir, Karachi	19	2018-19	0.913
		13	2017-18	0.365
3	Commissioner, Karachi	46	2017-18	0.817
4	Deputy Commissioner, Korangi, Karachi	45	2018-19	0.756
5	Commissioner, Sukkur	08	2017-18	0.731
6	Deputy Commissioner, Korangi, Karachi	07	2017-18	0.640
7	Deputy Commissioner, West, Karachi	06	2017-18	0.611

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
8	Deputy Commissioner, Sukkur	05	2017-18	0.585
9	Deputy Commissioner, Matiari	07	2018-19	0.566
10	Director, LARMIS, Karachi	43	2017-18	0.540
11	Deputy Commissioner, Kamber-Shahdadkot	09	2017-18	0.445
		13	2018-19	0.278
12	Commissioner, Larkana	14	2017-18	0.280
13	Regional Director, Evaluation & Inspection, Larkana	13	2017-18	0.189
14	Deputy Commissioner, Shikarpur	21	2018-19	0.148
15	Deputy Commissioner, Hyderabad	06	2017-18	0.146
16	Chief Inspector of Stamps, Karachi	08	2018-19	0.102
17	Deputy Commissioner, Jamshoro	09	2018-19	0.100
Total				46.686

Following irregularities were noticed:

- i. Purchases were split up to avoid calling tender.
- ii. Dresses were issued without showing details of employees.
- iii. Supplier acknowledgment and delivery was not available.
- iv. Demand of uniform / Requisitions from various persons was not available.
- v. NOC of Jail Department was not attached with bills.
- vi. Work order /supply order was not issued.
- vii. The stock register was not maintained.

The matter was reported to the management during September 2018 to August 2019. The management of the office of Commissioner, Karachi at Sr # 03 above stated that the expenditure was incurred after fulfilling all codal formalities keeping in view the prevailing rules & regulations and that all the requisite record was available for audit scrutiny. The management did not provide evidence un support of its reply. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter besides taking remedial measures.

4.5.29 Irregular expenditure on exhibitions & fairs – Rs15.728 million

According to Rule 1 Appendix 18-A of Sindh Financial Rule Volume-I, “Every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs15.728 million was incurred on exhibitions & fairs.

(Rs. in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	Deputy Commissioner, Sujawal	04	2018-19	2.525
2	Deputy Commissioner, Thatta	06	2018-19	1.926
3	Deputy Commissioner, Ghotki	05	2018-19	1.539
		15	2017-18	1.049
4	Deputy Commissioner, Kashmore @ Kandhkot	14	2018-19	1.527
5	Deputy Commissioner, Jamshoro	06	2018-19	1.257
		08	2018-19	0.840
6	Deputy Commissioner, Malir, Karachi	12	2018-19	1.336
7	Deputy Commissioner, Jacobabad	01	2018-19	1.093
		09	2018-19	0.847
8	Commissioner, Hyderabad	05	2018-19	0.595
		11	2018-19	0.130
9	Commissioner, Sukkur	08	2018-19	0.416
10	Deputy Commissioner, Sukkur	13	2018-19	0.348
11	Deputy Commissioner, Kamber-Shahdadkot	07	2017-18	0.300
Total				15.728

Following irregularities were noticed:

- i. Office orders for organizing the events were not available on record.
- ii. The expenditure was incurred by split up to avoid from invitation of tender.
- iii. Details of event along with details of participants and venue were not available on record,
- iv. Details of payments made to employees and attendants were not available on record.
- v. Acknowledgment receipts of payments were not available on record.

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

4.5.30 Irregular expenditure on feeding charges – Rs15.032million

According to Rule 23 of Sindh Financial Rules Volume-1, as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particulars of the claim.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an amount of Rs15.032 million was incurred from head of feeding charges.

(Rs. in million)

Sr.#	Name of office	AIR Para #	Financial Year	Amount
1	Deputy Commissioner, Sujawal	16	2018-19	4.169
		07	2017-18	2.310
2	Deputy Commissioner, Malir, Karachi	13	2018-19	1.492
3	Commissioner, Karachi	24	2017-18	1.236
		42	2017-18	0.460
4	Deputy Commissioner, Korangi, Karachi	26	2018-19	1.206
5	Deputy Commissioner, Jacobabad	03	2018-19	0.964
6	Deputy Commissioner, South, Karachi	15	2018-19	0.796
7	Deputy Commissioner, Matiari	06	2018-19	0.661
8	Deputy Commissioner, Kamber-Shahdadkot	06	2017-18	0.555
		06	2018-19	0.414
9	Deputy Commissioner, Sukkur	14	2018-19	0.371
10	Commissioner, Sukkur	06	2018-19	0.250
11	Deputy Commissioner, Central, Karachi	05	2017-18	0.148
Total				15.032

Following irregularities were noticed:

- i. Detail of persons, to whom food was provided, was not available on record.
- ii. The procurement was made without rate contract.
- iii. Expenditure was incurred without tendering and by way of split up.
- iv. Food Quality Check/Hygienic Assurance Certificate from the Foods & Drugs Laboratory was not produced.

The matter was reported to the management during October 2018 to October 2019. The management of office of the Commissioner, Karachi at Sr. # 03 (Paras # 24 & 42) above stated that payment made to the staff of their office was not on regular basis but only in case of emergency duties & due to special event like Bakra Eid, Cricket Match, Muharram duties, etc. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

4.5.31 Unjustified payment of service charges on higher rate – Rs8.066 million

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

During audit of the office of Director, LARMIS, Karachi, Board of Revenue, Government of Sindh for the financial year 2017-18, it was observed that an amount Rs23.459 million was paid to M/s Fasa Traders on account of supply of POL for generators with an average rate of Rs110.52 per liters as per agreement which included Rs38 per liter as service charges (OGRA rate Rs72.52+Rs38 per liter). Hence an amount of Rs8.066 million was paid as service charges on total POL supplied which was unjustified as the same was charged on higher rates.

(Rs. in million)

Supplier	Total payment F.Y. 2017-18	Rate as per agreement	Total liters	Service charges	Amount
Fasa Traders	23.459	110.52/ltr	212,257	38/ltr	8.066

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#15)

4.5.32 Irregular expenditure on Refreshment – Rs6.135 million

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

During audit of the office of Commissioner, Karachi Division, Karachi, Board of Revenue, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs6.135 million was incurred on Tea, refreshment items and Nestle mineral water bottles.

Following irregularities were noticed:

- i. That the approximately 459,650 no. of tea bags packs worth Rs1.838 million were purchased without details/consumption account. The consumption of same quantity is worked out to average 1,768 nos. of tea bags per day (459,650 nos. ÷ 260 working days).
- ii. Similarly, other refreshment items, i.e. Samosa, Patties, Cakes etc. were purchased in abnormally huge quantity.

Audit is of the view that government sustained loss due to imprudent expenditure in an environment when government was calling for austerity.

The matter was reported to the management in May 2019. The management stated that on daily basis hundreds of visitors including dignitaries, religious scholars, politicians and people from every walk of life visit Commissioner Karachi and hence,

the expenditure on their refreshment items incurred on huge quantity. The reply was not tenable as no such evidence / record was produced in support of reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation in the matter besides rationalizing such expenditure.

(AIR#15&28)

4.5.33 Irregular expenditure on POL for non-entitled officers – Rs5.850 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Board of Revenue, Government of Sindh, it was observed that an expenditure of Rs5.850 million was incurred on POL for non-entitled officers.

(Rs. in million)

Sr.#	Name of offices	Financial Year	AIR Para #	Amount
1	Director, LARMIS, Karachi	2017-18	24	0.637
2	Commissioner, Larkana	2017-18	13	3.785
3	Commissioner, Karachi	2017-18	8& 34	0.517
4	Deputy Commissioner, Jamshoro	2018-19	17	0.349
5	Deputy Commissioner, Kashmore @ Kandhkot	2018-19	10	0.319
6	Secretary, Board of Revenue, Hyderabad	2018-19	22	0.243
Total				5.850

The matter was reported to the management during October 2018 to October 2019. The management of office of the Commissioner, Karachi at Sr # 03 (Para # 8) above stated that the fuel to Ex-Commissioner Karachi was allowed by the then Commissioner Karachi as Mr. Shoaib Ahmed Siddiqui was under posting and he was

not drawing fuel from SGA&CD or any other office. In response to Sr # 03 (Para # 34), the management stated that since Commissioner Karachi, used to visit different places & attend various meetings, programs & conferences on frequent basis but the fuel ceiling to the Police escort was not found sufficient therefore to protect the Commissioner Karachi, additional fuel from this office was allowed to the Police Escort Mobile. Reply was itself admission of irregularity. No reply was furnished by other offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

4.5.34 Non-installation of transformer despite payment - Rs4.900 million

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

During audit of the office of Deputy Commissioner, Korangi, Karachi, Board of Revenue, Government of Sindh for the financial year 2017-18, it was observed that an expenditure of Rs4.900 million was incurred on account of development work "Rehabilitation of Street Lighting System at 351 roads" to M/s Apex Builders vide work order # EE/KZ/03/2018 dated 30-04-18 which included installation transformers. The work can not be accepted as complete due to incomplete execution of work.

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#11)

4.5.35 Execution of earth work through private contractors - Rs4.230 million

According to Finance Department Circular No.B-IV-8/131/8 dated 09-04-1987 read with circular No. DA/FD/ID-Ex/10/87/698 dated 27-04-1998, “Earthworks are to be carried out through Mechanical Division.”

During audit of the office of Deputy Commissioner Central Karachi, Board of Revenue, Government of Sindh, for the financial year 2017-18, it was observed that an amount Rs4.230 million was paid for earthwork executed through private contractor instead of Mechanical Division in violation of government instructions.

The irregularity was pointed out to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for irregular expenditure besides taking remedial measures.

(AIR#03)

4.5.36 Irregular payments through personal account of DDO - Rs3.500 million

As laid down Rule 28 of General Financial Rules, Volume-I states that no amount due to Government should be left outstanding without sufficient reasons and where any dues appear to be irrecoverable, the orders for their adjustment must be brought.

During audit of the Secretary, Board of Revenue, Government of Sindh for the financial year 2018-19, it was observed that financial assistance amounting to Rs3.500 million were paid through District Accounts Office, Hyderabad which pertained to various deceased employees. The cheques were supposed to be credited either directly in the personal accounts of family members of the deceased or in the official DDO account of the concerned office, but the cheques were deposited directly in the personal accounts of DDOs instead of the official account of DDO. Hence, authenticity of the payment to the real beneficiaries could not be ascertained. The details are as follows:

(Rs. in million)

Sr. #	Name /Designation	Cheque #/Date	Deposited in the personal account	Date of Transfer into Official DDO Account	Amount	Payments to payees
1	Late Mir Hassan – Ex-PS to M(J)3	3257145 dated 27.11.18	Mr. Zafar Ali Makhdoom-DDO	02.01.2019	1.500	In 2 Installments of 750,000
2	Late Muhammad Siddique – Ex Mukhtiarkar	3382111 dated 19.03.19	Mr.Naveed Nisar-DDO	25.03.2019	0.500	In 2 Installments of 250,000
3	Late Ghulam Rasool- Ex.ACI	3431730 dated 06.05.19	Mr.Naveed Nisar-DDO	10.05.2019	1.500	Paid on 21.05.2019
Total					3.500	

The matter was reported to the management in August 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#18)

CHAPTER – 5

Chief Minister Secretariat

5.1 Introduction

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

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

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

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

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	10	3	1,369.884	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	8	1	160.985	
4	Foreign Aided Projects (FAP)	0	0		

5.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
2,308.99	8,411.128	755.769	-755.769	0	10,720.118	10,117.424	-602.694

The department was unable to spend the allocated budget in time. As a result, of savings of Rs602.694 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
120,000.000	120,000.000	99,491.583	- 20,508.417

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs20,508.417 million was observed.

5.3 Classified Summary of Audit Observations

Audit observations amounting to Rs440.939 million were raised as a result of this audit. This amount also includes recoverables of Rs17.134 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	286.613
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	17.134
B	<i>Procurement related irregularities</i>	41.355
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	95.837

5.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Report 2016-17. The Report has not yet been discussed in PAC.

5.5 Audit Paras

Principal Secretary to Chief Minister Sindh

5.5.1 Non-production of record – Rs134.470 million

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

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

During audit of office of the Principal Secretary to Chief Minister Sindh, Karachi for the financial years 2017-18 and 2018-19, the auditable record worth Rs134.470 million was not produced to audit despite various reminders. Details are given at **Annex-1** of Chapter-5.

The matter was reported to the management in August 2018 and July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of auditable record besides fixation of responsibility on the person(s) at fault.

5.5.2 Irregular payment of inadmissible allowances – Rs15.462 million

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

During audit of office of the Principal Secretary to Chief Minister Sindh, Karachi for the financial year 2017-18 and 2018-19, it was observed that payments of Rs15.462 million was allowed to various officers and staff of C.M Secretariat on account of various allowances which were inadmissible to them.

(Rs. in million)

Sr.#	Particulars	AIR Para #	Amount
1.	House Rent Allowance	02	10.546
2.	Risk Allowance & Fixed Daily Allowance	04	0.434
3.	Conveyance Allowance	03	0.300
4.	Orderly Allowance	07	0.168
		06	0.144
5.	Qualification Allowance	05	0.162
6.	Special Travelling Allowance	18	0.096
7.	Computer Allowance	06	0.081
8.	President/Governor House Allowance	11	0.056
9.	Conveyance Allowance	13	0.019
10.	Ration Allowance	05	0.288
11.	Utility Allowance	01	3.168
Total			15.462

The matter was pointed out to management in August 2018 and July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

5.5.3 Unauthorized allotment of government vehicles to non-entitled officials with POL – Rs1.198 million

According to letter No. CTC(S&GAD)-6(227)/87 dated: 05-04-1997 on the subject of “Entitlement of vehicles to government functionaries” issued from S, GA&CD, Government of Sindh, the entitlement criteria of various categories of officers have been worked out and approved by the Competent Authority in which there is no any provision for the allotment of Govt. Vehicles to Non-gazette staff.

During audit of office of the Principal Secretary to Chief Minister Sindh, Karachi for the financial year 2018-19, it was observed that management allotted

official vehicles with POL to non-entitled officials. Details are given at **Annex-2** of Chapter-5.

The matter was pointed out to department in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

5.5.4 Non-invitation of tenders - Rs39.209 million

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

During audit of office of the Principal Secretary to Chief Minister Sindh, Karachi for the financial year 2017-18, it was observed that expenditure of Rs39.209 million was incurred on various heads without open tender in violation of the rules. Details are given as under;

(Rs in million)

Sr. #	Particulars	Vendor	AIR Para #	Amount
01	Purchase of Plant & Machinery	M/s Pakistan Civil & Electric Work	10	21.051
02	Entertainment & Gift items	M/s Amir Rajput Catering Services	11	3.722
03	Repair of transport	Various (04 Nos)	12	14.436
Total				39.209

Moreover, in case of expenditure of Rs14.436 million (Sl.3 above), misclassification was also observed as the repair of vehicles were charged to the head, "others".

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

5.5.5 Non-insurance of government vehicles – Rs9.840 million

As per Rule 94 of Motor Vehicle Act-1939 under the heading Necessity for insurance against third party risk states that “No person shall use except as a passenger cause or allow any other person to use a motor vehicle in a public place, unless there is in force in relation to the vehicle by that person or that other person, as the case may be, a policy of insurance complying with the requirements of this Chapter”.

During audit of office of the Principal Secretary to Chief Minister Sindh, Karachi for the financial year 2017-18, it was observed that the vehicles costing Rs9.840 million were at disposal of the entity, however, the same were not insured to safeguard the Government assets.

(Rs. in million)				
Sr.#	Make / Model	Qty	Average Estimated Cost	Total Estimated Cost
01	Toyota Corolla	4	1.500	6.000
02	Suzuki Liana	2	1.000	2.000
03	Suzuki Mehran	1	0.900	0.900
04	Suzuki Hi-roof / Bolan	1	0.800	0.800
05	Honda Motorcycle	2	0.070	0.140
Total				9.840

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires compliance of government laws besides taking remedial measures.

(AIR#25)

STEVTA, Government of Sindh

5.5.6 Non-production of auditable record - Rs152.143million

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

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

During audit of various offices of the STEVTA, Government of Sindh for the financial years 2014-15 to 2017-18, it was observed that auditable record amounting to Rs152.143 million was not produced to audit despite various reminders. The details are given at **Annex-3** of Chapter-5.

Audit was of the view that non-production of record amounted to hindering the constitutional function of AGP which indicate weak internal controls or poor management practices.

The matter was reported to the management during November 2018 to May 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of all relevant record besides fixation of responsibility on the person(s) at fault.

5.5.7 Splitting up of procurement to avoid tender – Rs2.146 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 provides that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the

manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the following offices of STEVTA, Government of Sindh for the financial years 2012-13 to 2017-18, it was observed that an expenditure of Rs2.146 million was incurred on various heads by splitting up procurement to avoid open tender.

(Rs. in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Particular	Amount
01	Govt. College of Technology Girls, Karimabad, Karachi	2014-15 to 2017-18	15	Purchase of computers from M/s Waseem Impex vide Cheque No.2295108101 dated: 24-03-18 & 2295108102 dated:28-03-18.	0.183
02	Vocational Training Institute, Sector 15-B, Buffer Zone, Karachi	2012-13 to 2017-18	11	Procurement made from single supplier M/s Oseeka Enterprises during 12-04-16 to 13-10-17 for various heads, cost of other stores, furniture & fixture, uniforms & protecting clothing, machinery & equipment & others.	1.963
Total					2.146

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

5.5.8 Irregular withdrawal of funds by the DDO – Rs10.046 million

As per appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any

other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of various offices of the STEVTA, Government of Sindh for the financial years 2014-15 to 2017-18, it was observed that expenditure of Rs10.046 million was incurred by the DDO in the shape of withdrawal or transfer of funds instead of direct payment to the vendors. The details are given at **Annex-4** of Chapter-5.

The matter was reported to the management during Dec 2018 to April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

5.5.9 Excess expenditure over and above the provision of PC-I - Rs76.425 million

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

During audit of the office of Project Director, Sindh Skill Development Project (Component II & III) for the year 2017-18, it was observed that an excess expenditure of Rs76.425 million was incurred on component-III of the project. The allocation for component-III as per PC-I was Rs118.350 million but an expenditure of Rs194.775 million was incurred as per financial statement till the completion of project without revising the PC-I.

(Rs. in million)

Component	Allocation as per PC-I	Total Expenditure	Excess
Component-III	118.350	194.775	76.425

The matter was reported to the management in October 2018, but reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#4.2.2)

CHAPTER – 6

COOPERATION DEPARTMENT

6.1 Introduction

The Cooperation Department was formed to manage the registration and other governmental matters of Cooperative Societies and Banks and to engage in service matters, except those entrusted to the Services, General Administration and Coordination Department.

The Cooperation Department is responsible for to organise the matters relating to registration of cooperative societies, to conduct audit and inspection of cooperative societies, to liquidate & cancel registration of dormant Cooperative Societies, to manage loans and recovery of arrears under the provisions of Land Revenue Act 1967, to arrange agriculture credit for cooperative societies, arbitrate over the cases under the Cooperative Societies Act 1925, to supersede/takeover the affairs for cooperative societies, in case of their failure/ mismanagement and to take necessary measures for the welfare & safeguard of interests of members of cooperative societies.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	4	1	29.170	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

6.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
429.726	-	74.509	(74.509)	(38.939)	390.788	353.152	(37.635)

The department was unable to spend the allocated budget in time. As a result, of savings of Rs37.635 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
5.000	-	3.347	3.347

6.3 Classified Summary of Audit Observations

Audit observations amounting to Rs1.380 million were raised as a result of this audit. This amount also includes recoverables of Rs1.380 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	1.380
B	<i>Procurement related irregularities</i>	
C	<i>Management of Accounts with Commercial Banks</i>	
4	Value for money and service delivery issues	
5	Others	-

6.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Reports 2014-15 and 2016-17. The Reports have not yet been discussed in PAC.

6.5 Audit Paras

6.5.1 Non-production of record

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

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

During audit of the following offices of Cooperation Department, Government of Sindh, Karachi, it was observed that the following offices had not produced the auditable record for scrutiny despite various reminders.

(Rs.in million)					
Sr. #	Name of Office	AIR Para #	Financial Year	Detail of Record	Amount
01	Secretary Cooperative Department	01	2018-19	Record of organized, registered Cooperative Societies	-
02	Assistant Registrar, Cooperative Society West	01	2017-18	auditable record for the year from 1998-99 to 2014-15	-
		02		detail of registered societies	-
		03		detail of audit fee	-
Total					

Audit is of the view that non-production of record accounts to denial of audit by the management.

The matter was reported to the management in May & July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

6.5.2 Payment of inadmissible allowances - Rs1.380 million

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

During audit of office of the Secretary, Cooperation Department, Government of Sindh, Karachi for the Financial Year 2018-19, it was observed that various allowances were allowed to different officers which were not admissible to them resulting in unauthorized payment of Rs1.380 million.

(Rs. in million)

Sr. No	Name of Office	AIR Para #	Financial Year	Detail of Record	Amount
01	Secretary Cooperation Department	06	2018-19	Governor House Allowance	0.284
		05		Additional Charge Allowance	0.144
		04		Pay and Allowances	0.952
Total					1.380

Audit is of the view that Government sustained loss due to payment of inadmissible allowances.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of the inadmissible allowances, besides taking remedial measures.

CHAPTER – 7

CULTURE, TOURISM & ANTIQUITIES DEPARTMENT

7.1 Introduction

The Culture Department was formed to cover all the activities being carried in libraries, museums, arts councils, studios and cultural centres at various cities and towns of the Sindh Province. This department also actively pursues the promotion of tourism and to develop the hotel and resort facilities at recreational points of the province. The department facilitates a beautiful and subtle blend of nature and knowledge.

The Tourism department was constituted for providing guidelines and making policy decisions for promotion of tourism in Sindh.

The Department of Antiquities was created to look after the archaeological, historical and physical heritage of the province. The department has three wings; Heritage, Conservation and Archaeology. The head office of this department is situated in Karachi, and sub offices in Thatta, Shikarpur, Jamshoro, Hyderabad and Sukkur.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	11	5	486.000	-
2	Assignment Accounts (excluding FAP)	1	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

7.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
4,867.619	0.001	1,317.754	(1,317.754)	(1,323.242)	3,544.378	2,882.951	(661.426)

The department was unable to spend the allocated budget in time. As a result, of savings of Rs661.426 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
110.000	100.646	46.549	- 54.097

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs54.097 million was observed.

7.3 Classified Summary of Audit Observations

Audit observations amounting to Rs90.720 million were raised as a result of this audit. This amount also includes recoverables of Rs14.303 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	22.811
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	3.539
C	<i>Management of Accounts with Commercial Banks</i>	53.511
4	Value for money and service delivery issues	
5	Others	10.859

7.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 21.66%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
2	1998-99	7	3	0	3	-	
3	1999-2000	14	2	0	2	-	
4	2001-02*	7	5	0	5	-	
5	2004-05*	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
6	2005-06	9	7	0	7	-	
7	2006-07	7	4	0	4	-	
8	2007-08	15	0	0	0	-	
9	2008-09	7	7	0	7	-	
10	2009-10	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
11	2010-11	0	0	0	0		Audit Report not yet discussed
12	2014-15	17	14	06	08	-	
13	2016-17	18	18	07	11	38.88	
Total		35	60	13	47	21.66	

7.5 Audit Paras

7.5.1 Non-production of record – Rs22.811million

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

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

During audit of following offices of Culture & Tourism Department, Government of Sindh for the financial year 2012-13 to 2018-19, the auditable record of Rs22.811 million was not produced to audit for audit scrutiny despite various reminders. Details are as under:

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particular	Amount
1	Secretary Culture Tourism Sindh Karachi	2018-19	03	Vouchers/bills	20.00
			07, 11, 14, 15, 16 & 17	Difference of basic pay	2.253
2	DG, Culture Sindh Karachi	2018-19	07&08	Air Tickets/ Approval	0.238
3	DG Gorakh Hills Development Authority	2017-18	01	Receipt	-
4	Deputy Director Sachal Sarmast Sindh Government Library Khairpur	2012-13-2017-18	06	Service books	-
5	Assistant Director Sir Shahnawaz Bhutto Memorial Library Larkana	2017-18	06	Service books	-
6	Director Tourism Services, Karachi	2018-19	01	Registration, Survey & Targets regarding Register & un-registers Hotels and Travel Agencies etc	-
7	DG, Antiquities ,Culture & Tourism Karachi	2018-19	10	Performance of work, survey report of different spots	0.320
Total					22.811

The matter was reported to the department in the month of October 2018 & September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides fixing of responsibility against person(s) at fault.

7.5.2 Procurement in excess of requirement - Rs2.198 million

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

During audit of the office of Secretary Culture & Tourism Department Sindh Karachi for the financial year 2018-19, it was observed that an expenditure of Rs2.198 million was incurred in excess of the requirement as detailed below.

(Amount in Rupees)

Sr. #	Occasion/ Event.	AIR Para #	Particulars	Due Expenditure	Incurred Expenditure	Excess Expenditure
01	Promotion of Cultural Activities	08	Decoration for 1000 persons for 3 days @ Rs390 per person	1,170,000	2,340,000	1,170,000
			Hiring of Hi-ace Van	150,000	360,000	210,000
			Sound System 8 pair per day for 3 days	19,600	235,200	215,600
			Sound System 10 pairs per day for one day	12,000	120,000	108,000
02	Urs Celebration of Hazrat Shah Abdul Latief Bhittai (R.A)	12	Printing of pana-flex with fitting (1000 Sq. ft @ Rs.55 p/sqft)	55,000	550,000	495,000
Total						2,198,600

The irregularity was pointed out to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#08&12)

7.5.3 Non-invitation of tenders – Rs1.341 million

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

During audit of the following offices of Culture & Tourism Department Government of Sindh, for the year 2017-18, it was observed that expenditure of Rs1.341 million was incurred under various heads as detailed below without inviting open tenders.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Executive Pakistan Arts Council Pakistan Karachi	2017-18	02	Purchase of Sound system	1.233
2	Pakistan Institute of Tourism & Hotel Management, Karachi	2017-18	01	Purchase of books	0.108
Total					1.341

The matter was pointed out to the department in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

7.5.4 Irregular payments through DDO account – Rs50.067 million

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

During audit of the following offices of Culture, Tourism & Antiquities Department Government of Sindh, Karachi for the year 2017-18 & 2018-19, it was observed that an amount of Rs50.067 million was paid through DDO account instead of direct payment to payees in violation of the above rule.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Secretary Culture & Tourism Sindh Karachi	2018-19	02	45.799
		2018-19	06	2.296
2	Deputy Director Sachal Sarmast Sindh Government Library Khairpur	2012-13 to 2017-18	02	1.972
Total				50.067

The matter was pointed out to the department in February & September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

7.5.5 Non-recovery of outstanding government dues – Rs6.946 million

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 13%.

According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of various offices of Director Tourism Services, Karachi Culture & Tourism Department Government of Sindh, for the year 2018-19, it was observed that various government dues amounting to Rs6.946 million were outstanding against various Hotels & Travel Agencies. Details given below;

(Rs. in million)

Sr. #	AIR Para #	Particulars	Amount
3	05	Registration fee not obtained from Marriott	0.434
4	06	Non recovery of registration license renewal fees from Marriott Hotel	0.600
5	07	Non recovery of registration license renewal fees from M/s Pearl Continental Hotel	0.600
6	08	Non recovery of registration license renewal fees from M/s Avari Tower Hotel	0.360
7	09	Less recovery of registration license renewal fees from M/s Movenpick Hotel	1.050
8	10	Less recovery of license fee from M/s Movenpick Hotel	1.750
9	11	Less recovery of license fee from M/s Avari Tower	0.590
10	12	Less recovery of license fee from M/s Avari Tower	1.062
11	20	Less amount obtained as bank guarantee from travel agency M/s Parwaz Express Pvt Ltd	0.350
12	21	Less amount obtained as bank guarantee from travel agency M/s Pak Turk Enterprises	0.150
Total			6.946

The matter was reported to the management in September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

7.5.6 Non-recovery of shrinkage allowance – Rs 5.215 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2012, “Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

During audit of the office of Director General Gorakh Hills Development Authority of Culture & Tourism Department Government of Sindh, Karachi for the year 2017-18 to 2018-19, it was observed that an amount of Rs5.215 million was not deducted from the bills of a contractor, M/S Meesam Construction Company on account of shrinkage allowance in respect of Earth work of scheme namely “Development of Summer Resorts at Gorakh widening & Reconditioning of the road from Wahi Pandi to Gorakh Hill 0/0 to 9/0 km”.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation for recovery besides taking remedial measures.

(AIR#03)

7.5.7 Non-recovery of stamp duty – Rs2.142 million

As per Para 22-A of Stamps Act, “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of the office of Director General Gorakh Hills Development Authority of Culture & Tourism Department Government of Sindh, Karachi for the year 2017-18 to 2018-19, it was observed that stamp duty of Rs2.142 million was not recovered from the contractor M/S Meesam construction company. Details are given as under:

(Rs. in million)				
Sr. #	Name of Contactor	Name of Work	Cost of Work	Stamp duty @ 0.35 paisa per 100 Rs
1	M/s Meesam Construction Company	Widening & reconditioning of road from Wahi Pandhi to Gorakh (Pkg-01)	462.140	1.617
2	M/s Khan Construction Company	Rehabilitation of Nai Gaj Water supply scheme	150.000	0.525
Total				2.142

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of stamp duty under intimation to audit.

(AIR#04)

CHAPTER – 8

EDUCATION AND LITERACY DEPARTMENT

8.1 Introduction

The department looks after the educational affairs within the province and coordinates with the federal government and donor agencies for promotion of education in the province.

The attached or sub-ordinate entities to the Education Department are;

- (i) Bureau of Curriculum and Extension Sindh
- (ii) Literacy and Non-Formal Education Sindh

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	190	31	8,154.855	-
2	Assignment Accounts (excluding FAP)	3	1	215.709	
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	0		

8.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
206,669.913	188.865	46,331.333	(46,331.333)	(48,576.471)	158,282.307	147,262.300	(11,020.007)

The department was unable to spend the allocated budget in time. As a result, savings of Rs11,020.007 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
610.000	400.000	216.882	- 183.118

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs183.118 million was observed.

8.3 Classified Summary of Audit Observations

Audit observations amounting to Rs25,359.108 million were raised as a result of this audit. This amount also includes recoverables of Rs72.122 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	6,697.953
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	86.505
B	<i>Procurement related irregularities</i>	1,126.940
C	<i>Management of Accounts with Commercial Banks</i>	321.197
4	Value for money and service delivery issues	-
5	Others	17,126.513

8.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 27.16%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	27	11	9	2	81.8	
2	1998-99	14	7	0	7	-	
3	1999-2000	20	0	0	0	-	
4	2001-02*	11	6	2	4	33.3	
5	2004-05*	10	9	3	6	33.3	
6	2005-06	3	1	0	1	-	
7	2006-07	3	2	0	2	-	
8	2007-08	19	12	0	12	-	
9	2008-09	8	2	0	2	-	
10	2009-10	18	13	0	13	-	
11	2010-11	6	6	0	6	-	
12	2014-15	24	12	8	4	-	
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		163	81	22	59	27.16	

8.5 Audit Paras

A- Education & Literacy Department (Colleges)

8.5.1 Non-production of record - Rs581.639 million

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

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

During audit of various offices of Education & Literacy Department (College Education), Government of Sindh for the financial year(s) 2014-15 to 2018-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs581.639 million remained unaudited. Details are given at **Annex-1** of Chapter-8.

The matter was reported to the management during November 2018 to October 2019 but no reply was received, except from Office at Sr. # 22, in which management replied that all the relevant documents were available on the record and same were furnished for verification. However, reply was not tenable, as supporting documents were not complete.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.2 Irregular appointments of staff – Rs20.989 million

According to Para-88 of Sindh Financial Rules Volume-I. "Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of

expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of the following offices of Education & Literacy Department (Colleges) Government of Sindh for the financial year(s) 2017-18 to 2018-19, it was observed that the employees were appointed without observing following codal formalities:

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para#	Amount
01	Principal, Cadet College, Khairpur	Irregular appointments of staff	2017-18 to 2018-19	03	19.679
02	Principal, Government Degree Girls College, Block-K North Nazimabad Karachi	Overage appointment	2017-18	03	0.641
03	Principal, Cadet College Ghotki	Irregular appointment of staff	2018-19	03	0.447
			2018-19	02	0.222
Total					20.989

- i. The orders regarding constitution of selection committee were not provided for verification.
- ii. Approved selection criteria and recruitment policy were not provided for verification.
- iii. Application of candidates, list of short listed candidate, results of written and interview and copy of final approved merit list of candidates from the competent forum were not provided for verification.
- iv. The medical fitness certificate was also not available in record.
- v. The management has no Human Resource Development policy.
- vi. The sanctioned posts were not found for the said posts in the budget.
- vii. The uniform pay policy was also not in place. There was no policy adopted regarding appointments.

Moreover, an expenditure of Rs19.697 million was incurred on hiring of contractual staff without observing following codal formalities:

- a) The approval from Finance Department was not obtained.
- b) The sanctioned posts were not available against which the employees hired.
- c) The posting orders along with attendance was not available in record.
- d) The job description and portfolio of posts were not available.
- e) The purpose of such hiring was also not produced.

The matter was reported to the management during June 2019 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.3 Irregular appointment in excess of sanctioned strength

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “The staff should be posted at the places for which the posts were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of following offices of the College Education Department, Government of Sindh Karachi, for the financial year 2017-18, it was observed that employees 16 employees were appointed/posted/working in excess of sanctioned strength.

Sr.#	Name of Offices	Particulars	Financial Year	AIR Para #	No. of excess employees
1	Principal Cadet College Ghotki	Excess of sanctioned strength	2017-18	1	10
2	Principal Government Girls Degree College, ST Lawrence Karachi	Excess of sanctioned strength	2017-18	8	06
Total					16

The matter was reported to the management in December 2018 to May 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.4 Unauthorized payment of allowances – Rs4.295 million

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

During audit of the various offices of College Education & Literacy Department, Government of Sindh Karachi, for the financial year(s) 2013-14 to 2017-18, it was observed that various allowances amounting to Rs4.295 million were paid to the officers/officials without proving the entitlement of such allowances. Payment of allowances without entitlement was irregular. Details are given at **Annex-2** of Chapter-8.

The matter was reported to the management during January 2018 to October 2019, but no reply was received, except from Office at Sr. # 15, in which management replied that FO-II form has been sent to District Accounts Office Hyderabad, for deduction of Un-attractive area allowance. However, reply is not tenable, as no documentary evidence of deduction was provided.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recoveries of unauthorized payments besides taking remedial measures.

8.5.5 Irregular execution of civil works – Rs175.157 million

As per rule 9.3 (2) of SPPRA Procurement Regulations (Works) 2010 - Advance Payments: Financial assistance is given to the contractor to enable him to overcome financial encumbrances and shall be made available by adopting any one of the following methods: -

- (a) Secured Advance on the written request of the contractor whose contract is for finished work is allowed to a contractor on the basis of non-perishable/non-combustible materials brought and properly

stocked/stored to site of work. Secured advance as a good practice is avoided/discouraged. However, wherever allowed, it should be strictly in conformity with the rules and procedure in addition to the condition mentioned below: -

- (iv) recoveries of advances so made should be made from his bills for work done as the materials are used, the necessary deductions be made whenever the items of work in which are used are billed for, or shall be recovered in full within 90 days, even if unutilized;

(b) Mobilization Advance:

Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs2.5 million and above to enable them to make initial arrangements for starting work. Mobilization advance is allowed on the contracts where contract conditions provide for same, or the authority competent to accepting tender can allow the mobilization advance on the works subject to following conditions:

- (v) advance including the interest shall be recovered in 5 equal installments from the 5 R.A bills and in case the number of bills is less than five (5), then 1/5 of the advance inclusive of the interest thereon shall be recovered from each bill and the balance together with interest be recovered from the final bill. It may be insured that there is sufficient amount in the final bill to enable recovery of the mobilization advance. When sufficient amount is not available in final bill, then amount is adjusted from deposits available with procuring agency or by any other means as the procuring agency may deem appropriate.

During audit of office the Principal/PD, Cadet College, Khairpur, for the financial year(s) 2017-18 to 2018-19, it was observed that an expenditure of Rs175.157 million was incurred on account of execution of works.

(Amount in Rupees)		
Sr. #	Description	Tender Amount
1	Nawaz Brothers – construction of residential & non-residential buildings – Package I	119,980,578
2	Gul Construction Co. – package II – Communal & Miscellaneous facilities	55,176,875
Total		175,157,453

Following irregularities were noticed:

- i. The bills did not reflect deduction of taxes and security deposit amount.

- ii. The bills were not pre-audited by the Divisional Account Officer.
- iii. The bills/items executed were not traced in the BOQs/Estimates.
- iv. The mobilization and secured advances were not recovered in full for Rs124.034 million.

The matter was reported to the management in November 2019 but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

8.5.6 Non-deduction of performance security deposit – Rs25.632 million

As per Rule-39 of Sindh Public Procurement Rules 2010, “Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

During audit of office of the Principal, Cadet College, Ghotki, for the financial year 2017-18, it was observed that the performance security amounting to Rs25.632 was not deducted at the prescribed rates from various contractors amounting to Rs25.632 million.

The matter was pointed out to the management in December 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#09&10)

8.5.7 Irregular expenditure by splitting up to avoid tender – Rs8.405 million

Rule 12 (1) of SPPR 2010, provides that, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of following offices of the College Education Department, Government of Sindh, Karachi for the financial year(s) 2016-17 to 2018-19, it was observed that an expenditure of Rs8.405 million was incurred on various head of accounts through splitting of the sanction orders to avoid invitation of open tenders and achieve most competitive / economical rates.

(Rs. in million)

Sr.#	Name of Offices	Head of account	Financial Year	AIR Para #	Amount
01	Director General Colleges, Sindh Karachi	Various Heads	2017-18	1	3.357
02	Principal Alama Iqbal Government College No-I Karachi	Cost of Other stores	2017-18	3	0.402
03	Regional Director Colleges Shaheed Benazirabad	Various Heads	2016-17 to 2017-18	1	3.549
04	Secretary, College Education Department, Government of Sindh Karachi	Stationery & Printings	2018-19	5	1.097
Total					8.405

The matter was reported to the management during October 2018 to July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.8 Doubtful expenditure without observing codal formalities – Rs7.746 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held

personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Principal Jamia Millia, Government Degree College (Morning), Malir Karachi, for the financial year 2017-18, it was observed that an amount of Rs7.746 million was paid to M/s Sun Rise Enterprise, a general order supplier, under the various head of accounts in which the following irregularities were noticed:

- i. Payment was made against the invoices filled in continuous serial of Rs2000/- each and without mentioning period of delivery, stamped paid & cancellation, reference of supply order and signature of supplier to avoid the chances of dual drawl.
- ii. Expenditure was incurred without issuance of sanction orders indents of demand, without recording entries in stock and preparation of utilization report of procurements.

The matter was reported to the management in December 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02,01&03)

8.5.9 Irregular expenditure without inviting open tender – Rs5.726 million

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

During audit of the following offices of College Education Department, Government of Sindh Karachi, for the financial year(s) 2014-15 to 2018-19, it was observed that an expenditure of Rs5.726 million was incurred under the head of account purchase of machinery & equipment, library books and others items but tenders were not invited to achieve economical rates.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para#	Amount
01	Director General Colleges Sindh, Karachi	Machinery & Equipment	2017-18	9	1.300
02	Principal Cadet College, Larkana	Library books	2014-15 to 2017-18	1	1.227
03	Secretary, College Education Department, Government Sindh Karachi	Others items	2018-19	3	1.696
04	The Principal, Cadet College, Ghotki	Various items	2017-18 to 2018-19	4	1.503
Total					5.726

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.10 Irregular expenditure on purchase of furniture – Rs2.338 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of following offices of the Education & Literacy Department (College Education), Government of Sindh, for the financial year(s) 2017-18 to 2018-

19, it was observed that an amount of Rs2.338 million was incurred on purchase of furniture.

(Rs. in million)

Sr. #	Name of Office	Head	Financial Year	AIR Para #	Amount
01	Principal/PD Cadel College Khairpur	Purchase of Furniture	2017-18 to 2018-19	06	2.088
02	Director General, Colleges, Sindh Karachi	Purchase of Furniture	2017-18	05	0.250
Total					2.338

The expenditure was irregular due to the following observations: -

- i. The goods receiving note/delivery challan and GST invoices produced were appeared to be doubtful and payment was made in advance.
- ii. Supplier were not registered with FBR.
- iii. Indents/requisitions from concerned sections were not found.
- iv. Items were accepted without inspection report.
- v. Articles were not accounted for in appropriate stock register.

The matter was reported to the management during October 2018 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.11 Irregular payment through DDO account - Rs61.365 million

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

During audit of following offices of the College Education and Literacy Department, Government of Sindh for the year(s) 2017-18 to 2018-19, it was observed that payment of Rs61.365 million was made from DDO account instead of direct payment to concerned payee in violation of prescribed procedure.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	Principal Jamia Millia Government Degree College (Moring), Malir Karchi	Payment made through DDO bank account	2017-18	05	0.295
02	Secretary, College Education Department, GOS, Karachi	Payment made through DDO bank account	2018-19	01	57.142
03	Secretary, College Education Department, GOS, Karachi	Payment of financial assistance made through DDO account	2018-19	07	1.400
04	Principal/PD, Cadet College, Khairpur	Irregular payment in cash from DDO account	2018-19	05	1.106
05	Principal Cadet College Larkana	Irregular payments to officers/officials instead of actual payees	2018-19	07	1.042
06	The Principal, Cadet College, Ghotki	Payment made to employees instead of concerned vendors/suppliers	2018-19	10	0.380
Total					61.365

The matter was reported to the management during December 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.12 Transfer of funds from grant-in-aid account to DDO account – Rs20.000 million

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

During audit of office of the Principal, Cadet College, Sanghar, for the financial year(s) 2016-17 to 2018-19, it was observed that an amount of Rs20.000 million was drawn from Grant-in-Aid account#3077801570 maintained with National Bank of Pakistan, Sanghar Branch and transferred into DDO Bank account #3077814369 instead of utilization of funds from Grant-in-Aid account. The funds were required to be utilized from the separate account of Grant-in-Aid which was not done.

The matter was reported to the management in October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

8.5.13 Unauthorized cash withdrawals instead of crossed cheque - Rs1.335million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy”.

During audit of following offices of the Education & Literacy Department (College Education), Government of Sindh, for the financial year 2018-19 it was observed that an amount of Rs1.335million was drawn through cash/open cheques instead of crossed cheques.

(Rs. in million)					
Sr. #	Name of Office	Head of account	Financial Year	AIR Para #	Amount
01	Principal Cadet College, Larkana	Cash Withdrawal	2018-19	06	0.286
02	Principal, Cadet College, Ghotki	Cash Withdrawal	2018-19	01	1.049
Total					1.335

Allowing cash/open cheque payment shows lapse on the part of management and indicates prevalence of weak internal controls.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The matter was reported to management during October 2019 but no reply has been received.

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

8.5.14 Non-imposition of Liquidated damages - Rs62.925 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Principal, Cadet Colleges, Larkana for the financial year(s) 2013-14 to 2017-18, it was observed that the PC-I for the project “Establishment of Junior Section and Solar Energy Project at Cadet College Larkana ADP No.264 of 2013-14” was approved at the cost of Rs629.258 million but the same was not executed within due time. The management failed to impose LD charges @10% amounting to Rs.62.925 million .Details are given as below:

(Rs. in million)					
Sr. #	Name of Scheme	Approval Order	Year of Start	Year of Completion	Estimated Cost
1	Establishment of Junior Section and Solar Energy Project at Cadet College Larkana ADP No.264 of 2013-14	Scheme was added in Provincial ADP 2013-14 at Sr. No.264	2013-14	2016-17	629.258

Audit is of the view that the solar energy project was proposed to meet the electricity needs of the college as well as to take the austerity measures to control the expenditure of tariff based electricity bills. Solar energy project being a substantial component for a residential institution like Cadet College, it was necessary to be completed within due time. But due to non-completion the college management had to

bear heavy financial impact of monthly electrical bills accumulating to Rs11.459 million

The matter was reported to the management in November 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

8.5.15 Un-authorized retention of government money - Rs14.273 million

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

During audit of following offices of the College Education and Literacy Department, Government of Sindh, for the year 2017-18 to 2018-19, it was observed that an amount of Rs14.273 million was shown as balance in DDO account on close of financial year. The same was neither disbursed to actual payees nor surrendered as savings.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	Secretary, College Education Department, GOS, Karachi	Retention of govt. money	2018-19	02	9.958
02	Govt. Premier College, N. Nazimabad, Karachi	Retention of govt. money	2017-18	09	4.315
Total					14.273

The matter was reported to the management during June 2019 to July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.16 Expenditure incurred during the year not approved by Board of Governors - Rs137.624 million

As per Para-04 of Financial Rules of Cadet College Ghotki, “The Principal with the help of Bursar, shall prepare the annual budget estimates pertaining to the receipts including the Grant-in-Aid, the expenditure of the college during the year, and will place before the Board for their consideration and approval.”

During audit of office of the Principal, Cadet College, Ghotki, for the financial year 2018-19, it was observed that an expenditure of Rs137.624 million was incurred under various heads of accounts during the year under audit for which no approval was obtained from Board of Directors in contravention of above rule.

The matter was reported to the management in October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#08)

8.5.17 Irregular expenditure from security deposit – Rs8.908 million

According to Para-88 of Sindh Financial Rules Volume-I “Every Government Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of office of the Principal/PD, Cadet College, Khairpur for the financial year(s) 2017-18 & 2018-19, it was observed that an amount of Rs8.908 million was refunded back in the security deposit account during 2018-19. This

reflected that the funds were drawn from security deposit account as loan and salaries were paid from it, which was done in violation of rules.

(Rs. in million)

(Rs. in million)				
Sr. #	Cheque #	Dated	Particulars	Amount
01	67916524	02-10-2018	Payment to M/S Sec: Dep: Cadet College Khairpur against Returning of Loan against Salaries	3.770
02	67916544	07-01-2019		2.476
03	67916551	07-01-2019		0.529
04	67916567	01-04-2019		1.302
05	46303431	21-06-2019		0.831
Total				8.908

The matter was reported to the management in November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#09)

B- Education & Literacy Department (Schools)

8.5.18 Non-production of auditable record– Rs6,116.260 million

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

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

During audit of various offices of the School Education and Literacy Department, Government of Sindh Karachi, for the financial year(s) 2017-18 to 2018-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs6,116.260 million remained unaudited. The details are given at **Annex-3** of Chapter-8.

The matter was reported to the management during August 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for audit scrutiny besides fixing responsibility against the person(s) at fault under relevant E&D rules.

8.5.19 Loss due to deviation from standard pay package - Rs31.058 million

According to the Office Memorandum issued vide # FD(SR-III)5/29-2008(A) dated 16-02-2009 and dated 21-09-2017 issued by the Finance Department Government of Sindh, the following standard pay package for staff recruited from the market on the basis of competitive recruitment for execution of development projects / Programs funded from Provincial Budget including ADP and Foreign Aided projects / Programs:

Sr. #	BPS equivalent	Pay Package in Rupees w-e-f 16-02-2009 (5% annual increment up to maximum)	Revised w-e-f 21-09-2017 (5% annual increment up to maximum)
01	22	150,000 to 200,000	500,000-800,000
02	21	125,000 to 150,000	350,000-560,000
03	20	100,000 to 118,000	250,000-400,000
04	19	75,000 to 90,000	175,000-280,000
05	18	50,000 to 75,000	125,000-200,000
06	17	45,000 to 50,000	90,000-144,000
07	16	30,000 to 35,000	60,000-96,000
08	14-15	15,000 to 25,000	40,000-64,000
09	11-13	15,000 to 25,000	30,000-48,000
10	9-10	10,000 to 15,000	25,000-40,000
11	5-8	10,000 to 15,000	20,000-33,000
12	1-4	7,000 to 10,000	16,000-25,600

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program, for the financial year(s) 2015-16 to 2017-18, it was observed that an amount of Rs31.058 million was allowed in excess of above standardized pay package for the staff directly recruited from market for development project / program.

The audit is of the view that above standardized package was required to be followed and the rates as per above office memorandum were required to be included in the PC-I during approval process but the same was not done. Non-compliance cause loss to the government.

The matter was pointed out to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML# 4.1.1)

8.5.20 Irregular payment of allowances – Rs15.040 million

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

During audit of the various offices of the School Education & Literacy Department, Government of Sindh, for the financial year(s) 2014-15 to 2018-19, it was observed that various allowances amounting to Rs15.040 million were paid to the officers/officials without proving the entitlement of such allowances. Payment of allowances without entitlement was irregular. The details are given at **Annex-4** of Chapter-8.

The matter was reported to the management during January 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.21 Irregular appointment of senior technical advisor - Rs10.350 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Second Sindh Education Sector Project (SERP-II) for the financial year 2017-18, it was observed that contract of Rs10.350 million was executed with Mr. Farrukh Moriani who was appointed as Senior Technical Advisor in violation of rules. The following observations were noted;

- i. The appointment was made without publishing advertisement in newspapers to hire a competent and qualified individual instead just one selected person was called for and appointed.
- ii. Stamp duty amounting to Rs36,225 was not recovered on agreement.
- iii. The payment of Rs776,250 was made to him as 1st installment but the reports/documents required to be submitted for purpose of payment as per contract agreement were not available.

The matter was pointed out to management in January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR# 4.3.2)

8.5.22 Un-authorized appointment of contingent paid staff - Rs4.773 million

According to the Circular No FD(EXP:X1)/7-67/91(B)Prov1: dated 23-04-1996 issued by the Finance Department Government of Sindh, ban is on the appointment of

work charged establishment / Contingent paid staff, is reiterated to be continued till further orders from Finance Department.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program, for the financial year(s) 2015-16 to 2017-18, it was observed that an amount of Rs4.773 million was paid to contingent paid staff without obtaining approval from Finance Department and in contradictions to the provisions of PC-I.

The matter was pointed out to management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML#4.1.3)

8.5.23 Irregular expenditure without approval of Standing Rates Committee - Rs4,012.173 million

According to Para 8(4) of section - Introduction under Schedule of Rates-2012, the schedule of rate may be found inadequate to carry out certain items of works. In such cases, the only competent body to review the position is the Standing Rates Committee. All such cases should therefore, be referred to the Secretary, Standing Rates Committee for decision of the committee.

During audit of following offices of the School Education and Literacy Department, Government of Sindh, for the financial year(s) 2015-16 to 2017-18, it was observed that an expenditure of Rs4,012.173 million was incurred on various non-scheduled items without market rate analysis and without referring such cases for concurrence of the competent forum, i.e. Standing Rates Committee.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para#	Amount
01	Executive Engineer Education Works Division, Sukkur	Non-schedule item	2017-18	05	3.364
02	Executive Engineer, Education works Division Jacobabad	Irregular expenditure incurred on non-scheduled items without approval of	2017-18	07	2.949

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para#	Amount
03	Executive Engineer, Education works Division, Hyderabad	Unauthorized expenditure on account of procurement of non-schedule items	2017-18	01	2.428
04	Executive Engineer, Education works Division East Karachi	Without observing rate analysis report	2017-18	01	1.820
05	Program Management Implementation Unit, Sindh Basic Education	Without approval of standing committee	2015-16 to 2017-18	4.4.1	4,001.612
Total					4,012.173

The matter was reported to the management during October 2018 to May 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

8.5.24 Non-issuance of formal approval of estimate - Rs3,883.555 million

Para-527 of Public Works Departmental Manual, volume-I, states that, “No work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority.”

As per guideline issued by SPPRA the detailed estimate is required to be prepared by the executing agency keeping in view its technical feasibility and provisions in the PC-I, is submitted to competent authority for the sanction is known as the Technical Sanction (TS) to the estimate. The competent authority while giving technical sanction to the detailed estimate shall give proper consideration to various details worked out from the drawings and specifications of the work, as well as stability and economy in the execution.

As per delegation of power amendment notification issued by Finance Department Government of Sindh vide No.B&E-1/2(18)/75-95/pt-VIII dated 03-10-2009 the Chief Engineer is empowered to approve Technical Sanction of the original work subject to the limit that amount does not increase 10% of the Administrative Approval.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program, for the financial year(s) 2015-16 to 2017-18, it was observed that various works with the estimate cost Rs3,883.555 million are under execution / executed but the formal orders of the competent authority regarding approval of estimate were neither issued nor provided to audit for verification. It is pertinent to mention that rate analysis of the estimates was prepared by the M/s Halcrow a USAID consultant but the Engineering staff by the other partner i.e., Education Department, Government of Sindh was neither hired nor was transferred to check on behalf of the Government Sindh and issue necessary formal approval.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires the formal approval of Technical Sanction from the competent authority besides fixing responsibility on person(s) at fault.

(ML#4.4.7)

8.5.25 Irregular acceptance of single bid - Rs498.936 million

According to Rule 48 of Sindh Public Procurement Regulatory Authority (SPPRA) Rules 2010 titled Acceptance of Bids - Even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that the bid amounting to Rs498.936 million of M/s Kaybee was approved against the estimated amount of Rs439.941 million. It is pertinent to mention that estimate of Rs439.941 million was prepared as per market rates, whereas; an amount of Rs58.995 million was allowed over and above estimated cost to single bidder.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML# 4.3.1)

8.5.26 Construction of schools outside list of approved schools - Rs443.879 million

As per Site Identification and Assessment of Schools Consolidated Report January 2014 prepared by the M/s Halcrow Pakistan (Pvt) Ltd USAID after applying the following Approach & Methodology 174 schools were finally approved by the Project Steering Committee the consolidated brief is given below:

- i. Number of schools visited and identified = 473, against the target of 330 schools
- ii. Number of schools assessed and recommended = 174, against the target of 165 schools
- iii. Number of schools approved for site adaptation by Program Steering Committee (PSC) = 174 (all recommended schools have been approved)

During audit of office of the Program Management Implementation Unit Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that 07 schools having the contract value of Rs443.879 million were selected outside the approved list of Program Steering Committee (PSC) and the initial list of 473 identified schools. It was further pointed out that out of 174 approved schools only 106 schools were under construction. In case any school was dropped or de-scoped due to any reason it should be prioritized from the remaining list of approved schools but in above cases, the selection was made without following the merit list of prioritized schools.

Therefore, the audit is of the view that there are chances that planned and approved schools may not be constructed which might affect the overall objective of the program.

The matter was pointed out to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that schools may be selected from the remaining list approved by Program Steering Committee besides conducting an inquiry into the matter.

(ML#4.6.2)

8.5.27 Loss due to variation in rates of construction - Rs404.032 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that variation in per square feet rate of construction amounting to Rs404.032 million was noticed in the construction of schools of the same packages, drawing, specification, cities and during same tendering process.

Audit is of the view that the while the estimate was prepared on the market rates basis the variation in per square feet would have to be nominal only for adjusting the transportation cost of different areas otherwise it would have been the same. But in construction of various schools of Sukkur city huge variation in per square feet rates was noticed.

The matter was pointed out to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that overpayment may be recovered under integrity agreement and the possibility of collusive practices may be stopped, besides this the matter be investigated at an appropriate level.

(ML#4.4.5)

8.5.28 Non-hoisting of bid evaluation report on SPPRA website - Rs400.526 million

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

During audit of following offices of the School Education and literacy Department, for the financial year(s) 2017-18 to 2018-19, it was observed that following development works valuing Rs400.526 million were awarded to various contractors through Tender; but the Bid evaluation report and contract agreement was not made public through hoisting on the authority website to intimate to all the bidders at least seven days prior to the award of contract.

(Rs. in million)

Sr.#	Name of office	Particulars	Financial Year	AIR Para#	Amount
01	Executive Engineer, Education Works Division, Naushahro Feroze	Without hoisting the bid evaluation report	2018-19	07	149.254
02	PD, Public School Hyderabad	Without bid evaluation report	2017-18	01	97.228
03	Executive Engineer Education Works Division, Sanghar	Without hoisting the bid evaluation report	2018-19	05	6.924
04	Executive Engineer Education Works Division, Shikarpur	Without hoisting the bid evaluation report	2018-19	08	1.529
05	Chief Program Manager Sindh Global Partnership for Education Project	Without hoisting the bid evaluation report	2017-18	4.3.1	145.591
Total					400.526

The matter was reported to the management during January 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.29 Irregular payment of secured advance – Rs227.633 million

As per standard Form of Bidding Documents issued by SPPRA, “The contractor shall be entitled to receive Secured Advance from the procuring agency against an Indenture Bond in P.W. Account Form 31 (Fin R. Form No.2) in respect of non-perishable materials brought at site but not yet incorporated in the permanent works and sum payable for such materials on site shall not exceed 75% of the landed cost of imported materials, of ex-factory / ex-warehouse price of locally manufactured or produced materials, or market price of standard materials. Detail account of advance must be kept in part-II of running account bill. The Secured Advance may be permitted only against materials / quantities anticipated to be consumed / utilized on the work within a period of 3 months from the date of issue of secured advance.”

During audit of various offices of the School Education & Literacy Department, Government of Sindh, for the financial year(s) 2015-16 to 2018-19, it was observed that an amount of Rs227.633 million was paid to various contractors as secured advance but neither Indenture Bond in P.W. Account Form No.31 nor detailed report of consumption account of materials along-with recovery of advance was produced to audit for verification. The details are given at **Annex-5** of Chapter-8.

The matter was reported to the management during October 2018 to October 2019, but no reply was received except from Office at Sr. # 02 above, in which the management in its reply stated that advance has already been recovered after utilization / consumption of material / quantities and attached the attested copies of measurement book no-9920 and according to which an amount of Rs0.579 million is still in balance at page 33. Reply was not tenable. Reply from the remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.30 Irregular expenditure by splitting up to avoid tender – Rs154.863 million

According to Rule 12 (1) of SPPR 2010, “All proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.”

During audit of the following offices of Education & Literacy Department, Government of Sindh, for the financial year(s) 2017-18 to 2018-19, it was observed that an expenditure of Rs154.863 million was incurred through splitting of the sanction in order to avoid open tenders. Thus, government was deprived of competitive rate.

(Rs. in million)

Sr.#	Name of office	Financial Year	AIR Para#	Amount
01	Director Inspection / Registration of Government Institution in Sindh, Karachi	2017-18	05	0.370
02	XEN Education Works Division Central Karachi	2018-19	08	86.851
03	XEN Education Works Division Noushehro Feroze	2018-19	15	64.234
04	XEN Education Works Division Shikarpur	2017-18	07	1.737
05	DEO East Karachi	2017-18	03	0.698
06	Secretary, School Education and Literacy Department	2018-19	04	0.658
07	Director planning and development education Karachi	2017-18	09	0.209
08	CMO Monitoring and Evaluation Unit South Karachi	2017-18	04	0.106
Total				154.863

The matter was reported to the management during October 2018 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.31 Award of development works by deviation from PC-I - Rs97.227 million

As per paragraph 65 of Central Public Works Department (CPWD), “When the expenditure upon a work exceeds, or is found likely to exceed, the amount administratively approved for it by more than 10 per cent., or the limit prescribed in paragraphs 60 and 61, whichever is less, a revised administrative approval must be obtained from the authority competent to approve the cost, as so enhanced.”

During audit of office of the Principal/Project Director, Public School Hyderabad, for the financial year 2018-19, it was observed that development scheme “Miscellaneous immediate works of Public School Hyderabad (ADP No 298)” was approved for Rs606.060 million vide Administrative Approval No PD/S.O(Dev-V)EDU-15(78)/2015-16. The abstract of approved PC-I is as under:

(Rs. in milliom)

Component	Area	Sr.No	Name of Work	Amount	Total
Capital Cost	Cost of Rehabilitation (Repair /renovation Work)	1	Hostel (Ghazali+Sina House)	26.821	96.841
		2	Hostel 2 (Rumi+Tipu)	25.678	
		3	Hostel 3 (Shah Latif)	13.326	
		4	Cook House/Kitchen for hostels	5.288	
		5	Administration & Academic Block (Boys Section)	12.265	
		6	Swimming Pool	7.127	
		7	Development Charges 7%	6.335	
	Cost of Construction (New Building)	16 various new works.			413.183
	Escalation				33.413
	1% Contingency				5.434
Revenue Cost	Furniture/Machinery & Equipment				51.189
	Third Party Validation 1%				6.000
Total					606.060

As per PC-I, an amount of Rs96.841 million was allocated for 07 different works under cost of rehabilitation component. But soon after releasing of fund under the development scheme, the management deviated PC-I by awarding of only 02 works with total amount of Rs97.227 million which also exceeded the total PC-I limit. This

shows that either the PC-I was prepared defectively or same has been deviated by the management.

The matter was reported to the management in October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#10)

8.5.32 Excess rates allowed to contractors - Rs81.281 million

As per procurement guideline clause 5.1 issued by SPPRA Procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of works. Staff of procuring agency must maintain the highest standards of honesty and integrity in performing their duties by:

- (i) Developing the highest possible standards of professional competence;
- (ii) Using funds and other resources for which they are responsible to provide the maximum benefit to the work;
- (iii) Complying with both the letter and the spirit of the laws, rules and regulations of the procurement; so that work is awarded without influence of any unfair, corrupt or collusive practices;
- (iv) Treating all bidders and suppliers with fairness and impartiality, and avoid any business arrangement that might prevent the effective operation of fair and transparent competition.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that an excess percentage from 0.26% to 6500% on various items of work was allowed to contractors against the market analysis rates. Thus an excess payment of Rs81.281 million was allowed to the contractor during bidding process on the items of work fixed on current market analysis as well as over various heads up to 42% being the maximum reserve price.

The audit is of the view that while the estimate rates were fixed on maximum limit of the market price plus 42% overhead then why were the contractor's rates accepted over market rate analysis against Rule 48 of SPP Rules 2010. Further a single bid was submitted, the price or rates are required to be compared with last awarded contract or the market prices but the same was not done. Thus a loss of Rs81.281 million was sustained by government on account of excessive payment to contractors.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that the recovery of overpayment may be checked & verified besides fixing of responsibility upon the persons(s) at fault.

(ML#4.4.6)

8.5.33 Irregular execution of work over & above the estimated cost - Rs69.774 million

As per Para-532 of Public Works Department Manual, "A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to exceed by more than 5% either rising from the rate being found insufficient or from other cause whatsoever."

During audit of the following offices of the School Education & Literacy Department, Government of Sindh, for the year(s) 2015-16 to 2018-19, it was observed that an expenditure of Rs69.774 million was incurred over & above the estimated cost of various works without approval of revised estimates.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para#	Amount
01	Executive Engineer Education Works District South, Karachi	2017-18	2	7.202
02	Executive Engineer Education Works Division, Larkana	2017-18	4	1.497
03	Executive Engineer, Education works Division Jacobabad	2017-18	8	4.286
04	Executive Engineer, Education Works Division Karachi Central	2018-19	17	1.754

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para#	Amount
05	Program Management Implementation Unit, Sindh Basic Education	2015-16 to 2017-18	4.4.8	48.061
06	Executive Engineer Education Works, Shaheed Benazirabad	2018-19	06	6.974
Total				69.774

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.34 Irregular expenditure on consultancy - Rs49.237 million

As per Rule-72 of SPPRA 2010, The selection system shall be determined by the procuring agency prior to issuance of the Request for Proposals from interested consultants. A procuring agency may adopt one of the following methods for selection of consultants, keeping in view nature of the assignment:

7. Least Cost Selection Method
8. Quality Based Selection MethodLeast cost
9. Quality and Cost Based Selection Method
10. Direct Selection Method
11. Fixed Budget
12. Design Contest

During audit of office of the Second Sindh Education Sector Project (SERP-II) for the financial year 2017-18, it was observed that an amount of Rs49.237 million was paid to consultants/individuals for executing various assignments of project as per requirements during the year but payments were made without observing codal formalities vis-à-vis procedure of their appointment, their qualifications, experiences, job descriptions, performance reports/evaluation reports against their performed activities were not available with the record. Furthermore, monthly remuneration package of each individual consultant was fixed without any basis and approval from competent authority.

The management failed to observe the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the management in January 2019, but reply is still awaited.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML#4.3.1)

8.5.35 Irregular expenditure without inviting open tender - Rs48.165 million

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

During audit of following offices of the School Education and Literacy Department, Government of Sindh, Karachi, for the financial year(s) 2017-18 to 2018-19, it was observed that an expenditure of Rs48.165 million was incurred without inviting open tender.

(Rs. in million)

Sr.#	Name of office	Financial Year	AIR Para#	Amount
01	Chairman, Sindh Textbook Board, Jamshoro	2017-18	10	1.588
02	Director, Directorate of Curriculum Assessment & Research, Jamshoro	2017-18	01	0.929
03	TEO, (Primary) Male Taluka Keamari	2017-18	03	0.780
04	Executive Engineer, Education Works Division, Kamber - Shahdadkot	2018-19	01	17.239
05	Executive Engineer Education Works Division, Badin	2018-19	02	27.629
Total				48.165

The matter was reported to the management during January 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.36 Doubtful expenditure incurred on account of M&R - Rs39.369 million

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

During audit of office of the Executive Engineer Education Works Division, Sukkur for the financial year 2017-18, it was observed that an expenditure amounting to Rs39.369 million was incurred on account of M&R works. The expenditure was kept under following observations:

- i. No Indent/Requisition from local residents regarding Repair was obtained.
- ii. Photos of repairable sites before and after repair not available.
- iii. Administrative Approval was not obtained.
- iv. Technical Sanction was not obtained.
- v. PC-I was not available.
- vi. Rate Analysis duly approved by competent authority along with supporting evidence of market survey was not available.
- vii. Satisfactory work completion report was not prepared.
- viii. M.B was not provided.

The matter was reported to the management in February 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for fixing responsibility on persons at fault.

(AIR#04)

8.5.37 Excess payment allowed price of steel - Rs30.132 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that an amount of Rs30.132 million was allowed in excess rates ranging between Rs120,000 to Rs140,000 for supply of items of work “Hot rolled deformed steel bars conforming to ASTM A-615 grade 60 having tensile strength equal to or more than 60,000 psi” while the actual market rates as well as rates declared by the Standing Rates Committee being the competent forum were ranging between Rs.80,000 to 100,000. Further the supporting vouchers of steel supplied showing the ex-factory rates were also not found attached with bill to substantiate on which rates steel was actually purchased by the contractor.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that recovery of excess payment on steel above the market price may be made besides fixing of responsibility upon the persons(s) at fault.

(ML#4.4.9)

8.5.38 Loss on payment for coordination for supply of utilities - Rs10.103 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and

clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that an amount of Rs10.103 million was paid to the contractor for providing “Supply and co-ordination for the utility connection from WAPDA / HESCO as per required electrical load demand. The utility connection charges shall be paid separately as per actual on submission of receipt”

The audit requires explanation that how the management measures the above payment specially for providing the coordination for utility connection while the management had agreed that connection charges will be paid separately. The above work may be dealt as a revenue component by depositing the demand notice in favor of WAPDA on account of connection and transformer charges instead of separate item of work.

The matter was pointed out to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter and fixing responsibility on the person(s) at fault.

(ML#4.5.3)

8.5.39 Irregular execution of extra items of works - Rs9.785 million

As per Para 711 of P.W.D Manual Volume-II appendix-8, “The estimate of extra item is required to be sanctioned by the competent authorities, who have sanctioned the main estimate of the work.”

During audit of following offices of the School Education and Literacy Department, Government of Sindh, for the financial year(s) 2017-18 to 2018-19, it was observed that an expenditure of Rs9.785 million was incurred on extra items of various works without sanction of competent authority. The management did not exercise due care while preparing original estimates resulting in undue benefit to contractors by allowing execution of extra items of works.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para#	Amount
01	Executive Engineer, Education Works Division Karachi Central	2018-19	16	4.487
02	Executive Engineer Education Works Division, East Karachi	2017-18	07	0.677
03	Principal/Project Director Public School Hyderabad	2018-19	09	1.811
04	Executive Engineer Education Works Division, East Karachi	2018-19	09	2.810
Total				9.785

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.40 Defective award of contract for distribution of girl's stipend - Rs4.875 million

According to Para Appendix 18-A (1) Sindh Financial Rules Volume-I, "Means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence"

During audit of office of the Second Sindh Education Sector Project (SERP-II) for the financial year 2017-18, it was observed that tender was called for distribution of girls' stipend for the year 2017-18. The contract was awarded to M/s Mobilink Micro Finance Bank for Rs4.875 million on payment of service charges for distribution of stipend, which caused to be defective as the same bank also provided this service during the financial year 2016-17. The scrutiny of bank account for stipend revealed that an amount of Rs249.101 million was lying in the said bank account until and after the time the NIT was published i.e. December, 04, 2017 and contract was awarded whereas, the remaining unutilized amount was supposed to be returned to the management before applying for new tender.

Audit is of the view that the whole tender process was defective and created impression that the activity of tender was done only to fulfill codal formalities and undue favor was provided to the bank by binding themselves through retaining the huge amount of previous year instead of withdrawing the same. Hence the contract was awarded without merit and competition.

The matter was reported to the management in January 2019, but reply is still awaited.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML#4.3.3)

8.5.41 Irregular expenditure on conference & seminars - Rs1.938million

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

During audit of office of the Secretary, School Education and Literacy Department, Government of Sindh, Karachi, for the financial year 2018-19, it was

observed that, an expenditure of Rs1.938 million was incurred on Conference/seminars during the 3rd quarters of year.

Following irregularities were noticed:

- i. No official letter / Office Order for Conference/seminars was available
- ii. List of participants/attendants is not attached with the bills
- iii. Acknowledgement receipt of payment was not obtained
- iv. No quotations for purchase of gifts were obtained from vendors.
- v. Most of the expenditure was made on purchase of refreshment or lunch items but the items were purchased in a single day and the purchase orders were also split up in order to avoid tender which creates doubt of misuse of Funds.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for fixing responsibility on persons at fault.

(AIR#10)

8.5.42 Irregular payments through DDO account – Rs212.192 million

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

During audit of the various offices of the School Education & Literacy Department, Government of Sindh Karachi, for the year(s) 2014-15 to 2018-19, it was observed that payment of Rs212.192 million was made form DDO account instead of

direct payment to concerned payee in violation of prescribed procedure. The details are given at **Annex-6** of Chapter-8.

The matter was reported to the management during September 2019 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.43 Un-authorize mortgage of endowment funds for availing of running finance - Rs95.000 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Principal, Public School, Hyderabad, for the financial year 2018-19, it was observed that Finance Department, Government of Sindh provided an amount of Rs100.000 million for endowment fund to Public School during financial year 2014-15 vide No. FD (B&E-XVI) BGP (1) CCS/PSS/ (434)2013-14/02-01-2015. Since that the management had been investing endowment fund into M/s Sindh Bank on annual basis in daily product saving account. With the approval of Finance Department, an amount of Rs5.000 million was withdrawn conditionally from endowment fund account for meeting the salary and pension expenses; as the school was facing financial crisis. The management availed running finance of Rs10.000 million from Sindh Bank by mortgaging endowment funds of Rs95.000 million without approval from Finance Department.

Audit holds the view that obtaining of running finance against mortgaging of endowment funds of Rs95.000 million without approval from Finance Department stands irregular.

The matter was reported to the management October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

8.5.44 Loss due to opening of current account instead of saving - Rs13.273 million

According to the proposal of Reform Support Unit approved by Secretary School Education dated 03-04-2017 regarding opening of account in Mobilink Micro Finance Bank for distribution of stipend, it was proposed to open a saving account to pass on benefit of profit to Government of Sindh.

During audit of office of the Second Sindh Education Reforms Program (SERP-II), for the financial year 2017-18, it was observed that a current account was opened in Mobilink Micro Finance Bank for purpose of distribution of stipend to girls' students instead of opening a saving account, as proposed and approved by the competent authority. Hence government sustained loss of Rs13.273 million (calculated on average closing balances) in shape of profit which would have been earned on unutilized amount if saving account was opened.

(Rs in million)

Date of credit	Amount	Balance	Rate of Interest on Saving A/c	Period of Calculation	Amount
20-06-2017	1,160.00	1,119.694 (as on 30-06-2017)	6 % per annum	10 days	1.866
		238.552 (w.e.f. 01-07-2017 to 31-12-2017)	-do-	6 months	7.157
14-05-2018	200.00	750.00 (as on 30-06-2018)	6 % per annum	15-05-2018 to 30-06-2018 (1 month & 15 days	1.500
01-06-2018	550.00			01-06-2018 to 30-06-2018 (1 month)	2.750
Total					13.273

The matter was reported to the management in January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The audit recommends recovery of the amount from the concerned quarters besides fixing of responsibility for this negligence.

(ML#4.1.3)

8.5.45 Loss due to inclusion of un-authorized overhead amount in the estimates - Rs636.226 million

As per Government of Sindh Composite Schedule of Rates-2012 the following percentage of profit and sundries shall only be allowed while preparing the rate analysis is as under:

Sr. #	Particulars	% allowed as Overhead & Profit
01	% on all and Sundries	10%
02	% of contractor Profit	10%

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that estimates for construction of various schools for amounting to Rs3,817.356 million were prepared by the M/s Halcrow a (USAID) consultant and the overhead profit @ 42% was allowed in the estimate in violation of percentage approved by the Standing Rates Committee Government of Sindh as stated above. The breakup of the overhead & profit allowed in the estimate by M/s Halcrow is as under:

% of Overhead & Profit allowed in Estimate			Remarks of audit
Sr. #	Particulars	% allowed as Overhead & Profit	
01	Income Tax	6%	Not to be allowed
02	Profit	15%	Due @ 10% as per rates approved by Composite Rate Committee GoS (But allowed as a liberty in calculation)
03	Company Overhead	10%	Due @ 10% only on sundries but also allowed on supplies
04	Transportation Shifting	2%	Due as per lead chart on actual basis

% of Overhead & Profit allowed in Estimate			Remarks of audit
Sr. #	Particulars	% allowed as Overhead & Profit	
05	Rate Escalation of Non-specified items	5%	Not to be allowed
06	HSE Requirement	1%	Not to be allowed
07	Other Risk Factor (Donor Agency)	1%	Not to be allowed
08	Interest on Mobilization Advance	1%	Not to be allowed
09	Rate increment for project span / tendering	1%	Not to be allowed
Total Allowed		42%	

Due to the above an undue excess payment of Rs636.226 million was allowed during preparation of estimate by allowing about 20% excess in the shape of overhead expenses which was not due. Further income tax is required to be paid by the contractor but the same was provided in the estimate without any proper justification. The formal orders of the competent authority regarding approval of estimate was neither approved nor provided to audit for verification.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that estimates may be forwarded to the Composite Rates Committee for scrutiny and approval under intimation to audit and responsibility may be fixed upon the person(s) at fault.

(ML#4.4.4)

8.5.46 Non-imposition of penalty on delayed work – Rs536.659 million

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 audit of the various offices of School Education & Literacy Department, Government of Sindh, for the year(s) 2015-16 to 2018-19, it was observed that various works were awarded to the contractors, which were required to be completed within the stipulated time period. The contractors failed to complete the works in time, however, penalty of Rs536.659 million at the rate of 10 percent of the contract value was not imposed by the management on account of delayed work, which tantamount to extending undue favour to the contractors. The details are given at **Annex-7** of Chapter-8.

The matter was reported to the management during September 2018 to October 2019, but no reply was received except for office at Sr. # 05 stated that due to meagre funding released on quarterly basis the said works were delayed. Therefore, on the request of contractors the extension was granted as per clause of agreement.

The management in its reply, attached the attested copies of extension according to which the extension was granted 03-04-2017 while stipulated date of completion was 02-09-2017. The reasons of granting extension well-before the stipulated date of completion may be justified. Further applications of the contractor and reasons for extension were not recorded in extension letters so attached.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.47 Non-obtaining of performance security – Rs330.841 million

According to Rule 39 (1) of Sindh Public Procurement Rules 2010 Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of Sindh Textbook Board, Jamshoro, School Education & Literacy Department, Government of Sindh, for the financial year 2017-18, it was observed that contract worth Rs3,308.410 million were awarded to various publishers/printers for printing binding and supplying of textbooks for free distribution. The performance security amounting to Rs330.841 million (@ 10% of the contract value) was not obtained to safeguard the interest of government.

The matter was reported to the management during September 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#09)

8.5.48 Excess execution of items of work - Rs144.754 million

According to Rule 16(1) (e) of Sindh Public Procurement (SPP) Rules 2010, “Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; Provided that;

- (i) The cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and
- (ii) The original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract.
- (iii) In case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

During audit of various offices of the School Education and Literacy Department, Government of Sindh, for the year(s) 2015-16 to 2018-19, it was observed that excess expenditure of Rs144.754 million was incurred on excess execution of items of works against the quantity provided in the estimates/BOQ of tender documents. The details are given at **Annex-8** of Chapter-8.

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.49 Non-recovery of outstanding dues – Rs45.951 million

As per Rule 41 (a) of Sindh Financial Rules, “The Department Controlling Officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.”

During audit of office of the Chairman, Sindh Text Book Board, Jamshoro, for the financial year(s) 2016-17 to 2017-18, it was observed that an amount of Rs45.951 million was not recovered from publishers against outstanding amount of sale of books and royalty.

(Rs. in million)

Sr. #	Particulars	Financial Year	AIR Para#	Amount
1	Outstanding recovery against M/s Kashif Printing Press	2016-17 to 2017-18	25	24.068
2	Outstanding royalty from various publishers		01	17.178
3	Outstanding royalty on account Sindhi Primer (Class-I)	2016-17	03	2.353
4		2017-18		2.352
Total				45.951

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.50 Non-/less deduction of government taxes – Rs15.562 million

According to Para 153 (1)(a),(b)&(c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001, Income tax is required to be deducted at source while making payment to suppliers/contractors w-e-f 01-07-2015. As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 14%. According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of various offices of the School Education and Literacy Department, Government of Sindh, for the financial year(s) 2015-16 to 2018-19, it was observed that various taxes i.e. GST, SST and income tax amounting to Rs15.562 million were either less or non-deducted. The details are given at **Annex-9** of Chapter-8.

The matter was reported to the management during September 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.51 Loss on engineering material given to contractor - Rs4.879 million

As laid down in rule-10 of G.F.R Vol-I, every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principle on which emphasis is generally laid are the following:

- (i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money.
- (ii) The expenditure should not be prima facie more than the occasion demands.
- (iii) Public money should not be utilized for the benefit of a particular person or section of the community.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program for the financial year(s) 2015-16 to 2017-18, it was observed that an amount of Rs4.879 million was paid to contractor for “Providing and maintenance of the Engineer's facilities at individual school site” as an item of work but the management declared to contractor that all the items/materials/equipment shall become contractor's property upon completion of work; which was unjustified and tantamount to providing undue favor to contractor.

Audit is of the view that provision of mobilization advance also meant for the above purpose and the establishment / maintenance of site office is responsibility of contractor instead of the management. Thus provision of funds and further handing over of all the material / equipments is unjustified, the same may be recovered upon completion of contract.

The matter was pointed out to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that all the material and equipments may be returned back or its cost may be recovered from contractor besides fixing responsibility on person(s) at fault.

(ML#4.5.1)

8.5.52 Excess payment to contractor - Rs3.482 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on the part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of following offices of the School Education and Literacy Department, Government of Sindh, for the financial year 2017-18, it was observed that an excess payment of Rs3.482 million was made to contractor over and above the bill amount/work executed without any justification / details of excess amount paid.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para#	Amount
01	Executive Engineer, Education Works Division District Malir Karachi	Excess payment due to making payment higher than work done	2017-18	10	2.757
02	Executive Engineer, Education works Division, Jacobabad	Loss due to excess calculation of total of the work	2017-18	02	0.470
03	Executive Engineer, Education works Division, Hyderabad	Excess payment due to excess rate	2017-18	02	0.255
Total					3.482

The matter was reported to the management in October 2018 to May 2019 but no reply was received except from Office at Sr. # 01 above, in which the management replied that Monitoring and Evaluation Cell have to visit 2-3 times each site and they are bound to submit report to government and local office is bond to rectify the site, if the work is not done satisfactorily as per their yardstick.

The reply of the management seems to be hypothetical and have no relevance to the audit observation. The management may provide the justification regarding observations pointed out in audit para.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.53 Non / Less-recovery of stamp duty – Rs2.618 million

According to para-22-A of Stamp Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost."

During audit of following offices of the School Education & Literacy Department, Government of Sindh, for the financial year(s) 2015-16 to 2018-19, it was observed that an amount of Rs2.618 million was not recovered from the concerned contractors due to non/less-affixing of stamp duty on contract agreement.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
01	Executive Engineer Education Works, Larkana	2017-18	11	0.329
02	Executive Engineer Education Works District South, Karachi	2017-18	10	0.204
03	Executive Engineer, Education works Division Noushehro Feroze	2018-19	02	1.038
04	Executive Engineer, Education works Division Shikarpur	2017-18	5	0.498
05	Executive Engineer, Education works Division central Karachi	2018-19	13	0.367
06	PD, Public School Hyderabad	2017-18	03	0.182
Total				2.618

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.54 Non-distribution of stipend - Rs708.532 million

According to clause (b) of agreement executed with Mobilink Micro Finance Bank, stipend was to be paid to approx. 600,000 girls students for the years 2015-16 & 2016-17 and para # 2 (scope of agreement), Appendix-C of agreement, the girls shall be provided the facility to receive the amounts payable to them through the modes covered in the clause 3 of the agreement.

During audit of office of the Second Sindh Education Reforms Program (SERP-II) for the financial year 2017-18, it was observed that an amount of Rs1,500.000 million was paid to the bank for distribution of stipend to around 600,000 girls students for the year(s) 2015-16 & 2016-17 but the bank failed to distribute the marked amount to beneficiaries and an amount of Rs708.532 million was surrendered and returned back to the SERP management as undistributed, without any

specific/justified reason. Furthermore, detail of students, to whom stipend was distributed and the ones who could not receive were also not produced to audit.

The above position indicates that the procedure adopted for distribution of stipend was not effective and efficient. Hence, beneficiaries were deprived of benefits provided by the government due to negligence of management and the bank.

The matter was reported to the management in January 2019 but reply is still awaited.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML#4.1.5)

8.5.55 Non-crediting of revenue into government account – Rs610.401 million

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

During audit of various offices of the School Education and Literacy Department, Government of Sindh, for the financial year(s) 2015-16 to 2018-19, it was observed that an amount of Rs610.401 million was realized on account of government revenue, taxes and deposits but same was not deposited into the government treasury. The details are given at **Annex-10** of Chapter-8.

The matter was reported to the management during September 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends the credit of the amount into relevant government account and fixation of responsibility on the person(s) at fault.

8.5.56 Expenditure without opening of separate assignment account – Rs2,259.754 million

As per Para 17.2.2 of the Accounting Policies and Procedures Manual “Each assignment account is established at designated branches of the NBP in fixed currency. In cases where a project or other activity receives both Government of Pakistan funding and foreign donor funding, separate Rupee and \$ US assignment accounts must be maintained.

During audit of office of the Chief Program Manager Sindh Global Partnership for Education Project (P146451), Grant No TF018672 & TF018673, for the financial year 2017-18, it was observed that an expenditure of Rs2,259.754 million was incurred from Assignment Account of the “Sindh Education Reform Program” under cost center “KQ-0758”. Due to use of same assignment account for both projects, separate reconciliation of accounts and expenditure bifurcation in respect of project “Sindh Global Partnership for Education” was not feasible. Furthermore, it also created high probability of duplicate payments. The management did not segregate the duties and remunerations of officials/staff as the same officials/staff had been engaged for both the projects. In addition, it couldnot be authenticated, whether the allocated funds were actually utilized for the intended purpose.

The matter was reported to the management in October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(ML#4.2.2)

8.5.57 Irregular payment on account of stipend - Rs750.000 million

As per clause 1 of Appendix-C regarding obligations for service provider of contract agreement of Mobilink Micro Finance Bank for distribution of stipend executed on 02-02-2018, the service provider is bound to ensure that disbursement of each trench is completed within 15 days from the date of receiving data from PA provided required amount is available in PA’s account designated for such purposes and as per clause 5, service provider is bound to provide PA, complete transaction

report periodically (twice a week), covering phase wise total number of transactions disbursed/executed, total number of collections/receipts by end-users/girls and finally it should give a detail of transactions executed by each of the service provider outlet. Furthermore, note mentioned in Appendix-B of the agreement reads as, service provider would have to park/disburse the cheque amount on the given beneficiaries' data within 15 working days from the date of respective amount credited in the said exclusive bank account for disbursement purpose.

During audit of office of the Second Sindh Education Reforms Program (SERP-II) for the financial year 2017-18, it was observed that funds amounting to Rs750.00 million were provided to bank (as per details below) which were not distributed/disbursed to the beneficiaries within 15 days of parking of the funds but the same were disbursed on 28-09-2018 and 08-10-2018, after lapse of almost 04 months. Hence government funds were retained for long time period without any justification. Furthermore, details of total number of students and the amount of stipend against each student for the year 2017-18 along with completed transactions, collection/receipts by end users and transactions executed by service provider outlets were not provided in violation of above clauses. The details are as below:

(Rs. in million)

Date of credit in account	Amount
14-05-2018	200.00
01-06-2018	550.00
Total	750.00

The matter was reported to the management in January 2019 but reply is still awaited.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The audit requires justification on the matter besides, fixing responsibility on person(s) at fault.

(ML#4.1.4)

8.5.58 Irregular expenditure without provision in the budget - Rs474.665 million

According to Para-12 of G.F.R. Vol-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 funds allotted to spending units are expended in the public interest and upon objects for which the money was provided".

During audit of following offices of the School Education and Literacy Department, Government of Sindh, Karachi, for the financial year 2017-18, it was observed that an expenditure of Rs474.665 million was incurred on pay and allowances without provision in the budget.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	TEO, (Male), Saddar, Karachi	Without release of budget	2017-18	05	326.126
02	TEO, (Primary) Male Taluka Keamari	Without budget	2017-18	02	148.539
Total					474.665

The matter was reported to the management during April 2019 to May 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

8.5.59 Loss sustained due to termination of contract - Rs149.973 million

As per clauses of integrity Pact the Contractor is required to provide Integrity Pact (for contracts worth Rs10.000 million) If the Contractor or any of his Subcontractors, agents or servants is found to have violated or involved in violation of the Integrity Pact signed by the Contractor, then the procuring agency shall be entitled to:

(c) recover from the Contractor any loss or damage to the procuring agency as a result of such termination or of any other corrupt business practices of the Contractor or any of his Subcontractors, agents or servants. further, that in addition to the action taken by the procuring agency against the Contractor under this Clause, the procuring agency may also refer the case of default of the Contractor to Pakistan Engineering Council for punitive action under the Construction and Operation of Engineering Works Bye- Laws 1987, as amended from time to time.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program, for the financial year(s) 2015-16 to 2017-18, it was observed that a loss of Rs149.973 million was sustained by the government on account of award of remaining work of terminated contracts but the same was neither recovered from the defaulting contractor nor any document regarding black listing of defaulter contractors was provided to audit for verification.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The audit recommends that: -

- i. Proper inquiry into the matter may be conducted to find out the reasons for termination of contract
- ii. Loss may be calculated and should be recovered for the persons at fault.
- iii. Necessary measures may be taken for black listing the defaulter contractor with PEC & SPPRA.
- iv. Over payment was allowed to contractors, same may be recovered and responsibility be fixed upon the person(s) at fault.

(ML#4.3.4)

8.5.60 Feasibility studies not conducted - Rs14.355 million

According to Paragraph 1.53 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-II is required for conducting surveys and feasibility studies, in respect of larger projects, intended to get full justification for undertaking the project before large resources are tied up with them”.

During audit of office of the Program Management Implementation Unit, Sindh Basic Education Program, for the financial year(s) 2015-16 to 2017-18, it was observed that feasibility study of the Sindh Basic Education Program of Rs14.355 million was not prepared, though it was a mandatory requirement at the planning stage of the scheme to safeguard the government assets and minimize the risk involved in execution of the scheme / project.

Due to non-conducting of feasibility study, the period, scope and cost was enhanced as a matter of fact the program was required to be completed by 2015-16 and 180 schools with 1800 rooms were required to be constructed but only 106 schools with 1134 rooms were constructed and cost of furniture was additionally provided by the Government of Sindh which was actually included in the PC-I and scope of 06 schools was also revised due to non-conducting of feasibility study.

The matter was reported to the management in March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(ML#4.6.1)

CHAPTER- 9

ENERGY DEPARTMENT

9.1 Introduction

Energy Department deals with strategic management of coal & energy sector, determining policies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects and deciding all related issues in Sindh.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	4	3	648.876	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	0		

9.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
37,707.935	0.001	13,948.284	(13,948.284)	(19,157.529)	18,550.408	15,237.918	(3,312.490)

The department was unable to spend the allocated budget in time. As a result, savings of Rs3,312.490 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
5,000.000	5,000.000	713.907	- 4,286.093

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs4,283.093 million was observed.

9.3 Classified Summary of Audit Observations

Audit observations amounting to Rs9,052.463 million were raised as a result of this audit. This amount also includes recoverables of Rs29.256 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	1,216.665
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	219.330
B	<i>Procurement related irregularities</i>	5,351.275
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	2,265.193

9.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	0	0	0	0	-	
4	2001-02*	0	0	0	0	-	
5	2004-05*	0	0	0	0	-	
6	2005-06	0	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
7	2006-07	3	3	0	3	-	
8	2007-08	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
9	2008-09	5	3	0	3	-	
10	2009-10	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
11	2010-11						
12	2014-15	3	2	0	2	-	
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total			8	0	8		

9.5 Audit Paras

9.5.1 Non-production of auditable record – Rs1,216.665 million

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

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

During audit of the following offices of Energy Department, Government of Sindh, following auditable record of Rs1,216.665 million was not produced for audit scrutiny despite various reminders.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Director, Village Electrification, Hyderabad	2017-18	01	Village Electrification Program in Sindh and in Karachi schemes	550.000
			06	Supporting vouchers	0.166
2	Special Secretary, Coal & Energy Development Cell, Karachi 2016-17	2016-17	26	Functions, powers and responsibility	460.631
3	Secretary, Energy Department	2017-18	14	Non-production of record	17.860
			24	payment to third part monitoring	1.250
4	Director General, Sindh Coal Authority, Karachi	2018-19	01	Vouchers/ bill regarding contingency	7.377
5	Underground Coal Gasification Project, Islamkot	2009-10 to 2017-18	5.7.3	Various auditable record	0
6	Director General Sindh Coal Authority, Karachi	2017-18	10	PEC registration certificate	179.381
Total					1,216.665

The matter was pointed out to the management in April 2018 to October 2019. The DAC meeting was held on 12 February 2020. As regards to record of Underground Coal Gasification (UCG) Project, the management informed that matter has been referred to NAB by the Supreme Court of Pakistan. It was added that all record pertaining to UCG have been taken by NAB for investigation. Being a subjudice and under investigation matter, any discussion on these audit observations will not be appropriate. Regarding other offices, the DAC directed the management to produce the record to audit. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.2 Irregular expenditure on salary due to non-sanctioned posts – Rs9.649 million

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

During audit of the following offices of Energy Department, Government of Sindh, it was observed that an amount of Rs9.649 million was paid to employees who were posted without sanctioned strength. The details are as under:

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Amount
1	Special Secretary, Coal & Energy Development Cell, Karachi	2016-17	23	1.760
		2017-18	04	7.889
2	Director, Village Electrification, Hyderabad,	2018-19	12	-
Total				9.649

The matter was pointed out to the management in April 2018 to October 2019. The DAC meeting was held on 12 February 2020. The management at Sr.# 1 clarified that subsequent to transfer of posts from M&MD the posts pointed out in audit observation are sanctioned for their office. The management at Sr.# 2 clarified that they have made reference to FD for rectification in SNE in respect of the posts pointed out in Audit observation. The DAC directed the management to produce the record to audit. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.3 Payment of inadmissible allowances – Rs208.222 million

As per Para 2(ii) of Finance Division Notification No. F-4(9) R-3/2008-499 dated 12th August 2008, lump sum pay package will be admissible to project employees. The project employees will be appointed on contract basis in PDSP project for an initial period not exceeding two years which will be extendable further till the completion period of the project on yearly basis after evaluation of their performance.

According to the order by Finance Department Govt. of Sindh vide No. FD(SR-III)-5-145-2012 dated 2nd March, 2012, in supersession of this department circulars vide Nos. FD(SR-III)-5/1-2008 dated 04-01-2008 and No. FD(SR-III)-5-139/2011 dated 12-02-2011, sanction of Government of Sindh is hereby accorded for grant of utility allowance to the regular employees of Sindh Civil Secretariat and Provincial Assembly Sindh.

According to Notification of Finance Department, Government of Sindh No FD (SR-IV) (12)/77 dated 13.05.1977 read with Para-7 (a) of Finance Division (Regulation wing) OM No.I(I)imp/2008 dated 30-6-2008. The office cum residence conveyance allowance is an allowance to facilitate Government officers/officials to reach the office and not admissible to those officer/officials who have been provided with Government transport facility or residing within work premises”.

As per Office Memorandum of Finance Department Government of Sindh No.FD (SR-III)5-27 2009 dated 5th August 2011, Chief Minister Sindh is pleased to order rationalization of project allowance at uniform rates for all the regular government employees, officers and staff working in development project/programs, priority programs, companies, authorities and other such government entities as are entitled to the project allowance as per government policy”

During audit of the following offices of Energy Department, Government of Sindh, it was observed that an amount of Rs208.222 million on account of various allowances was paid to the officers and staff, who were not entitled for the same. The details are as follows:

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
1	Underground Coal Gasification, Project Islamkot	2009-10 to 2017-18	5.3.2	Allowances in addition to the pay package	204.454
2	Special Secretary, Coal & Energy Development Cell, Karachi	2016-17	18	Utility Allowance	1.459
			19	Conveyance Allowance	0.180
3	Director, Village Electrification, Hyderabad	2017-18	22	Utility Allowance	0.144
			03	Conveyance Allowance	0.120
4	Secretary Energy Department	2017-18	19	Utility Allowance	0.030
5	Director, Village Electrification, Hyderabad	2018-19	05	Utility Allowance	0.132
			04	Conveyance Allowance	0.531
6	Director General, Sindh Coal Authority, Karachi	2018-19	42	Conveyance Allowance	0.120
			43	Project Allowance	0.908
			44	Additional Charge Allowance	0.144
Total					208.222

The matter was pointed out to the management during April 2018 to October 2019. The DAC meeting was held on 12 February 2020. It was clarified that record pertained UCG have been taken by NAB for investigation. Against AIR Para#18 management clarified that the matter has already been resolved in consultation with FD which has allowed UA to the employees pointed in the Audit observation. The management at Sr.# 1 clarified that they have initiated action recovery of paid amount for AIR Para #22, as regards to conveyance allowance the management clarified that concerned officials were not allotted vehicles. The management at Sr.# 4 clarified that they have initiated recovery from the officials. The management at Sr.# 6 clarified that project allowance pertained to those employees who were associated in the project, water master plan, which was completed in 2018-19. They added that upon closure of the project payment of project allowance has been stopped. As regards to the additional charge allowance management clarified that additional charge allowance paid to DD for holding additional charge of DD (A&F). Upon query by audit the management stated that the allowance was continued beyond six months. The DAC directed the management to produce relevant to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.4 Irregular payment of arrears of pay and allowances – Rs1.459 million

According to Finance Department, Government of Sindh instructions conveyed by Board of Revenue Sindh, Hyderabad vide Para 5 (p) of letter No.2/2312/15-16/Bud-III/786 dated 20-08-2015, “liability of previous financial years may not be allowed to be cleared unless concurrence is given by Finance Department. However, last financial year (2014-15) claims of reimbursement of medical charges of TA are exempted this condition”

During audit of the following offices of Energy Department, Government of Sindh for the years 2017-18 & 2018-19, it was observed that an amount of Rs1.459 million was paid on account of arears of pay and allowances. The following irregularities were noticed:

(Rs. in million)					
Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
1	Director, Village Electrification, Hyderabad,	2017-18	09	Arrears were paid without approval of Finance Department. Relevant record i.e personal files, LPCs, service history, previous financial years payrolls and other necessary record was not produced. Evidence of acknowledgement was not available.	0.181
2	Secretary, Energy Department	2018-19	03	Variation in pay of different officers and staff was noticed but no justification was provided. Change in date of birth was noticed without giving justification Frozen Adhoc allowance 2013 @ 15% was also drawn by different officials.	1.278
Total					1.459

The matter was pointed out to the management in February 2019 to October 2019. The DAC meeting was held on 12 February 2020. The management at Sr.# 1 clarified that relevant record for payment arrears was available. Upon query by audit, they stated they would consult record about approval of FD. The management at Sr.# 2 clarified that as regards to variation in pay of officers and staff pointed out in audit observation the changes in pay noted by audit pertained to arrears and retirement of relevant

officers. As regards change in date of birth the management clarified that there was no change on their part, instead office of AG Sindh rectified the incorrect date of birth punched in SAP data. Further, as regards to frozen allowance 2013, the management clarified that the Government of Sindh had allowed 15% adhoc relief, which was subsequently merged in pay upto the level of 10% upon revision of pay scale 2015. They added that the difference 5% is being allowed to all non-gazetted employees. Upon query by audit, they stated continuation of same 5% difference allowance have been allowed to non-gazetted BPS-16 officers. The DAC directed the management to produce record in support of clarification to audit. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.5 Non-transparency in recruitment of contract employees

Governing Body in its 9th meeting held on 5th September, 2012 at agenda item No. 9 decided to adjust the staff of two initial projects in the 3rd phase of Power Generation, as these employees were essentially needed for Gasification process.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that as per approved PC-Is of first two schemes, strength of contract employees was as under:

Name of Scheme	As per PC-I			Working strength upto June, 2012
	Technical	Non-Technical	Total	
Development of Underground Coal Gasifier	50	31	81	90
Handling and Purification of Coal Gas	62	93	155	

However, scheme-wise working strength was not provided. After merger of the employees of first two schemes to 3rd scheme, the employee strength was as under:

Name of Scheme	As per PC-I			Working strength upto June, 2018
	Technical	Non-Technical	Total	
2X50 MW Power Generation from Syngas	95	55	150	105

It is pertinent to mention that neither project management nor Governing Body was competent to allow merger of one scheme / project with another scheme, as this act entailed creation of vested interest of daily wages staff for regularization of their services. The management should have acted prudently, and instead of merger they should have hired employees afresh after due process. This reflected substantial weakness in HR recruitment process.

Coal and Energy Development, Department vide, its letter No.SO(COORD/C&EDD/5-8/2010 dt: January 13, 2011 notified constitution of Interview Committee for the recruitment to the posts of different categories.

A requisition dated 07-11-2018 was issued to the project management, where in production of recruitment record was requested. Despite repeated requests, following record was not provided:

- i. Selection criteria for the posts
- ii. Minutes of meeting duly signed by each member of Interview Committee
- iii. Final merit list of the candidates
- iv. Approval of Governing Body

The matter was pointed out to the management in November 2018. In response, the management stated that minutes of selection committee meeting duly signed along with final merit lists of candidates were available. However, relevant record was not produced to audit.

Due to non-availability of recruitment record, audit could not ascertain transparency, due process, deviation from PC-I provision and approval /endorsement of Governing Body. Moreover, excess recruitment against same categories were also reported, however, the same could not be verified due to non-availability of record.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.3.1)

9.5.6 Expenditure incurred in violation of SPPRA Rules - Rs1,736.375 million

According to Rule-48 of SPPRA 2010 regarding acceptance of Bids, “even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices”

According to Rule-46(2)(e) of SPPRA 2010 “procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements”.

During audit of Underground Coal Gasification Project, Islamabad for the years 2009-10 to 2017-18, it was observed that tenders for purchase of following machinery & equipment costing Rs1736.375 million were invited as detailed under:

(Rs. in million)

Sr. #	Tender	Successful Bidder	Amount-USD/EUR	Amount-PKR
1	Purchase of Syngas cleaning, Desulfurization and Dehydration Plant for Fuel Gas Production	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Tangshan Leadhorse Energy Technology Equipment's Co. Ltd. China)	3.697	379.690
2	Purchase of HDDR	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s LianYungangHuanghai Machinery Co. China)	2.512	268.789
3	Purchase of 16 Syngas Generators including spare parts	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Shengli Oil field & Power Machinery Group Co. Ltd.)	6.200	660.939
4	Purchase of 2 Nos. High Pressure Compressor	M/s Inter-trade Distributor	-	10.200
5	Purchase of 8 Nos. Low Pressure Compressor	M/s Atlas Copco	EUR 0.389	46.205
6	Purchase of 2 Nos. High Pressure Compressor	M/s Jaffer Brothers (Pvt) Ltd	-	61.374
7	Purchase of 5 Nos. High Pressure Compressor	M/s Oriental Engineers (Pvt) Ltd Lahore (Principal M/s Enric (Bengbu) Compressor Co, Ltd China)	1.461	163.617
8	Purchase of 2 Water Well Rigs & 1 Coring Rig	M/s Oriental Engineers Services Lahore (Principal: M/s Mayaster Machinery & Electrical Equipment Co. Ltd.)	0.411	42.908

(Rs. in million)

Sr. #	Tender	Successful Bidder	Amount-USD/EUR	Amount-PKR
9	Purchase of 2 Water Well Rigs	M/s Oriental Engineers Services Lahore (Principal: M/s Ian Yungang Huanghai Machinery Co. Ltd.)	0.126	13.154
10	Purchase of Carbon Steel pipes Tender # 77	M/s Ashraf Fabrication & Engineering	-	59.469
11	Purchase of Carbon Steel pipes Tender # 108	M/s Allied Piping Incorporation	-	30.030
Total				1,736.375

Following irregularities / violations were noticed:

- i. It was noted that the management adopted the method of NCB despite the fact that plant was of such a nature that it had to be imported from other countries, in most of the tenders, only one firm could qualify technically who acted as agent and the principle was from the China. It is pertinent to mention that the management had to claim to invite ICB, however the tender was finalized through NCB. Had the tender been invited as ICB, more firms from international market would have participated (refer items mentioned in the Table at Sr. # 1 to 11)
- ii. The scrutiny of tender documents reveal that in most cases single bidder was technically qualified and recommend for opening of financial bid. As there was no competitor hence, each time the contract was awarded to that single bidder. As against each tender, a single bidder was technically qualified, it became obligatory for the management to obtain, competitive prices from the market. However, no market survey was conducted in any case for rate analysis. In the absence of market rate analysis, the purchase of these high value machinery from a single bidder was irregular (refer items mentioned in the Table at Sr. # 1 to 3)
- iii. It was further observed that neither NIT nor bidding documents contained any technical criteria against which the technical evaluation was to be conducted. Technical evaluation report signed by the committee members contained only subjective remarks without giving proper justification for award of work to a particular firm (refer items mentioned in the Table at Sr. # 1 to 7)

The matter was pointed out to the management in November 2018. In response, the management stated that all manufacturers of machinery & equipment are amply

represented in Pakistan through their authorized dealers. The reply was not tenable as the nature of procurement warranted ICB, as more firms from international market could have participated and competition could have been intense. As regards market survey, the management replied that standard procedure of SPPRA was followed in each case. The reply was not tenable as no documentary evidence of market survey was provided in support of their contention. The management further replied that technical criteria for evaluation was mentioned in the relevant documents, however, documentary evidence in this regard was not furnished.

Audit is of the opinion that the management violated the SPPRA provisions and the bidding process lacked transparency and fairness.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.1)

9.5.7 Irregular award of tenders for supply of machinery & equipment – Rs1,309.418 million

According to Rule-37(1) of SPPRA 2010, “The procuring agency shall require the bidders to furnish a bid security not below one percent and not exceeding five percent of the bid price, which shall remain valid for a period of 28 days beyond the validity period for bids, in order to provide the procuring agency reasonable time to act, if the security is to be called; Further, as per clause-23 of the contract, the seller will furnish 1% of the total value of the contract unconditional Bank guarantee immediately on the signing date of the final acceptance certificate, endorsed in favour of MD UCG which will remain valid for one year.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that tenders for purchase of various machinery, plant & equipment were invited and the contracts were awarded for Rs1309.418 million. In this regard, following irregularities were noticed:

- i. Neither earnest money @1% nor performance guarantee @ 1% for Rs13.078 million was obtained.

- ii. Tender for purchase of SYNGAS Cleaning, Desulfurization and Dehydration Plant for fuel gas production was invited. Only one firm technically qualified and financial bid of M/s Forward Enterprises (as Agent) c/o M/s Tangshan Lead horse Energy Technology Equipment Co. Ltd. China (as Principal) was opened quoting bid of USD 3.700 million. Later on, the management cancelled the bid claiming that the earnest money was not enclosed. The evidence of cancellation in the shape of minutes of meeting of Procurement Committee was not available to substantiate the claim of the management.
The tender was again invited on 24-02-2013 and a single firm M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Tangshan Lead horse Energy Technology Equipment Co. Ltd. China) participated in the bid. The firm quoted bid of USD 3.797 million and contract was awarded to M/s Link Lines. Due to delay in finalization of award of tender, the tender cost escalated and excess payment USD 0.097 million had to be made to the supplier.
- iii The L/C for import of SYNGAS Cleaning, Desulfurization and Dehydration Plant was opened on 08-07-2013 which was to expire on 31-07-2013. The shipment was to be made within 90 days after receipt of L/C i.e. 07-10-2013. However, the agent reported that the L/C was received on 17-07-2013 and requested to extend date of shipment up to 31-10-2013 and then up to 22-11-2013 and finally up to 31-12-2013. The management extended the delivery time without justifiable grounds. Thus, contractor was spared late delivery charges of Rs7.594 million on account of delay.

The matter was pointed out to the management in November 2018. In response, the management stated that the performance guarantee and earnest money of the bidder was still with the project management. Earlier bid of the Purification plant for US\$ 3.780 million was rejected due to non-submission of earnest money. During second bidding, same manufacturer again participated through a different authorized dealer along with earnest money with the bid of US\$ 3.797 million. The management further stated that LD charges will be recovered at the time of final settlement.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires verification of performance guarantee and earnest money retained by the management and evidence of recovery of LD charges.

(AIR#5.4.2)

9.5.8 Irregular expenditure on purchase of Syngas Generators – Rs660.939 million

As per Rule-31 of SPPRA Rules 2010:

- (1) The procuring agency shall constitute a committee for complaint redressal comprising odd number of persons, with appropriate powers and authorizations, to address the complaints of bidders that may occur during the procurement proceedings.
- (5) The committee shall announce its decision within seven days. The decision shall be intimated to the bidder and the Authority within three working days by procuring agency. In case of failure of the committee to decide the complaint, the Procuring Agency shall not award the contract;
- (6) The Procuring Agency shall award the contract after the decision of the Complaint Redressal Committee;

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs660.939 million was incurred on account of purchase of 16 Syngas Generators from M/s Shengli Oilfield Shengli Power Machinery Group Company Ltd. China through Local Agent M/s Link Line (Pvt) Ltd. Tender was invited and three firms participated but only single bidder M/s Link Lines was technically qualified and then Financial Bid was opened on 17-12-2013. The other two bidders M/s Jaffar Brothers and M/s Gresham complained to the project authorities and conveyed their reservations regarding disqualification of their proposals. Despite the reservations, purchase order / supply order was issued to M/s Shengli Oilfield Shengli Power Machinery Group Company Ltd through M/s Link Lines on 24-01-2014, in violation of procedure as laid down in SPPRA rules.

The matter was pointed out to the management in November 2018. In response, the management stated that meeting of the redressal committee was held with both the complainants, and the complaints were settled on merit.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires verification of the decisions made in CRC meeting.

(AIR#5.4.3)

9.5.9 Irregular expenditure on purchase of HDDR Machine – Rs255.721 million

As per Sindh Public Procurement Rules, 2010 Rule 48, Acceptance of Bids “Even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices.”

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs255.721 million was incurred on purchase of HDDR Machine, which was kept under the following objections:

- i. HDDR Machine was purchased without provision in PC-I and Work Plan.
- ii. Financial and technical proposals were not available on the record.
- iii. Pre-qualification required for tendering was avoided.
- iv. A verifiable list of end user along with certificate to the effect of linkage of UCG wells executed satisfactorily was not available.
- v. Technical staff of HDDR machine was neither hired, nor necessary training was provided to the available staff.
- vi. Performance security was not obtained.

The matter was pointed out to the management in November 2018. In response, the management stated that the expenditure on drilling rigs was well within the provision for technical equipment in the PC-I, and the discretion of diverting funds from one item to another lie within the competence of the technical authority. The certificate of satisfactory performance along with a list of end users is attached. Performance bond was also obtained from the supplier and duly released at the appropriate time.

The reply was not tenable, as the provision for purchase of HDDR machine was neither provided in PC-I nor in work Schedule Plan. Moreover, no documentary evidence was provided by the management in support of their contention.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.6)

9.5.10 Expenditure without PC-I provision - Rs634.667 million

According to Paragraph # 1.50 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-I is the basic form on which all projects/schemes are required to be drawn up”.

As per of Minutes of the Meeting held on 21-05-2012 chaired by Deputy Chairman Planning Commission:

Point-2 “The pilot project comprising one gasifier (36 wells) may be operationalized for power generation of 8-10 MW electricity within a period of 10-12 months. Supporting Work Plan may be furnished on priority”.

Point-3 “Necessary funds amounting to Rs1800 million may be provided to cover the cost of gas purification plant, power generation units (8-10 MW) and establishment / O&M charges for one year in two phases”.

During audit of Underground Coal Gasification Project, Islamabad for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs634.447 million was incurred on various head of accounts without provision in PC-I. Furthermore, neither PC-I was revised nor prior approval of Governing Body was obtained. The details are as under:

(Rs. In million)			
Sr.#	AIR Para #	Particulars	Amount
1	5.2.1	Procurement of Gas Purification Plant	418.000
2	5.2.2	Establishment of new gasifier field of 30 wells	135.411
3	5.2.4	Procurement of 10 diesel generator sets	81.256
Total			634.667

The matter was pointed out to the management in November 2018. In response to audit observation at Sr.#1, the management that gas purification plant was purchased out of the allocation of third scheme under the directive of Planning Commission. However, PC-I of both schemes were not revised as per requirement.

In response of Sr. # 2, the management stated that construction of 30 new gas wells was undertaken by Horizontal Directional Drilling Rig machine on the new location. Experts for well construction were available within the project team and core logging was performed by the project's own geologists and drilling team. The reply was not tenable as there was no justification for drilling of new 30 wells in presence of already existing 36 wells. These 36 wells were required to be operationalized for power generation, hence the expenditure incurred was infructuous.

In response, the management stated that due to shortage of funds, the WAPDA connection was not feasible and only 0.2 MW connection was given to meet the non-technical requirements. The intermittent power supply by WAPDA was the main impediment. In view of the above, purchase of diesel generators was resorted to, so that the technical work could have continuous power supply. The reply was not tenable as neither GB decisions were complied with nor ex-post facto approval of the Planning Commission was obtained.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

9.5.11 Procurement of Compressors over and above the provision of PC-I – Rs252.511 million

As per PC-I, provision for purchase of Compressor was as under:

(Rs. in million)

Name of PC-I	Amount
For Production of Coal Gas	20.000
For Handling and Purification of Coal Gas	5.000
2x50 MW Power Plant From Syngas	5.000
Total	30.000

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that procurement of 09 High Pressure Compressor and 08 Low Pressure Compressor costing Rs252.511 million was made as under:

(Rs. in million)

Particulars	Amount
High Pressure Compressor 02	10.200
Low Pressure Compressor 08	47.320
High Pressure Compressor 02	61.374
High Pressure Compressor 05	163.617
Total	282.511

Following observations were made:

- i. Compressors were purchased beyond the provision of PC-I. Neither the PC-I was revised nor prior approval from ECNEC was obtained.
- ii. Deviations from PC-I reflected absence of proper monitoring of the project by Planning Commission and Govt. of Sindh during execution phase.
- iii. Three (03) Low Pressure Compressors were found idle at warehouse site, which indicated that compressors were procured beyond requirement.

The matter was pointed out to the management in November 2018. In response, the management stated that installation and commissioning of 12 air compressors was duly reported to GB in its 11th meeting dated 25-02-2013. Additional funds were demanded from Planning Commission / Ministry of Finance for compressors. The Planning Commission did not object to the purchase of five large compressors. The three compressors near the old gasifier of 36 wells were used during the R&D effort of the feasibility study, which can be shifted to the third part of the project when required.

The reply was not tenable as incurrence of expenditure was not approved by GB. Moreover, three compressors remained idle / un-utilized though the same were purchased at the initial stage of the project. Hence public money was blocked by excess procurement without requirement.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.2.3)

9.5.12 Imprudent/wasteful expenditure on purchase of pipes and valves - Rs108.752 million

Appendix 18-A of Sindh Financial Rules, Volume-I, states that “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs134.067 million was incurred during the years 2013-14 to 2017-18 on purchases of CS pipes, drilling rods and valves. It was observed that material costing Rs108.752 million was lying unused and idle as evident from the entries in stock registers.

The matter was pointed out to the management in November 2018. In response, the management stated that consumable materials such as pipes, valves, fittings, drilling rods etc. were purchased by the project with a view that the project would continue till achievements of its targets. The reply was not tenable as unnecessary purchases were made beyond the requirement/need, which resulted into misuse of public money in shape of idle condition of material.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.4.10)

9.5.13 Unjustified purchase of structural material – Rs103.362 million

As per Rule-11 (1) of SPPRA 2010, “All procuring agencies shall devise a mechanism for planning in detail for all proposed procurements, determining the requirement of the procuring agency, within its available resources, and prepare an annual or a longer term rolling plan”. As per Rule-(12)(1), “a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each

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

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an amount of Rs103.362 million was incurred on purchase of structural material. Following observations were made:

- i. The project management procured the structural material and carried out the civil work through privately hired labour. The work was supervised by UCG project’s junior engineers.
- ii. Various structural materials (sand, crush, Bricks, cement, shuttering, steel, etc.) was purchased in piecemeal through different tenders instead of grouping it and awarding contract for execution of civil works to a single contractor.
- iii. Civil works were not supported by structural design, detailed technical estimates and measurement sheets to authenticate the proper utilization of material.
- iv. Work/procurement plan was not prepared.

(Rs. in million)

Financial Year	No. of tenders	Amount paid
2013-14	41	52.577
2014-15	9	44.926
2015-16	6	5.859
Total	56	103.362

Due to non-preparation of structural design, technical estimates, BoQ, material site account and measurement sheets, the genuineness of expenditure and quality of work could not be ascertained.

The matter was pointed out to the management in November 2018. In response, the management stated that structural material was purchased mainly for erection, installation and commissioning of Purification and Power Plant. The UCG management decided that all civil work may be carried out through their engineers in order to save time and cost. All structural material was purchased after completion of SPPRA-2010 formalities.

The reply was not tenable as civil work was required to be executed through pre-qualified contractor supported with structural design and technical estimates.

Moreover, 56 tenders were floated in piecemeal for one single work which was flagrant violation of SPPRA rules.

Audit is of the opinion that undue favour was given to the local suppliers and chances of misappropriation of funds cannot be ruled out.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.5.3)

9.5.14 Irregular purchase of vehicles – Rs75.522 million

As per annexure B-2 of Third PC-I, “2*50 MW Power Plant from Syngas”, following officers were entitled for car facility:

SPS-11&12	(1300 CC)
SPS-13&14	(1600 CC)

As per working strength, 06 officers were working in SPS 11-12 and 02 officers were working in SPS-13-14.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs 75.522 million was incurred on purchase of vehicles, which was kept under the following objections;

- i. 17 vehicles costing Rs29.152 million were purchased without provision in PC-I.
- ii. As per working strength, 06 officers were working in SPS 11-12 and 02 officers were working in SPS-13-14. Against the requirement of these 08 posts, 21 vehicles were purchased (01 Toyota Fortuner, 01 Single Cabin, 05 Toyota Corolla GLI, 05 Toyota Corolla XLI, 04 Suzuki Cultus & 05 Suzuki Gimny).
- iii. 09 vehicles were stationed at Liaison Office Islamabad, while 03 officers only were working at Liaison Office Islamabad.
- iv. Out of 39 vehicles, 32 vehicles were kept on Pool, whereas, working field was on walking distance from the residential colony and admin block was

about 04 km away. Against this requirement, 06 Hiace Vans and 02 coasters were procured.

The matter was pointed out to the management in November 2018. In response, the management stated that the project has purchased 39 vehicles as against an approved number of 128 vehicles. Out of the nine vehicles parked at Liaison office Islamabad, only 3-4 vehicles were in use of the officers, staff shift duties, admin duties and protocol. The remaining vehicles were parked here since they were in use when the bulk of officers and research staff were operating from Islamabad office. The reply submitted by the management was not to the point.

Audit is of the opinion that funds were misused and vehicles were purchased beyond the requirement, which constituted weak administrative and financial management.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.4.11)

9.5.15 Unjustified purchase at the closure of the project - Rs59.461 million

According to Para 10(ii) of the General Financial Rules Volume-I “The expenditure should not be prima-facie more than occasion demands”.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs59.461 million was incurred on purchases of carbon steel pipes, drilling rods and valves, at the time when the project plant was non-operational since last 02 years.

In addition, work of infrastructure of plant was completed in May 2015 and in 2016-17 funds were not released. When funds were not available, purchase of these items was unjustified.

(Rs. in million)

Tender #	Invoice#	Item	Date of receipt	Qty	Rate	Amount
UCG118-08-17/Mech	677/ 29-12-17	Carbon Steel pipe 8" dia Sch40 ASTM A-106	05-01-18	300	5025	1.507
		Carbon Steel pipe 4" dia Sch40 ASTM A-106	05-01-18	1596	2050	3.271
UCG118-08-17/Mech	709/ 19-03-18	Carbon Steel pipe 5" dia Sch40 ASTM A-106	21-03-18	1596	2809	4.483
		Gate valve with RFWN flang 8"	30-04-18	6	68000	0.408
		Butter fly valve complete 8"	30-04-18	10	98000	0.980
Sub-total						10.650
17% GST						1.810
	08-06-18	Drilling rod 5.5" 9.6m	05-08-18	200	1780	47.000
Total						59.461

The matter was pointed out to the management in November 2018. In response, the management stated that the items under observation were consumable material, which has already been taken in another audit para. The reply was not tenable, as these items were purchased while the project was already shutdown and no operational activities were being carried out. Hence, unnecessary purchases were made beyond the requirement/need, which reflected weak administrative and financial management.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.7.2)

9.5.16 Irregular purchase of mechanical workshop equipment - Rs15.893 million

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 audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs15.893 million was incurred on purchase of mechanical workshop equipment in July, 2010. Following observations were made:

- i. Items offered by M/S Awan Enterprises at Sr.No. 28, 29, & 32 worth Rs3.75 million were rejected in Technical Bid Evaluation, however, these same items were included in work order issued to M/S Awan Enterprises. This created doubts as to why the same firm was issued work order of those items which were rejected in Technical Bid Evaluation.
- ii. M/S Instrument Technology Link offered the lowest rate for the items at Sr. No. 16 & 23. However, in Technical Bid Evaluation, these items were offered to the 2nd lowest bidder i.e M/S Awan Enterprises due to the reason that items offered by M/S Instrument Technology were not as per specification. However, audit could not verify the criteria of Technical Bid Evaluation due to non-availability of Technical proposals of Bidders as well as non-availability of minutes of Technical Evaluation Committee meeting.
- iii. Invoices and delivery challans related to M/S Awan Enterprises amounting to Rs4.123 million were also not available.

The matter was pointed out to the management in November 2018. In response, the management stated that items offered by M/s Awan Enterprises for Rs3.75 million were rejected by the technical bid evaluation initially due to the fact that photocopies of brochures of the machines were attached with the bids. Later on, original manuals were produced and the bid was accepted. Furthermore, M/s Instrument Technology were issued supply order but they failed to deliver the supply. Consequently, order was placed for the same with the second lowest bidder M/s Awan Enterprises. All the relevant documents were available for verification. The reply was not tenable as items quoted by M/s Awan Enterprises were rejected by technical committee on the grounds “not as per specifications”, hence stance of the management was not justified. Moreover, invoices, delivery challans etc. were also not provided for verification.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.4)

9.5.17 Irregular purchase of pipes and valves - Rs50.269 million

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 audit of Underground Coal Gasification Project, Islamabad for the years 2009-10 to 2017-18, it was observed that a tender for supply of carbon steel pipes, valves and fittings was floated in October, 2010. An expenditure of Rs50.269 million was incurred against these purchases. Following observations were made:

- i. Documents such as Technical Bid Evaluation, Financial Bid Evaluation, and Comparative Statements and Inspection reports were not available. Hence, authenticity of expenditure could not be verified.
- ii. Cheque # 89399990 dated 08-07-11 for Rs 20.00 million and Cheque #28331112 dated 07-09-11 for Rs10.000 million were issued but invoices, delivery challan and store receipt vouchers were not available on the record
- iii. As per expenditure statement, Rs50.269 million were spent, however, as per file record, payment of Rs40.119 million was made. Status of remaining payment of Rs10.150 million was unclear.

The matter was pointed out to the management in November 2018. In response, the management stated that order was placed for the purchase of valves and pipes fitting for Rs50.269 million and payment was made for Rs40.119 million in accordance with invoices, SRVs/delivery challans. The reply was not tenable as the management did not furnish reply regarding variation of paid amount in expenditure statement and invoice. Moreover, no documentary evidence was furnished to substantiate their reply.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.7)

9.5.18 Suspicious award of tender for purchase of water well drilling rigs – Rs42.960 million

According to Rule-4 of SPPRA, 2010 regarding principles of procurements “while procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that tender for purchase of 2 water well drilling rigs (UCG-69 (R) – 12-12) was invited through national press. The technical proposals of 3 firms (M/s Oriental Engineers Services Lahore, M/s Jaffer Brothers (Pvt.) Ltd. Islamabad & M/s Shahzad International Islamabad) were opened on 17-01-2013. These firms qualified and their financial proposals were opened on 29-01-2013. Their financial bids were as under:

(Rs. in million)		
Sr. #	Name of firm	Bid Amount
1	M/s Oriental Engineers Services Lahore (Principal: M/s Mayaster Machinery & Electrical Equipment Co. Ltd.)	42.960
2	M/s Jaffer Brothers (Pvt.) Ltd. Islamabad (Principal: M/s Shandong Binzhou Forging & Pressing Machinery Factory, China)	50.187
3	M/s Shahzad International Islamabad	156.364

During technical evaluation, it was revealed that the parties at Sr. # 1 & 2 had quoted the same product. BZC350ZYII. The manufacturer of the product was M/s Shandong Binzhou Forging & Pressing Machinery Factory, China. The exporter from China wrote a letter dated February 4, 2013 to the UCG management that the party at Sr. # 1 had quoted his product and was not a manufacturer and the party at Sr. # 2 was the exclusive agent for this product. Later on, the principal M/s Mayaster Machinery & Electrical Equipment Co. Ltd. declared itself as exporter/trading company. A letter bearing No. UCG/69 (R)-12-12/3571 dated 26-02- 2013 was written by the Senior Accounts Officer (procurement committee member) that M/s Oriental Engineers

Services Lahore had submitted unacceptable documents hence was not qualified for the above said tender. Despite above facts, the work order was issued to M/s Oriental Engineers Services Lahore without any justification. Minutes of the meeting of technical committee/procurement committee were not available on record to verify the grounds/reasons of this volte-face.

The matter was pointed out to the management in November 2018. In response, the management stated that Complaint Redressal Committee (CRC) had given final decision in favour of M/s. Oriental Engineers Services Lahore for purchase of Water Well Rigs. M/s. Jaffer Brothers, did not complain on this decision. The letter quoted by Audit was erroneously written to "M/s. Oriental Engineers "instead of "M/s. Jaffer Brothers by this office. The reply of the management was not tenable as the letter under question was addressed to M/s Oriental Engineers Services Lahore, and the management was trying to cover up the issue. Moreover, copy of CRC proceeding was also not provided for verification.

Audit is of the opinion that bidder at Sr. # 2 was unjustly denied of award of tender despite the fact that manufacturer had clarified the position of both parties in their letter dated 04-02-2013, which creates doubts towards transparency of the tendering process and conflict of interest.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.9)

9.5.19 Irregular award of work without hoisting of bid evaluation report on SPPRA website – Rs40.500 million

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

During audit of the office of Director General, Sindh Coal Authority, Karachi, for the year 2017-18, it was observed that NITs involving tender of Rs.40.500 million were published, but the result of bid evaluation showing reasons for acceptance or rejection of bids were not hoisted on Authority's website.

The matter was pointed out to the management in September 2019. The DAC meeting was held on 12 February 2020. The management clarified that bid Evaluation Report pointed out in the Audit observation has been hoisted on SPPRA website. The DAC directed the management to produce evidence of hoisting to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR#15)

9.5.20 Splitting-up of expenditure to avoid tenders – Rs4.925 million

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

During audit of the following offices of Energy Department, Government of Sindh for the years 2016-17 & 2018-19, it was observed that an expenditure of Rs4.925 million was incurred through splitting-up of the sanction orders to avoid necessity for invitation of open tenders. The details are as under:

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para #	Particulars	Amount
1	Director, Village Electrification, Hyderabad	2016-17	02	Expenditure on repair of furniture, machinery and vehicles	0.776
2	Director General, Sindh Coal Authority, Karachi	2018-19	04	purchase of various articles	4.149
Total					4.925

The matter was pointed out to the management in February 2019 & October 2019. The DAC meeting was held on 12 February 2020. The management of both offices clarified that the expenditure pointed out in audit observation was incurred at different times on need basis. They added that the amount was below the tender limit,

hence there was no split of amount. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.21 Non-imposition of liquidated damages for delayed work completion – Rs680.325 million

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

During audit of the office of Director General, Sindh Coal Authority, Government of Sindh, Karachi for the year 2017-18 & 2018-19, it was observed that the various works of Rs6,803.259 million were awarded to contractors, but the penalty of Rs680.325 million was not imposed on the contractor due to non-completion of the work within stipulated period. The details are as under:

(Rs. in million)

Sr. #	Financial Year	AIR Para #	Name of scheme & details	Stipulated Date of completion	Work status	Cost of Tender	Amount
1	2017-18	13	ADP # 2420 “Consultancy services for detailed Eng Design and Construction Supervision for 50 Cusec Drainage” W/O # SCA-23/2011-12 Karachi dt: 5th June, 2012, M/S. E.A Consultant	December 2014	WIP	61.159	6.115
2	2018-19	39	Construction of 50 Cusecs Drainage & Water Waste & Effluent Channal from Mining area of Thar Coalfield Unit No.2	30-06-2019	WIP	6742.100	674.21
Total						6803.259	680.325

The matter was pointed out to the management in September 2018 & October 2019. The DAC meeting was held on 12 February 2020. The management clarified that the contractor was not at fault for the delay in completion of the schemes. They added that delay was caused due to issue of land compensation, hence proper extension was allowed by P&D Department. The DAC directed the management to produce record to for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.22 Non-adjustment of secured advance – Rs658.317 million

As Per Rule 9.3 (2)(b) of SPPRA Rules 2010, provides that secured advance as a good practice is avoided/discouraged. However, wherever allowed, it should be strictly in conformity with the rules and procedure in addition to the condition mentioned below:

- i. on verification and certification of quality, quantity and market rates of the material by the Assistant Engineer/Engineer's representative;
- ii. contractor has to furnish the "Indenture Bond";
- iii. secured advance shall be paid to the contractor on the quantities brought and properly stored at site of work. Full quantities of materials for entire work / contract should not be advanced;
- iv. recoveries of advances so made should be made from his bills for work done as the materials are used, the necessary deductions be made whenever the items of work in which are used are billed for, or shall be recovered in full within 90 days, even if unutilized;
- v. new secured advance should not be allowed until and unless the previous advance, if any, stands fully recovered,
- vi. advance amount is calculated on the basis of 75% of the market.

During audit of office of the Director General, Sindh Coal Authority, Karachi for the year 2018-19, it was observed that secured advance of Rs658.317 million was paid to the contractor but the same was not adjusted. Moreover, following irregularities were also noticed:

- i. Secured advance @ 100% of the cost of quantity supplied was allowed instead of 75% of the cost of quantity supplied at site.

- ii. The quantity and rate, gate pass and weighbridge receipts and vehicle number which carried load were not mentioned on the body of the bill.
- iii. The contractor did not furnish the “Indenture Bond”.
- iv. The sanction by standing rate committee was not available.
- v. The site account was also not maintained.

The matter was pointed out to the management in October-2019. The DAC meeting was held on 12 February 2020. The management clarified that the secured advance pointed out in audit observation have been fully adjusted. The DAC directed the management to produce record to for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR # 34)

9.5.23 Unjustified payment to avoid lapse of funds – Rs256.600 million

According to Rule-290 of Treasury Rules, Volume-I, “No money shall be drawn from the treasury unless it is not required for immediate disbursement. Further, it is not permissible to draw money from the treasury in anticipation of demand or to prevent lapses of budget grant”.

During audit of the office of Director General, Sindh Coal Authority, Government of Sindh, Karachi for the year 2017-18, it was observed that an amount of Rs256.600 million was paid to Civil Aviation Authority for the project “Planning, Designing & Construction of Islamkot to Airstrip”. As per progress report the work on scheme was abandoned due to litigation case in the court. This resulted blockage of funds as the payment was made to. The details are as under:

(Rs. in million)

Sr. #	Cheque	Date	Amount
1.	288396	20-10-2017	64.150
2.	282085	08-01-2018	64.150
3.	252813	15-02-2018	128.300
Total			256.600

The matter was pointed out to the management in September 2018. The DAC meeting was held on 12 February 2020. The management clarified that the funds pointed in audit observation pertained to construction of Islamkot Airstrip (Thar Airport) and executing agency was CAA against deposit work. The management added

that being a deposit work, payment was released upon receipt of funds from FD. The DAC directed the management to produce relevant record to for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR#09)

9.5.24 Non-transparent payments out of DDO bank accounts – Rs213.001 million

According to Sr. # 4.3.1 (Mode of payment) of the Accounting Policies & Procedure Manual, “All expenditures apart from the following and those met from imprest account will be paid through cheque:

- Inter-government transfers
- Certain salaries payments
- Certain pension payments
- GP Fund payments

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that the management operated assignment account (4057414427) with M.D & Accounts Officer as co-signatories. The scrutiny of bank statements revealed that various payments were made out of DDO account, but their entries in cash book, payment vouchers, purpose of payments and the details of payees were not recorded. It was also noted that in a number of cases, funds were drawn in cash instead of cheques in the name of payees, in contravention of the above procedure.

The matter was pointed out to the management in November 2018. In response, the management stated that in the 1st meeting of GB, it was agreed that the matter for opening of sub accounts at Islamabad and Mithi may be taken up with Finance Department, Govt. of Sindh. The sub account at Islamabad was opened keeping in view of the day to day expenditure and opening of LCs. Therefore, required amounts for opening of LCs were transferred to sub account Islamabad. The bank statement / cash book has already been provided to audit team for record / scrutiny. The reply was not tenable, as required permission from Finance Department was not obtained. Moreover, cash book, payment vouchers, purpose of payment and details of payees were not provided as asserted in management reply.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR # 5.6.2)

9.5.25 Wastage of government funds – Rs171.600 million

As per Point-2 of Minutes of the Meeting held on 21-05-2012 chaired by Deputy Chairman Planning Commission:

- (i) The team could not physically ascertain either the quality or quantity of gas since the gas from experimental wells was not being produced during the visit. **However, project authorities informed that the underground coal had been ignited on 11-12-2011 by linking only two wells (drilled for preliminary experiment)**, and that the experiment had been successful but was discontinued in first week of May 2012 due to exhaustion of limited quantity of Coal.
- (ii) In the considered opinion of Monitoring Team, there appeared much potential to continue the flame by igniting the main gasifier comprising of 36 wells which has been completed for production of UCG”. The team advised that pilot project comprising one gasifier (36 wells) may be operationalized for power generation of 8-10 MW electricity within a period of 10-12 months.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs 171.600 million was incurred on account of development of “Gasifier field comprising of 36 wells” and on allied material & activities as under:

(Rs. in million)

Tender No	M/S	Particulars	Amount
08-07-10	Huffaz Seamless Pipe Industries	Carbon Steel Pipe	33.472
13-10-10	Al-Hamid Corp:	Surface Piping & Fitting	50.269
15-10-10	Chartered Eng:	Pneumatic Rotary Globe Control Valves	6.574
18-07-10	Haji Sirajudin Soomro	Vertical Well Drilling	41.085
-	GSP	Vertical Well Drilling	22.411
20-08-10	Jaffar Broth:	Online Gas Analyzer	3.083

(Rs. in million)

Tender No	M/S	Particulars	Amount
22-02-11	Al-Hamid Corp:	Surface Piping & Fitting	8.043
56-11-11	Huffaz Seamless Pipe Industries	Carbon Steel Pipe	3.026
56-11-11	Jaffar Broth:	Supply of Carbon Steel Pipe	3.637
Total			171.600

Following observations were made:

- i. When successful ignition was made on two wells only, the preparation of gasifier comprising 36 wells seemed unjustified.
- ii. The gasifier of 36 wells was required to be operationalized for power generation of 8-10 MW electricity within a period of 10-12 months. However, the same could not be operationalized, remains abandoned and was found in decaying condition as evident in photographs taken during field visit.
- iii. The fate of the gasifier of 36 wells was not reported to Governing Body or included in any agenda of Governing Body in its subsequent meetings.

The matter was pointed out to the management in November 2018. In response, the management stated that the first two PC-Is for production of coal gas for its handling were a part of the Feasibility Study sponsored by the Planning Commission. Thirtysix (36) gas wells were constructed and were in use from December 2011 to 2014. The coal seam under these wells had an average thickness of only 4 meters and therefore the life of the wells was limited. The reply was not tenable as gasifier of 36 wells was required to be utilized for power generation of 8-10 MW as per recommendation Field Monitoring team dated 21-05-2012.

Audit holds the view that the expenditure incurred on gasifier of 36 wells and allied activities was waste of funds, as the same was not operationalized for power generation.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.5.1)

9.5.26 Irregular payment of Compensation to project affectees through Thar Foundation - Rs77.500 million

According to Article-84 of the Audit Code, it is an essential function of the audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order. It is thus not sufficient to see that sundry rules or orders have been observed but it is of equal importance to see that the broad principles of propriety are borne in mind not only by the DDO but by the sanctioning authority.

During audit of office of the Secretary Energy Department Govt. of Sindh Karachi for the financial year 2018-19, it was observed that an expenditure of Rs77.500 million was incurred on account of payment made to Thar Foundation for further disbursement to families of project affectees. Following irregularities were noticed.

- i. As per estimate of Energy Department, Rs100,000/- each was to be compensated to 757 families of Gorano project effected persons of Thar coal field block-II, which becomes total 75.700 million, but the cheque of Rs77.500 million vide No.3485701 dated.13-06-2019 was issued in the name of Thar Foundation.
- ii. Current status of projects against which compensation made was not available on record.
- iii. Mode of payment of compensation either in cross cheque or otherwise was also not stated.
- iv. Acknowledgment receipt of payments from actual payees was not obtained.
- v. Periodical reports of utilization/distribution of funds was also not found available.
- vi. Final accounts & bank statement of Thar foundation regarding funds released vide grant-in aid procedure.
- vii. Detail of Registered families to whom compensation given was not available.

The matter was pointed out to the management in October 2019. The DAC meeting was held on 12 February 2020. The management clarified that the amount was released to Thar Foundation for payment to project affectees in association with District Administration. However, the same paid amount has not yet been disbursed to the affectees and the amount is available in bank account of Thar Foundation. They

added that upon finalization of the process of eligibility status of affecttees, the payment will be made by Thar Foundation. Hence the record of disbursement acknowledge would only be made available upon finalization of payment process. The management upon query by audit stated that total amount to be paid to affecttees as per Cabinet Decision is Rs900 million for 757 families. They added that for the time being release of Rs77.500 million has been made. The DAC directed the management to produce progress along with record to audit. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR#01)

9.5.27 Doubtful expenditure on drilling rods – Rs72.481 million

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 audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an expenditure of Rs72.481 million was incurred on purchase of HDDR machine drilling rods.

Following observations were made:

- i. 200 drilling rods were purchased along with HDDR Machines at the cost of US\$1780 per unit during May, 2014.
- ii. Another 200 drilling rods were purchased at the cost of US \$1780 per unit during June, 2018. The work order was issued to M/S Link line on the basis of earlier purchase made from the same firm four years back (2014).
- iii. The scrutiny of record revealed that an original invoice of 25 drilling rods was issued by M/S Lianyungang Huanghai Machinery Co. Ltd (Principal at China) for US\$850 per unit in September 2015. However, status of this invoice was not clear in terms of payment.
- iv. Audit could not understand how per unit cost rate of drilling rods remained same from the year 2014 to 2018? Moreover, open tenders were not called for purchases made in the year 2018 in violation of SPPRA rules 2010.

The matter was pointed out to the management in November 2018. In response, the management stated that drilling rods were consumable item of the HDDR machine.

Initially 200 rods were supplied with the machine. Subsequently, the Chinese firm supplied 25 rods free of cost. An additional order was placed for 200 rods at a cost of US\$ 356,000 which were received. Presently, there are 209 rods available at site and the rest were consumed. The reply was not tenable as the management failed to respond audit queries mentioned above.

Audit is of the opinion that presence of original invoice issued by the Chinese firm in September 2015 coupled with non-invitation of tender in June 2018, made the whole purchase process doubtful in terms of over-invoicing. Furthermore, on physical verification, 200 drilling rods were missing. As regards missing rods, Junior Engineer Drilling informed that 52 drilling rods were left in borehole due to some technical error, but he showed his ignorance regarding 148 drilling rods.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides taking remedial measures.

(AIR#5.4.8)

9.5.28 Irregular award of contract on drilling work – Rs61.924 million

Governing Body Minutes of 4th Meeting dated 28-07-2010 stated as under:

The tender for drilling work was issued to six firms and only three firms participated in the tender. After technical committee evaluation, only one firm M/s Weatherford qualified. However, the tender was cancelled after recommendation of the committee and approval of the MD of the project. It was decided to engage Geological Survey of Pakistan (GSP) for executing drilling work. The Secretary C&EDD, Govt. of Sindh, showed his reservations about the performance of GSP. However, it was decided that SPPRA may be consulted for award of work without open tenders, as it involved a Government organization i.e. GSP”.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that the drilling work was assigned to the Geological Survey of Pakistan without tenders and without consultation with SPPRA, as decided in 4th meeting of Governing Body. An amount of Rs20.839 million was paid to GSP for drilling work. Later on, during the 6th GB meeting, UCG management

apprised the committee about the slow physical progress of the work executed by GSP. Hence, it was decided to outsource the work to local contractor through open tenders. The said contract was awarded to local contractor M/s. Sirajuddin Soomro. In which, it was observed that depth of 26 gasifier wells developed by the contractor was 146 to 152 meter which was below the depth level as per agreement with GSP (180 meters). Moreover, the work executed on 26 gasifier wells was found below standard, as payment of Rs3.640 million was deducted from contractor's bill.

(Rs. in million)

Payments made to	Payment
Geological Survey of Pakistan	20.839
Haji Sirajuddin Soomro	41.085
Total	61.924

The matter was pointed out to the management in November 2018. In response, the management stated that no contract was signed with GSP and work was assigned to them by UCG management as discussed during Governing Body meeting. It was agreed with GSP to reimburse them the actual expenditure incurred on drilling activities. M/s Haji Sirajuddin was awarded a contract after competitive bidding. He was already involved in Sindh in the drilling of several water wells on behalf of the Govt. of Sindh and therefore did not need prequalification. The reply of the management was not satisfactory, as it was agreed in 4th GB meeting that the work may be handed over to GSP after consultation with SPPRA. Moreover, M/s Haji Sirajuddin was not technically equipped/qualified to carry out such complex drilling work.

Audit is of the opinion that:

- i. The nature of work demanded pre-qualification of contractor instead of open tender.
- ii. Work was awarded without proper technical evaluation of bidder.
- iii. Proper monitoring and supervision was not carried out to ensure execution of work as per set criteria / estimate.
- iv. The manner in which the work was executed made the whole works sub-standard, as the gasifier well could not be operationalized for power generation.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.5.2)

9.5.29 Less / Non-deduction of government taxes – Rs24.806 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time “any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

As per section 72 the read with section 2[5,6,9,13,26] and 75 of the Sindh Sales Tax on Service Act, 2011, goods and services used or consumed in a service are liable to a tax rate not lesser than the 13% of charges or to a specific rate of tax not based on value.

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 14% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) *ibid* “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

During audit of the various offices of Energy Department, Government of Sindh for the years 2016-17, 2017-18 & 2018-19, it was observed that an amount of Rs24.806 million on account of government taxes was less/ non deducted while making payments to contractors/consultants/service providers. The details are given at **Annex-1** of Chapter-9.

The matter was pointed out to the management in April 2018 to October 2019. The DAC meeting was held on 12 February 2020. The management at Sr.# 1 clarified that it was responsibility of the DAO to deduct tax. Audit pointed out that bill for payment is raised by concerned DDO which should incorporate all admissible deduction before passing on the bill to DAO. The management at Sr.# 2 clarified that the amount of Rs3.458 million, Rs0.144 million and Rs0.138 million have been

recovered. As regard the AIR Para# 31, correct amount was Rs.15.572 million, while for remaining amount of Rs.5.572 million efforts are taking to recover the amount from concerned contractors. The management at Sr.# 5 clarified that AIR Para-16 pertains to Director EM&RC, Director Alternate Energy, DG, Coal Mines and Coal & Energy Department. The management of Director, EM&RC informed that the due sales tax of Rs69,632 has been recovered. The management of offices of the Director, Alternate Energy and DG, Coal Mines stated that payment related to the Sales Tax on account of insurance company, which was exempted from Sindh Sales Tax. The management at Sr.# 7 clarified that the amount of Rs4.634 million pertained to the payment to the consultant, which was exempted from Sindh Sales Tax, while an amount of Rs0.138 million, has been recovered.

The DAC directed the management to recover the remaining amount and produce relevant record in support of clarification to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.30 Irregular expenditure on rent of building – Rs18.107 million

As per Para-11 of General Financial Rules Volume-I, each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations, both by his own office and by sub-ordinate disbursing officer. Read with Rule-9, of Sindh Rental Premises Ordinance 1979, regarding limit of Fair rent (I) Where the fair rent of any premises has been Axed no further increase thereof shall be affected unless a period of three years has elapsed ft`on1 the date of such fixation or commencement of this Ordinance whichever is later.

During audit of the following offices of Energy Department, Government of Sindh, Karachi for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs18.107 million was incurred on account of rent of building. However, the hiring was made without open competition. Moreover, the record of assessment of the premises from Provincial Buildings Division was not produced to audit.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Director General, Sindh Coal Authority, Karachi	2017-18	07	4.443
2	Director, Village Electrification, Hyderabad	2017-18	12	0.935
3	Secretary, Energy Department	2017-18	02	11.461
4	Director, Village Electrification, Hyderabad	2018-19	01	1.268
Total				18.107

The matter was pointed out to the management in April 2018 to October 2019. The DAC meeting was held on 12 February 2020. The management at Sr.# 3 clarified that payment of Rs11.46 million pertained to the hiring of premises executed in 2014-15 which was finalized after due tendering process. They added that assessment of hired premises was also carried out by the Buildings Division. The DAC directed the management to produce relevant record to audit for verification, for remaining offices DAC directed to submit revised reply. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.31 Excess execution of items of work – Rs9.194 million

According to Clause 38 of the standard Contract Agreement, the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of office of the Director General, Sindh Coal Authority, Karachi for the financial year 2018-19, it was observed that an amount of Rs9.194 million on account of excess quantities of works were allowed on different item of works to the contractors which was found excess than the permissible limit of 30% of the estimated item, without prior approval of competent authority. The details are given at **Annex-2** of Chapter-9.

The matter was pointed out to the management in October 2019. The DAC meeting was held on 12 February 2020. The management clarified that the matter of scheme, Thar Lodge, is already under investigation by the P&D Department. Hence outcome of the inquiry may be awaited. The DAC directed the management to produce progress upon conclusion of the inquiry to the audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR#10)

9.5.32 Investments of employees funds without achieving competitive rates – Rs7.310 million

Section 16 (1) of Sindh Coal Authority Act, 1993, provides that there shall be a separate Fund of the Authority “Fund” known as the Sindh Coal Authority Fund. It further provides:

1. The amounts credited in the fund shall be deposited in any Scheduled Bank approved by the Board.
2. The fund shall be utilized for carrying out the purposes of this Act including the payment of loans and interest therein, and salaries and other remuneration payable under this Act.
3. The Authority may invest its surplus funds in any security of the Federal Government or Provincial Government or any other security or scheme approved by Government.

During audit of office of the Director General, Sindh Coal Authority, Karachi for the financial year 2018-19, it was observed that investment of Rs7.310 million was made in National Bank Savings Account without obtaining competitive profit rates.

The matter was pointed out to the management in October 2019. The DAC meeting was held on 12 February 2020. The DAC directed the management for investment of GP Fund amount of employees in long term investment schemes for benefit of employees and the option for investment in saving schemes of national saving centres / Pakistan Investment Bonds may be looked into. The DAC also directed to produce progress in this regard to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

(AIR # 05)

9.5.33 Non-recovery of stamp duty – Rs4.45 million

According to the Article # 10 (F) and 23-A of the Stamp Act 1899 (as amended up to December 2012), the stamp duty is required to be recovered at the prescribe rate.

During audit of Underground Coal Gasification Project, Islamabad for the years 2009-10 to 2017-18, it was observed that the suppliers were awarded various contracts and an expenditure Rs1,483.235 million was incurred on purchase of machinery, plant & equipment. However, stamp duty @ 0.30% of Rs4.450 million was not recovered from the suppliers. The stamp duty stands recoverable from the concerned supplier or from the person(s) at fault.

(Rs. in million)

Sr. #	Tender	Successful Bidder	Amount- US\$	Amount- PKR	Stamp Duty- PKR
1	Purchase of Syngas cleaning, Desulfurization and Dehydration Plant for Fuel Gas Production	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Tangshan Leadhorse Energy Technology Equipment's Co. Ltd. China)	3.697	379.690	1.139
2	Purchase of HDDR	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Lian Yungang Huanghai Machinery Co. China)	2.512	268.789	0.806
3	Purchase of 16 Syngas Generators including spare parts	M/s Link Lines (Pvt) Ltd, Lahore (Principal M/s Shengli Oil field & Power Machinery Group Co. Ltd.	6.200	660.939	1.983
4	Purchase of 2 Nos. High Pressure Compressor	M/s Inter-trade Distributor	--	10.200	0.306
5	Purchase of 8 Nos. Low Pressure Compressor	M/s Atlas Copco	EUR 0.389	0	0
6	Purchase of 5 Nos. High Pressure Compressor	M/s Oriental Engineers (Pvt) Ltd Lahore (Principal M/s Enric (Bengbu) Compressor Co, Ltd China)	USD 1.461	163.617	0.491
Total			12.409	1483.235	4.450

The matter was pointed out to the management in November 2018. In response, the management stated that outstanding amount on account of stamp duty would be recovered from performance security of the contractors retained by the management. The reply was not tenable, as stamp duty was required to be recovered at the time of execution of contract agreement.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

Audit requires recovery, besides fixing responsibility on the person(s) at fault.
(AIR#5.6.4)

9.5.34 Non-deposit of govt. taxes in government account – Rs4.00 million

Rule 26 of General Rules provides that it is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account”

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that an amount Rs4.00 million was deducted from various parties as withholding income tax, however, the same was not deposited into govt. account. The deducted amount was utilized by project authorities against various requirements in total disregard to financial discipline. The govt. receipts utilized for various purposes have now been claimed as “liabilities” by project management (Reference Managing Director letter dated 24-10-2018 addressed to Secretary, C&EDD Govt. of Sindh).

The matter was pointed out to the management in November 2018. In response, the management stated that previously this office used to deposit withholding taxes into government treasury in the month of June each year. The tax deducted from time to time remained in the Assignment Account. After closing of each financial year, all deducted taxes were drawn from Assignment account through cheque and deposited into Govt. treasury. In view of paucity of the funds at the end of financial year 2017-18, the amount was utilized for making payment of pay and allowances to UCG employees. The reply was not tenable, as government taxes were required to be remitted in government account without delay.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.6.3)

9.5.35 Irregular payment through DDO account – Rs1.574 million

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

During audit of the following offices of Secretary, Energy Department for the financial years 2017-18 & 2018-19, it was observed that an amount of Rs1.574 million was paid through DDO account instead of direct payment to payees in violation. The details are as under:

(Rs. in million)			
Name of Office	AIR Para #	Financial Year	Amount
Special Secretary, Coal & Energy Development Cell, Karachi	22	2016-17	0.188
Secretary, Energy Department	02	2018-19	1.386
Total			1.574

The matter was pointed out to the department in April 2018 & October 2019. The DAC meeting was held on 12 February 2020. The management of (Special Secretary, Coal & Energy Development Cell, Karachi) clarified that the amount of Rs0.188 million pointed out in the audit observation includes Rs12,885 on account of courier service charges, and Rs104,868 for payment of telephone bills. They added that subsequent to the year 2016-17, they have been arranging direct payment to the vendors without involving DDO account. The management of (Secretary, Energy Department) clarified that amount under audit observation pertained to payment to legal heirs of deceased on account of payment financial assistance. They added AG Sindh issued cheques in favour of DDO and payment were made to the families of two concerned deceased employees through cross cheques by observing all codal formalities and the record in this regard is available. The DAC directed the management to produce relevant record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends compliance with DAC directives.

9.5.36 Execution of UCG project without hiring of technical consultant

According to Paragraph # 4.20 of Chapter 4 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “The fundamental policy of the Government in the matter of preparation of a development project is to ensure that it

is prepared with the utmost care and skill in accordance with the requisite economic, financial and technical standards, and keeping in view the objectives and targets laid down in the five year plan. In case local expertise is not available, foreign experts/consultants can be employed to prepare projects which are technically and economically viable. Efforts are going on to develop local consultancy but, in case of sophisticated projects involving new technology, foreign consultants have to be appointed.”

Further, as per Para-25 (c) of Part-C of PC-I of Creation of New Processing Facilities (For production of Coal Gas by Under Ground Coal Gasification) **“Manpower is to be arranged and trained locally on new plant / training from friendly countries.**

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that as Underground Coal Gasification was a new technology which has been successful in countries like Australia, Russia, China, etc. Thus, training for manpower on new plant would be arranged from those countries to make the project successful. However, it was observed that throughout the execution of the project, no technical consultant was hired to train the local manpower and supervise the process of gasification and power generation.

The matter was pointed out to the management in November 2018. In response, the management stated that experts from Uzbekistan UCG plant outside Tashkent (ANGREN) came to our site and stayed for three weeks at plant site. The suppliers of the HDDR machines also brought with them two Professors from the Chinese University of Mining Technology, however, they were not hired as technical consultant. The record of visit of experts from Uzbekistan and China and reports submitted by them were not provided to audit.

Audit is of the opinion that, UCG being a new technology, the management should have acquired the relevant field consultancy and trained man power for successful operations.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.1.5)

9.5.37 Unrealistic calculation of per unit cost of power production

In Item 11 (i) of PC-I of “**2x50 MW power plant from Syngas (IGCC-2009)**” the cost analysis has been provided at Annexure ‘J’. The annexure provides production cost of electricity as Rs3.92/Kwh.” However, Business Plan submitted by the management to Planning Commission quoted per unit cost as Rs4.37/Kwh.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that, Third Party Validation (TPV) was ordered by the Minister for Planning, Development and Reform/Deputy Chairman, Planning Commission in February 2018 to ascertain the sustainability of the project. The committee was led by Member (Energy) Planning Commission and the report was issued to Managing Director on 18-07-2018. TPV committee identified that the Business Plan did not justify the economics of the project and there were major errors in calculation and methodology for arriving at a tariff of Rs4.37 per unit, as calculation did not take into account entire capital cost of the UCG project, O&M cost and return on investment. The committee further observed that the UCG team’s claim of providing electricity at Rs4.37 per unit was extremely unrealistic.

The matter was pointed out to the management in November 2018. In response, the management stated that at present stage, the entire infrastructure of the project has not been completed as per PC-I. With the completion of infrastructure, the IGCC mode will stand completed, only then the tariff of power produced will be below Rs5 per unit. The predicted final cost of power will be around Rs4.87 / KWhr.

Audit is of the opinion that per unit cost as mentioned in PC-I (Rs3.92), Business Plan (Rs4.37) and current estimated cost (Rs4.87) did not reconcile each other and were unrealistic as per observation of TPV.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.1.6)

9.5.38 Non-availability of PC-II (Surveys and Feasibility Studies)

According to Paragraph # 1.53 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-II is required for conducting surveys and feasibility studies, in respect of larger projects, intended to get

full justification for undertaking the project before large resources are tied up with them”. Further, as per Paragraph # 3.3 of Chapter 1 of the Manual of Development Projects “PC-II is prepared for undertaking a feasibility study in respect of a major projects estimated to cost Rs300 million or more. This is mandatory.”

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that PC-II of the project pertaining to surveys and feasibility study was not prepared. A requisition dated 02-11-2018 for providing copy of PC-II was issued to the Secretary, Coal & Energy Development Department, Government of Sindh & Managing Director, Underground Coal Gasification Project, however, no response was received.

It seems strange that feasibility study of a technically complex project was not prepared. Moreover, the need of the feasibility study was also not discussed at the higher forum of Planning Commission/ECNEC. Curiously, this issue was also never raised in any meeting of Governing Body of the project.

The matter was pointed out to the management in November 2018. In response, the management stated that the process of underground coal gasification had no precedence in the country before the commencement of this project. The Planning Commission thought it prudent to spend its own funds amounting to Rs984 million to conduct a practical feasibility regarding the production of coal gas from underground gasification and subsequent handling of this gas.

Audit is of the opinion that the feasibility study is the backbone of a successful project, and it should have been prepared before undertaking the project by collecting technical data from those countries where such projects have been successfully undertaken.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.1.1)

9.5.39 Splitting up of sanctions to avoid approval from ECNEC

According to Planning & Development Division, Government of Pakistan letter No. 20(1)PIA/PC/2005 dated 14-03-2005, the sanctioning power for schemes up to Rs 500 million lies with Central Development Working Party (CDWP).

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that two schemes were separately got approved by Central Development Working Party (CDWP) in April 2009 as under:

(Rs. in million)

Sr. #	Name of Schemes	Cost of schemes
1	Creation of New Processing Facilities (For production of Coal Gas by Under Ground Coal Gasification)	494.45
2	Creation of new processing facilities for handling and purification of coal gas produced by underground coal gasification	490.48
Total		984.93

The matter was pointed out to the management in November 2018. In response, the management stated that Planning Commission had initiated the PC-I of first two schemes at its own end and the management was in no position to comment on this observation.

Audit is of the opinion that both the schemes were, in fact, part of one project. However, two separate PC-I were prepared in order to avoid approval from ECNEC at the initial stage. It was further noted that both the schemes were jointly executed, as expenditure of one scheme was charged to another.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.1.3)

9.5.40 Unjustified approval of Third PC-1 of the project 2X 50 MW power plant from Syngas (IGCC-2009)

In 1st UCG Governing Body meeting held on January 08, 2010 Dr. Samar Mubarakmand, Chairman Governing Body, stated that coal gasification was a new technology and nobody had done coal gasification in Pakistan earlier.

Prior to release of funds for the third scheme “**2x50 MW Power Project from Syngas**”, Planning Commission constituted a committee in 2012 under Member (I&M) to conduct field monitoring of the first two UCG schemes which would present

its findings along with recommendations for release of funds for third scheme. The Committee presented its findings to the Deputy Chairman Planning Commission in May 2012. In a meeting held on 21-05-2012 under the chairmanship of Deputy Chairman Planning Commission to discuss the Field Monitoring Report, it was decided that the pilot project comprising of one gasifier (36 wells) may be operationalized for power generation of 08-10 MW electricity, Work Plan may be furnished on priority, and after successful power generation of 08-10 MW, a complete technical appraisal/review may be carried out of the project based on which the work on development /expansion of required infrastructure for 100 MW power generation may be allowed.

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that the PC-1 of first two schemes was approved on 30-04-2009. The funding started in April 2010 and expected completion time as per PC-1 was three years. A third scheme namely **“2X 50 MW power plant from syngas (IGCC-2009)”** at a cost of Rs8898.7 million was approved by ECNEC on 9th December, 2010. Audit is of the view that as objectives of first two schemes were yet to be materialized, therefore, before realizing the benefits of first two schemes approval of third scheme was unjustified.

This point is substantiated from the recommendations of Field Monitoring Report conducted by Planning Commission of Pakistan from 7th to 9th May, 2012, where it was recommended to generate 08-10 MW power initially. This reduction of project scope clearly indicated that project scope was ill planned.

The matter was pointed out to the management in November 2018. In response, the management stated that after the submission of PC-I, the Planning Commission and ECNEC took 21 months to thoroughly examine all aspects of the PC-I and subsequently the project was approved in December 2010.

Audit is of the opinion that the management should have waited for the outcome of the first two schemes and after getting positive results, would have gone for the third scheme.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.1.4)

9.5.41 Unauthorized drawl of funds from Assignment Account to DDO bank account

As per instructions circulated through Controller General of Accounts letter No. 574/CGA/AC-IV/2011 dated 20-06-2012 “the officers holding assignment account will ensure that no money is drawn from assignment accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. A certificate to this effect will be recorded on the schedule of payment.”

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that the Finance Department conveyed sanction for opening of Lapsable Assignment Account vide letter No. FD.SO(RES-V)2(14)/2009 pt-11 dated 15-12-2011, against which Secretary C&EDD issued notification for opening of lapsable Assignment Account vide No. SO(COORD)/C&EDD/5-8/2011 dated 24-12-2011. The Accountant General Sindh instructed to open lapsable assignment account to the NBP Mithi, Tharparkar vide No. AGS/AAC/Assign-Account/CS/2011-12 dated 16-01-2012. The management operated assignment account (4057414427) with M.D & Accounts Officer as the co-signatories.

The scrutiny of assignment account revealed that project management had further opened two DDO accounts with NBP (one at Islamkot and other at Islamabad Liaison office) for utilization/disbursement of funds. This practice of opening of two subsidiary accounts was in contravention of standing instructions as mentioned above. Huge funds were drawn by the Drawing & Disbursing Officer from the main assignment account and kept in the DDO accounts maintained at NBP Islamkot & Islamabad branches. These DDO accounts were operated without the permission of Finance Department. The balances maintained at the close of the financial years show that the funds drawn were not meant for immediate disbursement and were just drawn to avoid lapse of funds.

(Rs. in million)					
Sr. #	Branch Code/Name	Bank A/c #	Title of A/c	Financial Year	Balance As on June 30
1	NBP 1933 F-10 Branch Islamabad DDO Account	4006568965	M.D UCG Thar	2012-13	124.010
				2013-14	6.059
				2014-15	6.002
				2015-16	5.431
				2016-17	1.171
				2017-18	0.276
2	NBP 0195- Islamkot Branch DDO Account	002764-1	UCG Thar Project	2010-11	0.713
				2011-12	2.199
				2012-13	4.681
				2013-14	5.917
				2014-15	19.557
				2015-16	22.771
				2016-17	2.053
				2017-18	9.437

The matter was pointed out to the management in November 2018. In response, the management stated that in the 1st meeting of GB held on January 08, 2010, it was proposed that two sub accounts needed to be opened at Mithi and Islamabad. The GB agreed with the proposal of opening of two sub accounts at Mithi and Islamabad and advised to forward a case to the Finance Department, Govt. of Sindh for endorsement. The case for opening of sub account at NBP, Mithi was forwarded to Finance Department, Govt. of Sindh through Coal and Energy Development Department, Govt. of Sindh for necessary approval. However, approval of opening of account at Mithi was accorded. The reply was not tenable, as the letter furnished by the management pertained to opening of main assignment account at Mithi only. No approval for opening of two sub accounts was accorded by Finance Department at any stage.

Audit is of the opinion that two subsidiary accounts were opened to defeat the condition of lapsability of funds and utilize the funds as per discretion of project authorities. This practice has continued for last 8 years and reflected financial indiscipline and lack of transparency.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.6.1)

9.5.42 Non-submission of PC-IV

According to Paragraph # 1.55 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-IV form is required to be submitted at the time when the project is adjudged to be complete Further, it was decided for item No. 05 of the Minutes of 9th Governing Body Meeting held on 5th September 2012 that “MD has to prepare PC-IV of both the projects and present to GB in its next meeting”

During audit of Underground Coal Gasification Project, Islamkot for the years 2009-10 to 2017-18, it was observed that PC-IV of the first two schemes was not prepared and got approved from the competent authority. The same was required to be submitted in compliance of the decision of the Governing Body. Owing to non-submission of PC-IV, these two schemes did not stand closed.

The matter was pointed out to the management in November 2018. In response, the management stated that PC-IV is required to be submitted at the closing of the project. The two PC-Is relating to production, handling and purification of coal gas could not be closed as long as the project for power generation was in progress. Reply was not tenable as it was decided in tenth GB meeting to prepare and submit PC-IV of first two scheme as per the directive of Minute of Meeting of the Field Monitoring Report dated 21-05-2012. The reply of the management was not based on facts, as Governing Body itself had directed the management to submit PC-IV of first two schemes.

The DAC meeting was held on 12 February 2020. The management informed that the matter referred to NAB by Supreme Court of Pakistan.

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

(AIR#5.7.1)

CHAPTER – 10

EXCISE, TAXATION & NORCOTICS DEPARTMENT

10.1 Introduction

Excise and Taxation Department is the main tax collecting organ of the Provincial Government. The core business of the department is to levy and collect Infrastructure Cess, Motor Vehicle Tax, Excise Duty, Professional Tax, Hotel Tax, Cotton Fee, Property Tax and Entertainment Duty.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	41	11	676.141	12,636.372
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

10.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
3,147.032	298.157	80.372	(80.372)	(1,112.850)	2,332.339	1,958.434	(373.905)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs373.905 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
73,820.432	73,072.000	68,029.810	- 5,042.190

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs2,274.949 million was observed.

10.3 Classified Summary of Audit Observations

Audit observations amounting to Rs19,202.341 million were raised as a result of this audit. This amount also includes recoverables of Rs438.148 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	89.261
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	43.731
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	19,069.349

10.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	2	1	0	1	-	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
							was printed in this Audit Report
3	1999-2000	19	5	0	5	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	7	7	0	7	-	
8	2007-08	11	8	0	8	-	
9	2008-09	7	6	0	6	-	
10	2009-10	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
11	2010-11	0	0	0	0	-	
12	2014-15	11	9	0	9	-	
13	2016-17	0	0	0	0		Audit Report not yet discussed
Total		57	36	0	36	-	

10.5 Audit Paras

10.5.1 Non-production of auditable record – Rs89.261 million

As per Section- 14 (2) and (3) of the Auditor General’s (Functions, Powers, Terms and Conditions of Service) Ordinance, 2001 states that;

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

During audit of various offices of the Excise & Taxation Department Karachi, Government of Sindh for the financial years 2017-18 & 2018-19, management did not produce the auditable record despite various reminders involving financial impact of Rs89.261 million. Details are given at **Annex-1** of Chapter-10.

The matter was reported to the management during April to Oct 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

10.5.2 Irregular expenditure through extension of consultancy contract instead of fresh tender -Rs34.506 million

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

During audit of office of the Secretary, Excise & Taxation Department, Government of Sindh, Karachi, for the financial years 2018-19, it was observed that

an amount of Rs34.506 million was incurred on account of consultancy services on Hardware & Software. The works were awarded to two firms, M/s Sapphire consulting Services for services on Hardware and M/s Netsole Technologies Limited for services on Software. Both contracts were initially awarded in the year 2009. However, same contracts were extended after every three years without inviting open fresh tender.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#5)

10.5.3 Irregular expenditure without inviting tender – Rs9.225 million

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

During audit of following offices of the Excise & Taxation Department, Government of Sindh, Karachi for the years 2017-18 & 2018-19, it was observed that an expenditure of Rs9.225 million was incurred without inviting tender.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Senior Excise and Taxation Officer/Deputy Director (Admin) Motor Registration Authority Karachi	2017-18	01	Purchase of 3 printers from M/s Computer Marketing Pvt. Ltd	9.000
2	Secretary, Excise & Taxation Karachi	2018-19	08	Purchase of machinery from M/s Sashun International	0.225
Total					9.225

The matter was reported to the management during July & August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

10.5.4 Non-realization of various taxes / dues – Rs438.148 million

According to the provision of law contained in Section 16 and read with Rule 19 of Property Tax Rule 1958, “each taluka and town shall be rating area within the meaning of Section-3(2) of Sindh Urban Immoveable Property Tax Act. 1958, wherein it is stated that all the tax shall be charged, levied and collected at 25 % of the amount of value of lands and buildings”

During audit of various offices of the Excise and Taxation Department, Karachi, for the financial years 2017-18 & 2018-19, it was observed that various government taxes / dues were not realized /recovered resulting in loss of revenue of Rs441.101 million. Details are given at **Annex-2** of Chapter-10.

The matter was reported to the management during January to July 2019. The management of office at Sr#5 of Annex-2 (Excise and Taxation Office Division I-I) in its reply stated that an amount of Rs3.181 million has been recovered and efforts of recovery of remaining amount of Rs0.628 million were being made. The reply was not tenable as the reported recovery included three cases of owners, which upon scrutiny of the furnished challans with same reply found that an amount of Rs0.274 million was less recovered (reference challans No. 728/25.3.2019, 530/26.3.2019 & 233/15.4.2019) as against the due amount of Rs0.642 million. Moreover, the progress of recovery of remaining balance amount was also awaited.

The management of office at serial No.15 of Annex-2 (Excise and Taxation Office Division I-I, Karachi) in its reply stated that amount has been fully paid, which required verification.

The management of office at serial No.32 of Annex-2 (Excise and Taxation Office Division – R, Karachi) in its reply stated that demand notices have been issued

to the owners of houses and recoveries were in process. The management did not specifically report the recovered amount.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

10.5.5 Non-achievement of revenue target – Rs12,105.744 million

As per Rule 28 of General Financial Rules, Volume-I stats that no amount due to Government should be left outstanding without sufficient reasons and where any dues appear to be irrecoverable, the orders for their adjustment must be brought

During audit of various offices of the Excise and Taxation Department, Karachi, for the financial years 2017-18 & 2018-19, it was observed that various targets of revenue receipts amounting to Rs12,105.778 million fixed by the Govt. could not be achieved. Details are given at **Annex-3** of Chapter-10.

The matter was reported to the management during January to August 2019, the management at Sr#5 of Annex-3 (Excise and Taxation Division I-I, Karachi) in its reply stated that no stone has been left unturned in achieving the budget target but the management did not specifically mention the amount recovered as against the target.

The management at Sr#33 of Annex-3 (Excise and Taxation Division I-I) in its reply stated that no statement was attached with the Para. The reply was not tenable as the audit Para duly indicated the non-recovery against the target (Rs0.128 million). Further, the management should have consulted its own record for clarification of the observations.

The management at Sr#39 of Annex-3 (Excise and Taxation Officer, Property Tax, R - Division, Karachi) in its reply stated that properties in R-Division consisted of very low category, i.e., almost 120 yard units which are exempted. They added that they had approached the higher authorities to decrease the target of their division. The management did not report any further progress.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

10.5.6 Incorrect calculation of Excise Duty on liquors – Rs6,356.375 million

According to the Schedule of Rates provided in the Budget Book of 2009-10, (Page-295) the provincial Excise Duty rate on liquors was fixed at Rs2,160 per LPG (London Proof Gallon) and formula for LPG calculation is “LPG=Imperial/Bulk Gallon*Strength of rectified spirit*2”.

During audit of following offices of the Excise and Taxation Department, Karachi, for the financial years 2017-18 & 2018-19, it was observed that assessment of excise duty on liquors amounting to Rs6,356.375 million was done incorrectly by assessing the 50% of the due amount as the formula for multiplying the strength of rectified spirit with the digit “2” was not observed. Resultantly the assessed / realized amount of excise duty remained at half of the due amount.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount less assessed
1	Excise & Taxation Officer District South, Karachi	2017-18	3	3,895.450
		2018-19	02	2,378.182
2	Excise & Taxation Officer District Benezirabad	2018-19	01	71.949
3	Excise & Taxation Officer District West, Karachi	2017-18	03	10.794
Total				6,356.375

It is worth mentioning that an identical observation on the above issue was earlier raised by Audit through Para No.9.4.10 titled “Less recovery of Provincial Excise Duty-Rs6,356.375 million. Same Para was discussed in the PAC meeting held on 3rd March 2017. The decision of the PAC was as follows:

“Committee deferred the Para for next meeting. Committee directed the Secretary, E & T, Government of Sindh to depute a senior officer to sit with Audit Department, so that the Para could be revisited and issues involved therein”.

However, the issue has not yet been resolved by the management. The current observation was reported to the management in May 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires compliance of PAC directives.

10.5.7 Disproportionate annual increase allowed to service provider – Rs 92.999 million.

As per agreement dated 14 December 2010 with M/s Pakistan Revenue Automation Pvt. Limited (PRAL) entered into by Excise & Taxation Department, for provision of services during the year 2010-11 in respect of the electronically processed. Infrastructure Cess Challans and Computer Generated Daily Reports necessary for reconciliation of the payment of challans with daily bank scroll of challans, the Clause-1: Appendix-B for Remuneration of the Services Rendered provided as follows:

1. Rs 45/- (year 2010-11) per computer-produced infrastructure Cess Challan (5 computerized copies) Invoices of services rendered shall be sent by the Consultant to the Government or any officer authorized by it in this behalf.
2. 10% increase annually in the rate of computer-produced Infrastructure Cess Challan (5 computerized copies) for the period of three (3) years w.e.f. July 2011.

During audit of office of the Director Taxes-II, Karachi, for the financial year 2017-18, it was observed that an amount of Rs 92.999 million was paid to M/s PRAL (Pakistan Revenue Automation Pvt. Limited) on account of service charges for issuance of computer generated challans of Infrastructure Cess & other reports. The review of record revealed as follows:

- i. The same consultancy agreement with M/s PRAL was earlier made in preceding year as on 21.12.2009 with the rate of Rs30 per computer produced infrastructure Cess challans (unit) with effective date 1st July 2009 to 30th June 2010. The same agreement did not contain any annual increase clause. However subsequent years' rate agreed for Rs45 per unit was beyond comprehension as it was a 50% increase (i.e. Rs45 agreed against previous rate of Rs30).

- ii. The renewal of agreement with 10% increase continued till the year 2014-15. However the agreement dated 11 August 2015 for the year 2015-16 provided annual increase of 15%. The 50% increase in the annual enhancement of rate was beyond comprehension.
- iii. The criteria for disproportionate increases allowed to the firm was not available on record; whereas the rate of Rs30 per unit agreed through the agreement for Financial Year 2009-10 jumped to Rs80.50 per unit which unjustifiably further escalated @15% per annum on-wards.

The matter was reported to the management in February, 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter beside fixing of responsibility on the person(s) at fault.

(AIR#01)

10.5.8 Non-issuance of demand notice of property tax – Rs57.241million

According to Rule-15 of the Sindh Urban Immovable Property Tax Rules, 1958, “Every assessing authority has to maintain a tax demand and receipts register for each rating area in the prescribed form and issue demand notices for tax”.

During audit of various offices of the Excise and Taxation Department, Karachi for the financial year 2017-18, it was observed that demand notices of property tax amounting to Rs57.241million were not issued to the owners of various property units who have not paid the arrears/current dues of the property tax due to which Govt. sustained a loss. Details are given at **Annex-4** of Chapter-10.

The matter was reported to the management during April 2019 & May 2019. The management at Sr#06 of Annex-4 (Excise and Taxation-R- Division Karachi) in its reply stated that demand notice has been issued to the owners of houses, which required verification.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

10.5.9 Irregular payment of financial assistance through DDOs account – Rs5.100 million

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

During audit of office of the Secretary, Excise & Taxation Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an expenditure of Rs5.100 million was incurred on account of the financial assistance through DDO account instead of cross cheque in favour of the actual payee/vender account.

(Rs. in million)

Sr. #	Doc. No	Doc. Date	A/c. Head	Cheque #	Paid to	Amount
1	1900350332	11.02.2019	Financial Assistants	3346955	SO (G) G/S, Ex. & Taxation Department	1.500
2	1900386608	04.03.2019	Financial Assistants	3349266	SO (G) G/S, Ex. & Taxation Department	1.500
3	1900441041	03.04.2019	Financial Assistants	3407713	SO (G) G/S, Ex. & Taxation Department	0.600
4	1900594928	13.06.2019	Financial Assistants	3491924	SO (G) G/S, Ex. & Taxation Department	1.500
Total						5.100

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#11)

10.5.10 Non-obtaining of performance security – Rs2.244 million

According to Rule 39 (1) of Sindh Public Procurement Rules 2010 Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of office the Secretary Excise & Taxation, Government of Sindh Karachi for the financial year 2018-19. It was observed that repair and maintenance work costing Rs22.436 million was awarded to contractor M/s Muhammad Nazeem Mandukhel but performance security amounting to Rs2.244 million (@ 10% of the contract cost) was not obtained to safeguard the interest of the government.

The matter was reported to the management during July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#10)

CHAPTER – 11

FINANCE DEPARTMENT

11.1 Introduction

The Finance Department is responsible for the overall financial discipline of the Province. Preparation of annual provincial budget, formulation of financial rules and maintenance of an effective and efficient financial reporting system are the major assignments of Finance Department.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	24	1	1,149.194	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	2	1	6,052.000	

11.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
167,005.738	31,433.228	198,040.173	(198,040.173)	(21,378.917)	177,060.049	171,864.223	(5,195.826)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs5,195.826 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
6,045.000	6,005.000	4,070.761	- 1,934.239

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs1,934.239 million was observed.

11.3 Classified Summary of Audit Observations

Audit observations amounting to Rs4,399.713 million were raised as a result of this audit. This amount also includes recoverables of Rs272.011 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	1,116.391
2	Reported cases of fraud, embezzlement and misappropriation	44.113
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	7.466
B	<i>Procurement related irregularities</i>	252.738
C	<i>Management of Accounts with Commercial Banks</i>	2,535.024
4	Value for money and service delivery issues	-
5	Others	443.981

11.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed
2	1998-99	0	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
							in these Audit Reports
3	1999-2000	11	1	0	1	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	0	0	0	0	-	
8	2007-08	4	0	0	0	-	
9	2008-09	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
10	2009-10	19	13	0	13	-	
11	2010-11	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		34	14	0	14		

11.5 Audit Paras

11.5.1 Non-production of record – Rs1,116.391 million

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

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

During audit of following offices of the Finance Department, Government of Sindh for financial year 2017-18, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs1,116.391 million remained unaudited. The details are given at **Annex-1** of Chapter-11.

The matter was pointed out to the department in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.2 Mis-appropriation of funds through double payment of commutation & G.P. Fund - Rs44.113 million

As per appendix 18-A of Sindh Financial Rules, volume-I, "every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence".

During audit of following District Accounts Offices, Finance Department, Government of Sindh, for the financial year 2017-18, it was observed that commutation and GP Fund Rs44.113 million was paid two times in different dates which was unjustified and treated as double payment to concerned officials.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Detail of Record	Amount
1	DAO Sanghar	2017-18	03	Double payment of commutation	9.457
			04	Double payment of GP Fund	11.093
			39	Double payment of commutation	2.552
2	DAO Dadu	2017-18	18	Double payment of commutation	9.784
			02	Double payment of GP Fund	4.552
3	DAO Jamshoro	2017-18	03	Double payment of GP Fund	3.800
4	DAO Kashmore	2017-18	01	Misappropriation of public money	2.875
Total					44.113

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.3 Unauthorized working strength beyond approved sanctioned strength– Rs5.496 million

According to rule 73 (iv) (2) of GFR, when consolidating the detail estimates in respect of pay of officers and pay of establishments the number of posts must be carefully checked and in case of variation in numbers or the amounts of the provisions compared to those in the current years budget an explanation should be included in the estimates. If the increase is based on specific Government sanction, a copy of the sanction should be enclosed with the estimates.

During audit of office of the Secretary, Finance Department Govt. of Sindh, Karachi, for the financial year 2018-19, it was observed that management of the entity paid salaries amounting to Rs5.496 million to various officials working in excess of approved sanctioned strength.

(Amount in Rupees)

Post	Approved Sanctioned Strength	Working Strength	Excess	Average monthly salary	Amount
Senior Clerk (BPS-14)	28	38	10	Rs. 35,000 x 10 Nos. X 12	4,200,000
Helper (BPS-01)	23	29	06	Rs. 18,000 x 06 Nos. X 12	1,296,000
Total			16		5,496,000

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#11)

11.5.4 Excess payment of commutation due to non-observance of the age next birthday – Rs7.435million

According to Annexure-II of Government of Sindh, Finance Department Notification O.M. No. FD (SR-I) 1-(51)/ 2001 dated 06th November, 2001, Commutation Table effective from 01-12-2001, the rate of commutation is admissible on the age of next birth day except the Government servant retired on attaining the age of 60 years (superannuation).

During audit of following District Accounts Offices, Finance Department, Government of Sindh for the financial year 2017-2018, it was observed that the rate of commutation was allowed to the various officers on the actual age instead of “age next birth day”. This resulted in in excess payment of Rs7.435 million.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	DAO Matiari	34	0.580
		36	0.527
2	DAO Umer kot	37	1.651
3	DAO Thatta	02	2.077
4	DAO T.M Khan	49	2.077
5	DAO Tharparkar @ Mithi	19	0.523
Total			7.435

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.5 Irregular award of promotion without fulfillment of the requirements – Rs1.970 million

According to Rule 7 Para 1 of Government of Sindh (Appointment, Promotion & Transfer) Rule 1974, “appointment by promotion or transfer to post in BPS-01 to 02 shall be made by the appointing authority on the merit and seniority basis with the recommendation of the Departmental Selection Promotion Committee”.

During audit of office of District Accounts Offices TM Khan, Finance Department, Government of Sindh for the financial year 2017-18, it was observed that promotion was awarded to Muhammad Suleman, who was initially appointed as Sanitary Worker with effect from 01-03-2010 during ban period and then change of his cadre from Sanitary Worker to Naib Qasid w.e.f 01-09-2013 without any approval/permission of Chief Minister who also imposed the ban on change of cadre he was promoted from Naib Qasid to Junior Clerk w.e.f 01-07-2018 without constitution of departmental promotional committee and without maintaining the seniority list. Thus, the expenditure so incurred on payment of monthly salary amounting to Rs1.969 million was irregular.

(Amount in Rupees)

Personal No.	Name of official	Designation	Date of Appointment	Period	Gross salary	Amount
10589703	Muhammad Suleman	Sanitary worker	01-03-2010	01-03-2010 to 31-08-2013 = 42 months	13,228	555,576
		Naib Qasid	01-09-2013	01-09-2013 to 30-06-2018 = 58 months	19,801	1,148,458
		Junior clerk	01-07-2018	01-07-2018 to 30-04-2019 = 10 months	26,562	265,620
Total					1,969,654	

The matter was reported to the management in May 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

11.5.6 Non-inviting open tenders – Rs252.738 million

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

During audit of following District Accounts Offices, Finance Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs252.738 million was incurred on various heads without open tender in violation of the rules. The details are given at **Annex-2** of Chapter-11.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.7 Irregular payments against various heads of account – Rs17.670 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of following District Accounts Office, Finance Department, Government of Sindh for the financial year 2017-18, it was observed that DAOs office allowed payments amounting to Rs17.670 million on various heads of accounts.

(Rs. in million)

Sr.#	Name of Office	Financial Year	AIR Para#	Particulars	Amount
1	DAO Matiari	2017-18	08	Repair of machinery & equipment	3.460
			09	Repair of furniture	4.170
			13	Repair of vehicles	1.157
			14	Purchases of miscellaneous items	0.711
2	DAO Umerkot	2017-18	04	Purchases of miscellaneous items	0.612
3	DAO T.M. Khan	2017-18	16	Payments on account of unforeseen expenditures	1.999
			17	Purchase of uniform and liveries	1.535
			23	Repair of machinery & equipment	1.881
			24	Repair of furniture	1.782
			32	Purchases of miscellaneous items	0.363
Total					17.670

Following irregularities were noticed:

- Splitting up of expenditure/non-inviting tender was found and quotations not obtained.
- Requisition of users in case of repair were not available.
- Satisfactory work completion report was not available.
- In case of payments under the head 'cost of unforeseen expenditure' of Rs1.999 million were made from an unregistered vendor, viz. M/s Royal Enterprises.

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that the matter may please be clarified, besides fixing responsibility on the person(s) at fault.

11.5.8 Irregular payment through DDO account – Rs2,535.024million

As per Rule 28 (2) of Central Treasury Rules Volume-I, “A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them”. Read with Rule 303 of Central Treasury Rules, “a contingent bill for payment to suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments to the suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawl and disbursement of cash”.

During audit of following District Accounts Office, Finance Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that payments of Rs2,535.024 million were allowed under the various head of accounts, but the payments were made through the DDO account instead of direct venders. The details are given at **Annex-3** of Chapter-11.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.9 Non-recovery of various allowances - Rs222.159 million

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

During audit of following District Accounts Office, Finance Department, Government of Sindh for the financial year 2018-19, it was observed that various allowances were allowed to the officers which were not admissible to them. Thus, the over payment of Rs222.159 million was to be recovered and deposited into Govt. account. The details are given at **Annex-4** of Chapter-11.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.10 Non-deduction of government taxes – Rs46.003 million

According to Taxable Services as per Second Schedule to the Sindh Sales Tax on Services Act, 2011, Part A, Sindh Revenue Board, Government of Sindh, vide Tariff Heading-9813.4990 - Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non- banking financial institutions and other persons dealing in any such services - Other services not specified elsewhere, tax @ 13% is to be paid accordingly.

During audit of following District Accounts Offices, Finance Department, Government of Sindh for the financial years 2017-18 & 2018-19, it was observed that payments of Rs46.003 million were allowed under various heads without deduction of various government taxes including zakat.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Detail of Record	Amount
1	Secretary Finance	2018-19	22	1% service charges	0.285
			15	Sindh Sales Tax on services	1.745
			17	GST 17% in repair of transport	2.263
2	DAO Sanghar	2017-18	10	Non deduction of zakat	15.336
3	DAO Kashmore	2017-18	11	Non deduction of zakat	4.888
4	DAO Jamshoro	2017-18	26	GST 17% on supplies	0.371
			25	Sindh Sales Tax on services	0.253
			08	Non deduction of zakat	2.426

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Detail of Record	Amount
5	DAO Larkana	2017-18	05	Sindh Sales Tax on services	0.936
6	DAO Naushero Feroze	2017-18	04	Sindh Sales Tax on services	9.795
7	DAO Dadu	2017-18	07	Non deduction of zakat	6.268
8	DAO T.M Khan	2017-18	45	Sindh Sales Tax on services	1.437
Total					46.003

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.11 Less deduction of income tax - Rs3.752 million

According to section 153 (1) of Income Tax Ordinance 2001, Every prescribed person, making payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person, shall deduct income tax at source on supplies of goods and in case of rendering services at the rate of 4.5% and 10% respectively.

During audit of District Accounts Office Tando Mohammad Khan, Finance Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs3.752 million was less deducted from the bill of vendors as the same were non-registered and non-filers, whereas, the tax was deducted at the rate of filer. Hence, it resulted into short recovery of income tax.

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#44)

11.5.12 Irregular allotment of government vehicles to non-entitled officers – Rs13.564 million

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

During audit of office of Secretary Finance Department, Government of Sindh for the financial year 2018-19, it was observed that expenditure Rs13.564 million was incurred by the local offices through allotment of government vehicles to the non-entitled officers along with POL & repair charges which resulting in undue favor at the cost of public money.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#23)

11.5.13 Irregular payment to vocational training centre (KVTC) -Rs50.000 million

Following are the Guidelines issued by Finance Department vide No. FD/B&E-1/2(407)/2018-19, dt: 18th April, 2019 pertaining to the Grants-in-aid provided to Non-Government entities and Government entities (Autonomous Bodies), by the Govt. of Sindh:

- a. Similarly, Govt. Entities (Autonomous Bodies) which are self-accounting entities are required to provide a copy of the Budget approved by their respective Boards, Utilization Report (Duly countersigned by the PAO) and Audit Reports.

- b. Furthermore, unless otherwise expressly authorized by the Govt. of Sindh, every grant for a specific object is subject to fulfillment of the following conditions:
- c. that the grant will be utilized upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority; and
- d. Administrative Departments will also ensure that the non-government entities are registered from the competent forum
- e. Administrative Departments being PAO(s) are also advised to further strengthen / develop transparent and flow less monitoring mechanism, at their level, in respect of Grants-in-aid disbursed through them.

During audit of office of the Secretary Finance Department, Government of Sindh, for the financial year 2018-19, it was observed that an amount of Rs50.000 million was paid to Karachi Vocational Training Centre (KVTC) through two cheques of Rs25 million each dated 16-11-2018 and 03-06-2019 under the head of account 'Grants to Non-financial Institutions'. Following irregularities were noticed:

- i. Funds were released to KVTC (Non-Government Entity) without obtaining Utilization Report of earlier release funds along-with the copy of Certified Audited Statements of accounts of previous year by a reputable /certified Audit firms.
- ii. Registration of KVTC being the non-government entity from the competent form was mandatory but no certificate of registration from competent authority was produced to audit.
- iii. No monitoring mechanism was found to monitor the grants made to above institute.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

11.5.14 Non-observance of austerity measures on account of Entertainment & Gifts - Rs7.054 million

According to Appendix 18-A of Sindh Financial Rules, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on. The part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During the audit of office of the Secretary, Finance Department, Government of Sindh for the financial year 2018-19, it was observed that management of the entity incurred expenditure of Rs7.054 million on purchase of refreshment items such as Everyday milk, Tea, Sugar under the account of Entertainment & Gifts items without any justification and in violation of austerity measures. The details are given at **Annex-5** of Chapter-11.

(Rs. in million)

Financial Year	Cost Centre	Description	Head of Account	Amount
2018-19	KQ-0042	Secretary Finance	Entertainment & Gifts	6.123
2018-19	KQ-0049	Economic Reform Unit	-do-	0.931
Total				7.054

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#24)

11.5.15 Doubtful payments on feeding charges – Rs3.873 million

According to Rule 23 of Sindh Financial Rules Volume-1, as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particulars of the claim.

During audit of District Accounts Officer Jamshoro, Finance Department, Government of Sindh for the financial year 2017-18, it was observed that the payments of Rs3.873 million was incurred under the head of feeding charges. The details are given at **Annex-6** of Chapter-11.

Following irregularities were noticed.

- i. Sanction orders were split up to avoid the quotations.
- ii. Sindh Sales tax/ General Sales Tax were not deducted.
- iii. There were no details for which diet was procured.
- iv. Menu of food items was not prepared.
- v. Supplier invoices did not contain serial number.
- vi. The payments were made to unregistered firms.
- vii. Acknowledgement receipts were not obtained from suppliers.

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#11)

11.5.16 Non-execution of rent agreement of building - Rs8.488 million

According to Appendix 18-A of Sindh Financial Rules, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on. The part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During audit of following District Accounts Offices, Finance Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs8.488 million was paid as rent of office building without execution of rent agreement.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
1	DAO Matiari	02	4.157
2	DAO Umerkot	28	4.331
Total			8.488

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

11.5.17 Inadequate systematic internal controls

According to Appendix 18-A of Sindh Financial Rules, “Every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on. The part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During audit of following District Accounts Office, Finance Department, Government of Sindh for the financial year 2017-18, the absence of adequate internal controls measures were found:

Sr.#	Name of Office	Financial Year	AIR Para#
1	DAO Matiari	2017-18	21 & 26
2	DAO Umerkot	2017-18	45 & 53
3	DAO Thatta	2017-18	15
4	DAO T.M. Khan	2017-18	42 & 36

Following areas require attention for strengthening of internal controls in the DAOs:

- i. The GPF payments to subscribers are not recorded when payroll is run, hence there is risk of excess payments, therefore systematic checks needs to be applied to avoid more than one payment or excess payments to subscribers.
- ii. Similarly, to avoid payment of salaries in excess of sanctioned strength or against posts, there is need to apply checks for sanctioned strength and designation of posts.
- iii. Practice of allotment of personal numbers is fraught with risk of bogus, fictitious or fake enrollment / registrations: to minimize such risk, it is suggested that the CNIC numbers should replace the existing personal numbers and GP Fund numbers.
- iv. There is also need for integration of HR Personal data with FI module so that payment of salaries, pension, GPF, Gratuity and Commutation amount could automatically be recorded on personal HR data when payroll is run or manual bills is punched.
- v. There is also need for foolproof system of authorization and internal controls for creating, editing, or altering HR data for payroll payments (Salary, Pension, Gratuity, Commutation and GPF Payments).
- vi. There is a need to ensure the availability of bond/undertaking by the prospective pensioner for refund of overpayments of pension, if detected later on.

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires strengthening of internal controls to safeguard the public money.

11.5.18 Irregular payment to consultants – Rs63.886 million

As per appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any

other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of Sindh Public Sector Management Reform Project (Finance Department) Karachi for the year 2017-18, it was observed that an amount of Rs63.886 million was paid to consultants without observing following codal formalities.

(Rs. in million)

Sr.#	Financial Year	ML Para#	Irregularities	Amount
1	2017-18	4.3.1	Certificate and report of consultant not available	22.301
		4.3.2	Details of officials for SAP learning Hub license and trainings, selection criteria, work order, training schedule, training consent of trainees were not available	11.628
		4.3.3	Approval of competent authority was not available and the bill was not endorsed by Internal Audit Department of FD	15.777
				14.180
Total				63.886

The matter was pointed out to the management in August 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

CHAPTER – 12

FOOD DEPARTMENT

12.1 Introduction

The objective of the department is to run Wheat (Procurement and Sale) State Trading Scheme in a manner that food security is provided to common man. The Food Department's activities are mainly focused on:

- Procurement of wheat from growers during harvesting period at supporting price fixed by the Provincial Government,
- Opening of wheat procurement centres throughout the province at the provincial reserves centres/places with establishment of temporary bank booth to make payment to the growers on the spot,
- Handling and transportation of surplus wheat to the wheat deficit areas/non-procurement areas,
- Safe storage of wheat in covered godowns and to maintain revolving / strategic reserves of wheat in order to meet out shortage at the time of emergency,
- Release of wheat to flour mills and *chakkies* at the subsidized rate in order to trickle down the benefit to general public at an affordable/ reasonable price,
- Stabilise the wheat market price by directly intervening in the commercial market to mitigate the risk of hoarding by maintaining equilibrium.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	15	5	1,245.555	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

12.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
89,411.436	7,099.054	267.324	(267.324)	(27,089.260)	69,421.230	53,119.583	(16,301.647)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs16,301.647 million was observed which was not surrendered in time.

12.3 Classified Summary of Audit Observations

Audit observations amounting to Rs10,452.688 million were raised as a result of this audit. This amount also includes recoverables of Rs181.673 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	3,524.241
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	-
A	<i>HR/Employees related irregularities</i>	4.309
B	<i>Procurement related irregularities</i>	266.210
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	6,657.928

12.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent

compliance by the department is tabulated as follows. The overall compliance by the department was 9.8%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	9	7	7	0	100	
2	1998-99	8	3	0	3	-	
3	1999-2000	7	6	0	6	-	
4	2001-02	9	0	0	0	-	
5	2004-05	19	16	1	15	6.3	
6	2005-06	22	17	1	16	5.9	
7	2006-07	11	11	0	11	-	
8	2007-08	12	9	0	9	-	
9	2008-09	15	11	0	11	-	
10	2009-10	8	8	0	8	-	
11	2010-11	0	0	0	0	-	Audit Report not yet discussed
12	2014-15	22	14	1	14		
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		142	102	10	92	9.8	

12.5 Audit Paras

12.5.1 Non - production of record - Rs3,524.241million

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

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

During audit of the following offices of Food Department, Government of Sindh, Karachi, for financial years 2016-17 to 2018-19, it was observed that auditable record amounting to Rs3,524.241 million pertaining to various items were not produced to audit for scrutiny despite various reminders. The details are as under:

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	District Food Controller, Jamshoro	Non-production of Vouchers	2016-17 & 2017-18	01	2,112.500
02	Director Food, Karachi	Purchase of Bardana	2017-18	01	1,261.757
03		TA/DA bills	2018-19	03	0.404
04		Repair of Furniture & Machinery	2018-19	04	0.101
05	District Food Controller, East Karachi	Record of export of wheat	2017-18	03	131.000
06	District Food Controller, Mirpurkhas	Tender documents	2018-19	01	18.000
07	Secretary, Food Department	Repair of furniture & machinery	2018-19	24	0.479
08	District Food Controller, Dadu	Service Book	2017-18	09	-
09	Deputy Director Food, Karachi	SNE for employees	2017-18	09	-
10		Service Book	2017-18	08	-
11		Dead Stock	2017-18	07	-
12	District Food Controller, Shaheed Benazirabad	Physical verification of Wheat Stock/Bardana	2018-19	01	-
Total					3,524.241

The non-production of record was reported to the management during November 2018 to 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

12.5.2 Unauthorized payment on account of pay & allowances over and above the sanctioned strength - Rs4.309 million

According to rule 73 (iv) (2) of GFR, “when consolidating the detail estimates in respect of pay of officers and pay of establishments the number of posts must be carefully checked and in case of variation in numbers or the amounts of the provisions compared to those in the current years budget an explanation should be included in the estimates. If the increase is based on specific Government sanction, a copy of the sanction should be enclosed with the estimates.”

During audit of the following offices of Food Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an amount of Rs4.309 million was paid on account of salaries and allowances to the employees who were working in excess of sanctioned strength. The details are as under:

(Rs.in million)

Sr. #	Name of the Office	Financial Year	AIR Para #	Salary Amount
01	Deputy Director Food, Karachi	2018-19	03	3.777
02	Secretary, Food Department, Karachi	2018-19	18	0.532
Total				4.309

The matter was reported to the management in July and October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

12.5.3 Irregular expenditure without inviting tenders – Rs266.210 million

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

During audit of the following offices of Food Department, Government of Sindh, it was observed that an expenditure of Rs266.210 million was incurred on transportation of wheat and hiring of office building on rental basis without inviting open tenders. Moreover, it was also observed that payment was made on account of transportation services to the suppliers who were not registered with SRB. Detail is as under:

(Rs. in million)

Sr. #	Name of Offices	Financial Year	AIR Para #	Amount
01	Deputy Director Food, Karachi	2017-18	01& 05	260.160
02	Director General, Sindh Food Authority	2017-18	12	6.050
Total				266.210

The matter was reported to the management during November 2018 and January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

12.5.4 Irregular release of wheat on credit basis - Rs3,543.643million

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

During audit of the following offices of the Food Department, Government of Sindh for the financial year 2017-18, it was observed that wheat valuing Rs3,543.643 million was released on credit of 180 days to various flour mills.

(Rs. in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
01	District Food Controller, East Karachi	2017-18	02	3,143.000
			08	97.500
02	District Food Controller, Mirpukhas	2017-18	03	130.268
03	District Food Controller, Kasmore @ Kandhkot	2017-18	08	82.875
Total				3,453.643

Following irregularities were noticed:

- i. The wheat was released without obtaining insurance guarantee duly endorsed by the competent authority;
- ii. No property documents of the vendor were obtained before the wheat was released;
- iii. No criteria/ formula/merit regarding selection of the single selected vendor was furnished to audit;
- iv. Written application on letter head & copy of other required documents such as NIC & food grain license were not available;
- v. The Bank Guarantee was not found on record; and
- vi. In DFC, East Karachi wheat valuing Rs3,143.00 million was released on credit basis without the recommendation of the Flour Mill Association.

The matter was reported to the management in October 2018 to March 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

12.5.5 Annual physical verification of wheat stock not carried out – Rs2,830.857 million

According to Rule 116 of Sindh Financial Rules, Volume-I, “The balance in stock taking should be examined yearly to see whether balance in hand represents the quantities as well as the value borne on the account books. Any discrepancy discovered in the verification should be fully explained, and the book balance set right under orders of the competent authority.” According to Food Department’s Food Policy Monitoring system, “physical verification of wheat stock should be carried out from different districts of field officers on quarterly basis four times in a year.”

During audit of the following offices of Food Department, Government of Sindh, Karachi for the financial years 2015-16 to 2016-17, it was observed that wheat stock worth Rs2,830.857 million was lying in various wheat procurement centers/godowns, but annual physical verification of stock was not carried out. Details are as under:

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
01	District Food Controller, Dadu	2017-18	02	1,949.967
02	District Food Controller, Jamshoro	2016-17 to 2017-18	08	348.420
03	District Food Controller, Mithi	2015-16 & 2017-18	01	272.310
04	Deputy Director Food, Karachi	2017-18	02	260.160
05	Director General, Sindh Food Authority	2017-18	04	-
Total				2,830.857

The matter was reported to the management during November 2018 to January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

12.5.6 Encroachment of 6 acres of land

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of office of the District Food Controller, Dadu, for the financial year 2017-18, it was observed that Six (06) acres of government land reserved for the warehouse at Khairpur Nathan Shah, was encroached by the unauthorized persons since several years and utilized for construction of houses & shops, etc. No departmental action was initiated by the management against the persons involved in encroachment.

The matter was reported to the management in November 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fixing of responsibility on the person(s) at fault, besides taking remedial measures to vacate the government land from encroachers.

(AIR#02)

12.5.7 Non-recovery of outstanding dues – Rs125.823 million

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

During audit of the following offices of the Food Department, Government of Sindh, for the years 2016-17 to 2018-19, it was observed that the department had to recover an amount of Rs125.823 million on account of misappropriated public funds, sale proceeds of wheat/wheat bags, taxes, mark-up, inadmissible allowances, stamp

duty etc. but the same were neither recovered nor deposited into government account. The details are given at **Annex-1** of Chapter-12.

The matter was reported to the management during October 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

12.5.8 Non / Less-recovery and crediting of taxes - Rs55.850million

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

During audit of the following offices of Food Department, Government of Sindh, Karachi, for the financial years 2016-17 to 2018-19, it was observed that an amount of Rs55.850 million on account of government taxes / revenue was not recovered / credited. As a result government was deprived of its due revenue. Detail is as under:

(Rs. in million)					
Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	Director Food, Karachi	Non-Deduction of Income Tax	2017-18	02	14.797
02		Non-Deduction of Withholding Tax	2017-18	03	11.180
03	Deputy Director Food, Karachi	Less deduction of SST on rent of building	2018-19	07	11.049
04		Less deduction of Income Tax on rent of building		08	10.669

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
01	Director Food, Karachi	Non-Deduction of Income Tax	2017-18	02	14.797
02		Non-Deduction of Withholding Tax	2017-18	03	11.180
05	Deputy Director Food, Karachi	Non-Deduction of Income Tax	2017-18	04	4.617
06	DFC, Dadu	Non-Deduction of SST on service	2017-18	06	1.830
07	DG Sindh Food Authority, Karachi	Non-crediting of Income Tax / Sales tax deducted from employees / contractors	2017-18	01	1.464
08	DFC, Jamshoro	Less recovery of SST on rent of building	2016-17 & 2017-18	04	0.244
Total					55.850

The matter was reported to the management during November 2018 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery and crediting of taxes besides fixing of responsibility on the person(s) at fault.

12.5.9 Loss to government due to non-settlement of disputed stock of wheat - Rs53.053 million

As per appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of District Food Controller, Kashmore @ Kandhkot, for the financial year 2017-18, it was observed that an amount of Rs53.053 million was misappropriated by Mr. Muhammad Sharif Malik (Ex-food Inspector PRC Kashmore) on account of shortage of wheat & bardana but the settlement of disputed stock was

not found on record. Further, the record of proceedings against staff concerned and fate of the amount involved was not produced to audit. The department has furnished the details are as under:

(Rs. in million)

Sr.#	Financial Year	Particulars	Bags/Kgs	Rate per Bag/Kg	Amount
01	2012-13	Wheat misappropriated	1,194,656	30	35.839
02	2012-13	Bardana misappropriated	11,095	124	1.376
03	2013-14 to 2018-19	Markup for 6 years			15.838
Total Recoverable amount (up to August 2018)					53.053

The matter was reported to the management in January, 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

12.5.10 Storage of wheat in open space – Rs38.313 million

As per Para 07 of policy guideline for wheat procurement campaign 2011 issued by the section officer (Wheat), Government of Sindh, Food Department vide letter no SO(W)7(18) 2011 Dated:22-03-2011 states that “procured wheat shall be stored properly keeping in view safety and security of wheat stocks.”

During audit of office of District Food Controller, Dadu, for the financial year 2017-18, it was observed that the wheat valuing Rs38.313 million was lying in the open space at various wheat procurement centers without any precautionary measures. Thus, the chances of theft and damage of wheat could not be ruled out.

The matter was reported to the management in November 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

12.5.11 Loss due to unsold stock of wheat crop 2012-13 - Rs9.179 million

As per food policy, “the old crop needs to be issued first and loss due to negligence of officials of food department will be the responsibility of District Food Controller.”

During audit of the office of District Food Controller, Kashmore @ Kandhkot, for the financial year 2017-18, it was observed that an old stock of wheat crop 2012-13 was still available in stock of PRC Kashmore valuing Rs9.179 million. Detail is as under:

(Rs. in million)					
Name of PRC / WPC	Wheat Crop Year	No of Bags	Weight (Kg)	Rate/Kg	Amount
Kashmore	2012-13	2,553	282,429	32.5	9.179

The matter was reported to the management in January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#06)

12.5.12 Unauthorized retention of funds in DDO account – Rs1.210 million

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

During audit of the office District Food Controller, Dadu, for the financial year 2017-18, it was observed that an amount of Rs1.210 million was drawn and retained in DDO account without any authority.

The matter was reported to the management in November 2018 and July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

CHAPTER – 13

FOREST & WILDLIFE DEPARTMENT

13.1 Introduction

The Forest & Wildlife Department is responsible for preservation of existing forests of the province of Sindh and Afforestation of forest lands for climatic, commercial and local needs. It also carries out research to develop new and improved species of plants and trees, suitable to the local climate and soil. Moreover, the Department also works for preserving endangered species of wildlife and constructing sanctuaries for them.

The forests of Sindh are being managed on the universal recognized principle of multiple land use system. The Forest Department also contributes to income generation for the government. In order to fill the gap of forest cover and to increase the fuel wood/ timber, fodder and livestock, various development schemes are being implemented depending on the availability of the resources. Besides normal forestry, development operations also focus on diversified fields like coconut plantation, sericulture, apiculture etc.

Core functions of the department include:

1. To increase the forests' covered area,
2. To provide substitutes to firewood in the wooded mountains,
3. To reduce political interference in the Forestry and Wildlife Departments,
4. To provide adequate control against flooding in the riverine areas,
5. To develop Policies for fragile Eco-systems,
6. To retrieve lands under encroachment,
7. To renovate and invigorate the institutions of RNR.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	10	2	351.659	140.629
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

13.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
2,481.713	-	305.751	(305.751)	(641.440)	1,840.273	1,785.669	(54.604)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs54.604 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
340.000	306.827	140.629	- 166.198

The department was unable to collect the estimated receipts in time, as a result shortfall of an amount Rs166.198 million was observed.

13.3 Classified Summary of Audit Observations

Audit observations amounting to Rs322.722 million were raised as a result of this audit. This amount also includes recoverables of Rs36.408 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	9.965
2	Reported cases of fraud, embezzlement and misappropriation	
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	1.810
C	<i>Management of Accounts with Commercial Banks</i>	
4	Value for money and service delivery issues	
5	Others	310.947

13.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 17.30 %.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	6	1	0	1	-	
2	1998-99	12	2	0	2	-	
3	1999-2000	21	7	0	7	-	
4	2001-02	5	5	3	2	60	
5	2004-05	12	11	2	9	18.2	
6	2005-06	17	14	2	12	14.3	
7	2006-07	8	3	0	3	-	
8	2007-08	17	0	0	0	-	
9	2008-09	9	0	0	0	-	
10	2009-10	10	5	2	3	4.0	
11	2010-11	6	4	0	4	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		123	52	9	43	17.30	

13.5 Audit Paras

13.5.1 Non - production of auditable record – Rs9.965 million

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

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

During audit of office of the Deputy Conservator Wildlife Department Sukkur, for the financial year 2017-18, following auditable record of Rs9.965 million was not produced for audit scrutiny despite various reminders.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Deputy Conservator Wildlife Sukkur	Non-production of detailed estimates	2017-18	2	9.733
		Non-production of Rate Analysis		3	0.188
		Irregular expenditure incurred under the head Uniform & liveries		26	0.044
		Non-production of record		1	0
		Non-disclosure of status of on-road & off-road vehicle		19	0
Total				9.965	

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for audit scrutiny besides fixing responsibility against the person(s) at fault.

13.5.2 Purchases without provision in PC-I – Rs2.589 million

As per Rule 88 of Sindh Financial Rules, Volume-I, "Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise spending his own money, and public money should not be utilized for the benefit of a particular person or community".

During audit of Chief Conservator, Forest, Hyderabad for the financial year 2018-19, while reviewing the accounts record of DFO Range Management Division Karachi, it was observed that an expenditure of Rs2.589 million was incurred on purchase of following heavy items under the development scheme “Development and Improvement of Protected Forests by creating controlled grazing blocks with community participation in Kohistan & Rajhistan” as follows without provision in PC-I.

(Amount in Rupees)

Sr.#	Voucher # Date	Head Item	Supplier	Actual Expenditure
01	85 / May 2019	Purchase of Machinery - Front & Back side blades	M/s Global Enterprises	550,000
02	09 / May -2019	Purchase of Hardware – 2 Standby Generators	M/s Ali Enterprises	200,000
03	87 / May 2019	Hitch Set		80,000
04	05 to 07/ May 2019	Purchase of Hardware – 2 Laser Printer & Computer Accessories	M/s Anand & Co	210,000
05	10 / May 2019	1 Multimedia Projector	M/s Ali Enterprises	100,000
06	1/Nil	1 Laptop – DELL INSPIRE	M/s Digital Business Systems	99,900
07	11, 86/ May 2019	2 German GPS – Cultivator	Ms GEM Developers & Promoters	350,000
08	14 vouchers / October 2018	Civil Works – at Office	Various	1,000,000
Total				2,589,900

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management replied that the items indicated in the audit observations are duly covered in the PC-I which can be verified.

The DAC directed the management to produce record to Audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance with DAC directive.

(AIR#5.3)

13.5.3 Irregular expenditure on land development without inviting open tender - Rs1.810 million

Rule 17 (1) & (2) & 50 of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language. Also contract evaluation report & contract agreements are to be submitted within 7 days after signing of agreements.

During audit of the office of Chief Conservator of Forest, Forest Department, Hyderabad for the Financial Year 2018-19, in the following offices it was observed that an amount of 1.8099 million was shown incurred on following works / purchases without inviting tenders;

Further following observations were noted for office at serial No.01

- i. Income tax @15% for non-filer amounting to Rs119,985 was also not deducted.
- ii. Security deposit was not held.
- iii. There was no agreement with the contractor,
- iv. No work completion certificate was found attached.
- v. Check measurement was not found.

(Amount in Rupees)

Sr. #	Name of Office	OM#	Particulars	Amount
01	Chief Conservator of Forest, Forest Department, Hyderabad	33	Repair & maintenance work of a Bungalow, No income tax, security deposit, agreement etc	799,900
02	DFO Range Management Division, Karachi	100	Purchased heavy computer accessories, multimedia, generators, Tractor Blades, Cultivators	1,010,000
Total				1,809,900

The matter was reported to the department in September 2019. The management replied that the expenditure was incurred on different items on different occasions and each amount was below the limit of tender.

The DAC meeting was held on 26-11-2019. The DAC directed the management to produce record to Audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#5.6)

13.5.4 Less/Non-deduction of government taxes - Rs7.715 million

According to Para 153(1) (a), (b) & (c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001. Income tax is required to be deducted at source while making payment to suppliers/contractors.

During audit of following offices of the Forest and Wildlife Department, for the financial years 2017-18, it was observed that an amount of Rs7.715 million on account of General Sales tax, Service Tax and Income Tax on account of various purchase and service was either less deducted or not deducted at applicable rates.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Chief Conservator of Forests, Hyderabad	Non-deduction of income tax	2018-19	4.1	7.608
2	Deputy Conservator Wildlife Sukkur	Non-deduction of sales tax on services	2017-18	34	0.053
		Non-deduction of General Sales Tax		35	0.051
		Non-deduction of income tax		33	0.002
		Less deduction of General Sales Tax		36	0.001
Total				7.715	

The matter was reported to the management in October 2018 to September 2019. DAC for serial no. 01 was held on 26-11-2019. The management replied that Income Tax in respect of payment falling under the limit of taxable amount in case of purchases has been deducted and the record in this regard is available for verification. As regard the payment to Labour Jamadars, Income Tax in respect of payments falling

within limit of tax and paid through bank accounts has been duly deducted; whereas the wages to Labour paid in cash not falling in the limit of taxable income was not deducted.

The DAC directed the management to produce record to Audit for verification. However, no progress was made till finalization of this report.

Audit recommends compliance of DAC's directives.

13.5.5 Irregular payment of house rent allowance – Rs1.223 million

According to the Office Memorandum of Ministry of Housing and Works vide No. F2 (3) / 2003- policy dated 31-07-2004, "the hiring of residential accommodation shall be available to the employees as per their rental ceiling specification, covered area of house. No house rent allowance will be admissible to such employees and to those not entitled for house hiring shall draw only house rent allowance.

During audit of office of the Secretary Forest and Wildlife Department Karachi, for the financial year 2018-19, it was observed that house rent allowance amounting to Rs1.223 million was paid to employees who were allotted government accommodation.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

13.5.6 Non-recovery of income tax on lease money – Rs16.292 million

According to Section 236A of Income Tax Ordinance, Advance tax at the time of sale by auction (1) Any person making sale by public auction or auction by a tender, of any property or goods (including property or goods confiscated or attached) either belonging to or not belonging to the Government, local Government, any authority, a

company, a foreign association declared to be a company under sub -clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Inland Revenue or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.

(Explanation - For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies, by whatever name called. Division VIII, Advance tax at the time of sale by auction, The rate of collection of tax under section 236A shall be 10% of the gross sale price of any property or goods sold by auction for filers and 15% of the gross sale price of any property or goods sold by auction for non-filers).

During audit of Sindh Forest Department for the financial year 2018-19, it was observed that an amount of Rs16.292 million was not recovered on account of Income Tax on realization of lease money amounting to Rs108.619 million under “C03323-lease rent from temporary cultivation” as per SAP data. Thus, the government sustained loss of Rs 16.292 million due to non-deduction of income tax.

The matter was reported to the department in September 2019. The management replied that the Section 236A Income Tax Ordinance is not applicable to the Agroforestry Lease of Forest lands in which the lessee has to cultivate the forest land for various crops and agriculture is exempted from income tax. However, they have to pay agriculture income tax on the income from cultivation.

The DAC meeting was held on 26-11-2019. The DAC directed the management to refer the matter to FBR for opinion on the above matter. The DAC also directed to intimate the progress to Audit for verification. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directives.

(AIR#7.1)

13.5.7 Outstanding recoveries from contractors - Rs 11.178 million

As per Para 1 of Clauses 81-82 of the West Pakistan Land Revenue Act, 1997, It is the responsibility of the Executive Agency to recover the amount of Government

dues from the persons concerned. Furthermore, As per Para 21 of Conditions of Agro-Forestry lease in the forests of Sindh, In case of belated payment of Government dues, the lease amount should include compound interest at the rate of 10% per annum. The compound interest may be calculated for delay of each month taking 15 days and above as full month.

During audit of the office of Chief Conservator of Forest, Forest Department, Hyderabad, for the Financial Year 2018-19, it was observed that lease money of forest land for Rs11.178 million was outstanding as closing debit balance as on 30-06-2019 against various contractors/lessee for many years, besides, 10% compound interest amounting to Rs 1.120 million was also not recovered from the contractor/lessee as this amount of interest does not appear in the accounts of forest department. This resulted into outstanding recoverable of Rs11.178 million from the contractors.

The matter was reported to the department in September 2019. The management clarified that the outstanding recoveries pointed out in audit observation are decades old pertaining to the late 60s onward. They added that a summary for write off of irrecoverable amount has already been moved by their department.

The DAC meeting was held on 26-11-2019. The DAC directed the management to submit the progress in this regard to audit for verification. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#7.2)

13.5.8 Un-authorized retention of funds in DDO account – Rs8.182 million

According to Rule-290 of Treasury Rules, Volume-I, “No money shall be drawn from the treasury unless it is not required for immediate disbursement. Further, it is not permissible to draw money from the treasury in anticipation of demand or to prevent lapses of budget grant”. Further, As per Rule-13 of General Financial Rules, Volume-I, “every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During audit of the office of Conservator Wildlife, Karachi for the Financial Year 2017-18, it was observed that an amount of Rs8.182 million was lying in DDO account till close of the financial year. Thus, blocking government money in DDO account prevented Government from utilizing the same where it was needed.

The matter was reported to the management in January 2019. The DAC meeting was held on 1st October 2019. The management clarified that the amount was revolving revenue which was realized from trophy hunting and the DDO was out of station. Hence, same amount could not be utilized.

DAC directed to issue displeasure to the DDO under intimation to the Audit within fifteen (15) days and inquiry may be initiated against person(s) at fault.

Audit requires compliance of DAC directive.

(AIR#01)

13.5.9 Irregular withdrawal of funds from DDO account – Rs8.049 million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy”.

During audit of following offices of the Forest and Wildlife Department for the Financial Years 2017-18 & 2018-19, it was observed that an amount of Rs8.049 million was withdrawn without supporting documents. Further, the payment was made from DDO account instead of direct crediting into the vendor account.

(Rs. in million)

Sr. #	Name of office	Particulars	Financial Year	AIR Para #	Amount
1	Chief Conservator Forest, Hyderabad	Cash payment by DDO instead direct payment to vendor	2018-19	3.2	5.860
2	Deputy Conservator, Wildlife, Mirpurkhas	Withdrawal of funds from DDO account	2017-18	01	2.189
Total					8.049

The matter was reported to the management in November 2018 to September 2019, The DAC meeting at serial no. 01 was held on 26-11-2019. The management clarified that the Labour Jamadar does not mean a contractor hired by Forest Department, instead the workers themselves select a notable worker among them as

their Jamadar; therefore, the disbursement of wages in cash is made by Range Forest Officer in exercise of Para 2.5(i) of the West Pakistan Forest Manual Volume-II.

With regard to the audit observation regarding hiring of private individual and non-entry into contract agreement for maintenance work, the management clarified that persons so hired were not contractors but they were daily wages labours and the relevant RFO disbursed the wages in cash by observing the procedure. The management failed to comply with DAC directives till finalization of this report.

The DAC at serial no.02 was held on 1st October 2019. The management clarified that since vouchers were in large quantity (of 07 years) hence are not attached and shall be produced in original at the time of DAC/verification. DAC directed management to resubmit its reply and provide all supporting documents related to payment to the Audit for verification. However, no progress was made till finalization of this report.

Audit requires compliance with DAC directive.

13.5.10 Unaccounted receipts in the appropriation account – Rs29.778 million

As per Para 2.3.2.2 of APPM on Accuracy, the information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omissions. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period.

During audit of Sindh Forest Department for the financial year 2018-19, it was observed that an amount of Rs29.778 million was short reported in appropriation account. The actual receipts as per reconciliation statement of payment and receipt amount was Rs154.250 million, whereas in appropriation account an amount Rs124.471 million was reported (details as under).

(Amount in Rupees)

Month	Receipt as par reconciliation statement of payment and receipt statement	Receipt reported in appropriation account	Difference
July	70,011,446	124,471,714	29,778,858
August	2,404,372		
September	6,091,910		
October	9,323,636		
November	17,220,844		

(Amount in Rupees)

Month	Receipt as per reconciliation statement of payment and receipt statement	Receipt reported in appropriation account	Difference
December	3,665,447		
January	16,606,735		
February	4,392,732		
March	6,285,548		
April	17,227,444		
May	64,028		
June	956,430		
Total	154,250,572	124,471,714	29,778,858

The lapse on the part of the department indicates improper watch and absence of internal controls.

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management clarified that demand draft received during the month of July 2019 with monthly cash account of June 2019, therefore, these challans were deposited in SBP in July 2019. Audit pointed out that the audit observation in this regard indicates month-wise receipt as per reconciliation statement wherein the reconciled receipt for the month of June 2019 was only Rs0.956 million whereas the difference was Rs29.779 million.

The DAC directed the management to look into the matter and submit a revised reply providing factual position to Audit for verification within 02 weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#2.5)

13.5.11 Unauthorized transfer of funds from PLA to avoid lapse of money - Rs2.079 million

As per clause 10.4.5.2 of APPM, where assignment or personal ledger accounts are in operation, subsequent releases of funds will not be made until all expenditures relating to previous releases have been accounted for and reconciled with the AG/AGPR.

During audit of Sindh Forest Department for the financial year 2018-19, it was observed in the office of DFO Guddu Barrage Afforestation Division Mirpur Mathelo that the funds of the PLA accounts at the end of last financial year were transferred and

kept as EMD in the Forest Account and subsequently on the start of this financial year the same amount of balance from previous year and the revenue for the current month were again transferred in the PLA account vide cheque No.126724 dated 20-07-2018 as shown in the attached challan.

The matter was reported to the Department in September 2019. The DAC meeting was held on 26-11-2019. The management clarified that the amount of Rs2.079 million pointed out in the audit observation was kept due to valid reasons and the record in this regard for justification of retaining the same amount is available.

The DAC directed the management to produce record to audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#2.6)

13.5.12 Non-furnishing details of procurement of store items - Rs203.635 million

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

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

During audit of the office of Chief Conservator of Forest, Forest Department, Hyderabad, for the Financial Year 2018-19, it was observed that the Annexure-E of Appropriation Account indicated that closing balance as on 30-06-2019 in respect of various items of stores was Rs203.635 million but no details about the same stores were furnished to audit.

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management clarified that the details in support of closing balance of store items as on 30th June, 2019 is available on record. Audit pointed out the management in its working paper placed before the DAC has mentioned three major heads as break-up of the store account; however, it should be supported with a detailed break up of each item with identification of location.

The DAC directed the management to produce record to audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#3.1)

13.5.13 Non-adjustment of advances by RFOs – Rs10.493 million

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

During audit of Chief Conservator, Forest, Hyderabad for the financial year 2017-18, in the office of the DFO Afforestation Hyderabad, it was noticed that an amount of Rs12.852 million was given as advances to various officials / RFOs against which, adjustment vouchers amounting to Rs2.359 million were available where as an amount Rs10.493 million (detailed below) was still pending towards them and adjustment vouchers were still awaited from them. However, the accounts for the month of December 2018 were not produced.

(Amount in Rupees)

Official / RFO	OM #	Period	As per summary	As per bills	Difference
Head Clerk Afforestation Division Hyd	43	For the year 2018-19 except for the month of December 2018	2,027,742	1,110,378	917,364
RFO Hala- Mr.GhulamHussainMalkano			1,137,100	163,776	973,762
RFO Hala- Mr.KhalidMahar			1,811,000	777,575	1,033,425
RFO (A) range Saeedabad- Mr.GhulamHussainMalkano			1,711,500	88,029	1,623,471
RFO (A) Range Miani Khatthar – Bakhat Hussain			3,414,848	219,551	3,195,297
RFOs Mr.Ali Akbar Memon & Mr.Fida Hussain Guggo	70		2,750,000	00	2,750,000
Total			12,852,190	2,359,309	10,493,319

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management clarified that the advances pointed

out in audit observations have been fully adjusted and the record of the expenditure in this regard is available which can be verified.

The DAC directed the management to produce record to audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#4.19)

13.5.14 Unjustified expenditure on Conference & Seminars – Rs3.000 million

As per Para No.6.2.5- Community Mobilization and Incentive Program of PC-I pertaining to ADP Scheme -3461“Possible Role of Mangroves in cubing Sea Intrusion in Indus Delta” – The Project proposes a sizeable community development program. This includes engaging local community in the field activities (Flood effecties of the lower Indus would be given priority for inclusion, the foreseen requirement for field work in the area averages between 500 persons with highest number reaching up to 3000 persons in the peak season building their capacities to adopt diversified livelihood initiatives, awareness, rising of the community using traditional festivals on the day of national and international importance, establishing community based plantation maintenance mechanisms. Several initiatives will be taken including introduction of apiculture (Honey Bee keeping) aquaculture and energy efficient stoves at household level.

During audit of Chief Conservator, Forest, Hyderabad for the financial year 2018-19, in the office of the DFO Afforestation Hyderabad, it was noticed that as per Appendix-II of PC- I an expenditure of Rs2.000 million was to be incurred on Community Mobilization and Incentive based Activities around 50 coastal villages, but it was noted from the SAP Data that an expenditure of Rs3.000 million was incurred under the head Conference & Seminars by making heavy payments to a general supplier and RFO who were supposed to carry out above mentioned activities. But progress in this regard was not made available to Audit. In addition, the expenditure crossed the limit of PC-I estimate by Rs1.000 million which needs to be justified.

(Amount in Rupees)

Sr. #	Cheque No./Date	Name of Payee	Amount	Cost as per PC-I	Excess Over PC-I
01	129621/23.05.19	M/s Services & Environment	1,500,000	2,000,000	1,000,000
02	129624/23.05.19	Mr.Azizullah- RFO-Karachi	1,500,000		
Total			3,000,000	2,000,000	1,000,000

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management replied that the expenditure was not incurred in respect of conference and seminar, instead it was incurred on awareness / capacity building of communities living in and around the coastal areas. They added that the expenditure pertains to DFO Coastal Forest Division Karachi and not related with DFO Afforestation Division Hyderabad. They further added that the record of expenditure incurred on this account and progress report are available which can be verified. As regards excess expenditure compared to PC-I they added that it was a running project and necessary adjustment will be made in the subsequent year.

The DAC directed the management to produce record to audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive and necessary revision of PC-I.

(AIR#5.2)

13.5.15 Un-justified retention of leased money as Forest remittance / EMD - Rs6.734 million

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 contribute to the losses by his own action or negligence.

During audit of Sindh Forest Department for the financial year 2018-19, it was observed that in various divisions an amount of Rs 6.734 million of leased money was kept in the account forest remittance/EMD i.e G-10402 head of account and the same was not realized as revenue into the relevant head of account i.e., G-11217. This indicates negligence on the part of the department.

This resulted into unjustified retention of leased money as EMD and also loss to government in the shape of non-realization of revenue.

The matter was reported to the department in September 2019. The DAC meeting was held on 26-11-2019. The management replied that only lease money is retained in Earnest Money Deposit (EMD) account as a liability wherein the matter is subjudice or the sanction is awaited due to certain reasons. They added that immediately upon finalization of court cases/issuance of sanctions, the retained amount is transferred to revenue account. They further added that the relevant record in this regard is available.

The DAC directed the management to produce record to Audit for verification within two weeks. However, no progress was made till finalization of this report.

Audit requires compliance of DAC directive.

(AIR#6.3)

CHAPTER-14

HEALTH DEPARTMENT

14.1 Introduction

The main functions of the department under the Sindh Government Rules of Business, 1986 are:

1. To control medical drugs and dangerous drugs (Drugs Act & Rules),
2. To manage medical education, including medical schools, colleges, institutions for dentistry and medical social welfare projects,
3. Regulation of medical and other professional qualifications and standards; medical registration, including medical council; indigenous system of medicines; medical attendance on government servants; and levy of fee,
4. Pharmacy and nursing councils,
5. Prevention and control of infectious and contagious diseases; like tuberculosis, malaria, rabies, etc., Safety from adulteration of food stuffs and acquiring nutrition; vaccination and inoculation; and maternity and child welfare and primary health.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	112	72	37,981.578	-
2	Assignment Accounts (excluding FAP)	10	3	438.180	
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	2	1	983.296	

14.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
114,724.018	5,198.936	22,227.546	(22,227.546)	(10,899.643)	109,023.311	99,817.303	(9,206.008)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs9,206.008 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
350.000	350.000	177.040	- 172.960

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs172.960 million was observed.

14.3 Classified Summary of Audit Observations

Audit observations amounting to Rs40,098.561 million were raised as a result of this audit. This amount also includes recoverables of Rs660.666 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	5,985.538
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	568.411
B	<i>Procurement related irregularities</i>	27,119.716
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	6,424.896

14.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 29.87%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	21	11	11	0	100	
2	1998-99	16	11	0	11	-	
3	1999-2000	23	3	0	3	-	
4	2001-02	13	11	7	4	-	
5	2004-05	36	36	19	17	52.8	
6	2005-06	25	19	5	14	26.3	
7	2006-07	8	5	0	5	-	
8	2007-08	14	3	0	3	-	
9	2008-09	13	7	0	7	-	
10	2009-10	11	9	4	5	44.4	
11	2010-11	20	20	0	20	-	
12	2014-15	21	19	0	19	-	
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		221	154	46	108	29.87	

14.5 Audit Paras

14.5.1 Non-production of auditable record – Rs 5,985.538 million

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

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

During audit of the various offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, the auditable record of Rs5,985.538 million was not produced to audit for scrutiny despite various reminders. In absence of the relevant record, authenticity of expenditure could not be ascertained by audit. The details are given at **Annex-1** of Chapter-14.

The matter was reported to the department from October 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for audit scrutiny besides fixing of responsibility against the person(s) at fault.

14.5.2 Unjustified and unauthorized payment of salary – Rs23.602 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, "Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence".

During audit of the following offices of Health Department, Government of Sindh for the year 2018-19, it was observed that payment of Rs23.602 was made to various doctors whose services were either terminated or who were declared absconders. Details are given as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
01	Principal, SBB Medical College, Lyari	2018-19	08	Terminated due to absconding from service	17.610
02	DHO, Hyderabad	2018-19	01	Did not join duty after training	5.413
03	DHO, West Karachi	2018-19	12	Did not return after Ex-Pakistan Leave	0.579
Total					23.602

The matter was reported to the management in July to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.3 Irregular payment of salary to employees on detailment – Rs3.745 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post was sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of the office of the DHO Korangi, Karachi for the year 2018-19, it was observed that an expenditure of Rs3.745 million was incurred on account of payment of pay and allowances to employees appointed/working against the various

posts on detailment basis to other departments in disregard to government instructions and court orders. Details are given as under;

(Rs. in million)

Sr. #	Name of employee	Designation	Original posting	Present palace working	Pay p/m	Total
01	Dr. HussainHashim	Sr. Medical Officer	25 Bedded Hospital Malir Shed Karachi	Karachi Bar Association	93428 X 12	1,121,136
02	AneelaHussainShaikh	Sr. Women Medical Officer	25 Bedded Hospital Malir Shed Karachi	Karachi Bar Association	142700 X 12	1,712,400
03	Dr. Ishfaq Hussain Memon	Medical Officer	25 Bedded Hospital Malir Shed Karachi	EPI office	75938 X 12	911,256
Total						3,744,792

The matter was reported to the in September 2019 but reply is still awaited.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires cancellation of detailment orders besides fixing of responsibility on the person(s) at fault.

(AIR#15)

14.5.4 Mis-procurement of various items – Rs24,882.196 million

As per rule-42 Sindh Public Procurement Rules2010 read with Rule 2 (x) “All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents”. Rules,1(x) “Mis-procurement means public procurement in contravention of any provision of Sindh public Procurement Act, 2010, any rule, regulation, order or instruction made there under or any other law 1n respect thereof, or relating to, public procurement” Rule 48 states that “if single bidder participates for the bidding process, the rates will be compared with market rates or last awarded contract”.

During audit of the various offices of Health Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs24,882.196 million was incurred on purchase of drugs, medicines and equipment. Multiple irregularities such as purchases made without constituting procurement committee, redressal committee, defective competition etc were observed. The details are given at **Annex-2** of Chapter-14.

The matter was reported to the management up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.5 Unauthorized payments to the contractors without execution of agreement – Rs1,549.422 million

Rule-159 (a) of Sindh Financial Rules, volume-I, “the work or supply costing not less than Rs 100 a contract should be made on a written agreement, duly stamped and registered, so that it can be maintained in a court of law in the event of dispute”.

During audit of the various offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs1,549.422 million was incurred on purchase of medicines and oxygen gas through tendering. The payment was made to contractors without execution of contract agreement by the competent authority. The details are given at **Annex-3** of Chapter-14.

The matter was reported to the department up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.6 Non-invitation of open tenders - Rs469.119 million

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

During audit of the various offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19 it was observed that expenditure of Rs469.119 million was incurred on account of purchase of various items without inviting open tenders. The details are given at **Annex-4** of Chapter-14.

The matter was reported to the department up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularisation of expenditure besides fixing of responsibility on the person(s) at fault.

14.5.7 Splitting up of expenditure to avoid tendering – Rs149.100 million

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

During audit of the various offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs149.100 million was incurred on supply of various items through splitting of sanction orders to avoid open tenders. The details are given at **Annex-5** of Chapter-14.

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

The matter was reported to the department from January to November 2019. The management at S.# 14 replied without any supporting evidence, which is not tenable, remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.8 Non-obtaining performance security /security deposit – Rs63.972 million

As per Rule-39 of Sindh Public Procurement Rules 2010, “Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

During audit of the various offices of Health Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that performance security amounting to Rs63.972 million was not obtained from contractors in violation of above rule. The details are given at **Annex-6** of Chapter-14.

The matter was reported to the management from January to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.9 Payment of inadmissible allowances – Rs541.064 million

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

During audit of the various offices of Health Department, Government of Sindh, Karachi, for the financial year 2017-18 and 2018-19 it was observed that an amount of Rs541.064 million was paid to the officers & staff on account of various allowances which were not admissible. The details are given at **Annex-7** of Chapter-14.

The matter was reported to the management from November 2018 to November 2019. The management at S.# 30 of (Annex-7) replied for Para # 02 to 08 without any supporting evidence, which is not tenable, remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.10 Non-imposition of liquidated damages – Rs256.404 million

According to the Clause-2 Liquidated Damages of agreement, the contractor shall pay liquidated damages to the Agency at the rate per day stated in the bidding data for each day that the completion date is later than the intended completion date; the amount of liquidated damage paid by the contractor to the agency shall not exceed 10 per cent of the contract price. Agency may deduct liquidated damages from payments due to the contractor. Payment of liquidated damages does not affect the contractor's liabilities.

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that works worth Rs2,565 million were awarded to the contractors, which were required to be completed within the stipulated time period. The contractors failed to complete the works within time, but the liquidated damages of Rs256.404 million were not imposed on the contractors. Details are given as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Project Director, Establishment of Medical Colleges in Sindh, Karachi	2017-18	1	137.895
		2018-19	6	99.729
2	MS Liaquat University Hospital, Hyderabad	2017-18	17	14.78
3	Chief Executive officer Sindh Health Care Commission	2018-19	5	2.943
4	DHO Korangi	2018-19	6	0.229
5	MS Urban Health Center 5C-3, Karachi	2017-18	7	0.356
6	MS Taluka / Civil Hospital Matiari	2018-19	9	0.236
7	MS Taluka / Civil Hospital Tando Adam	2017-18	10	0.126
8	Project Director, Establishment of Ghulam Muhammad Mahar Medical College, Sukkur	2017-18	5	0.110
Total				256.404

The matter was reported to department from October 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.11 Non-deduction of sales tax – Rs59.018 million

As per Section 3(1) of the Sales Tax Act, 1990 “There shall be charged, levied and paid a tax known as sales tax @ 16% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) ibid “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

During audit of the following offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that Sales tax amounting to Rs59.018 million was not deducted at applicable rates from un-registered suppliers causing loss to the government. Details are given as below;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	MS Liaquat University Hospital, Hyderabad	2017-18	14	10.370
2	DHO, Sujawal	2018-19	6	0.126
3	Principal, SBB Medical College, Lyari	2018-19	4	0.155
4	DHO, Nausheroferoze	2018-19	6	0.131
5	DHO, Central Karachi	2018-19	18	0.389
6	Principal, Khairpur Medical College, Khairpur	2017-18	5	2.283
7	Project Director, Establishment of Medical Colleges in Sindh, Karachi	2017-18	4	27.579
		2018-19	7	5.485
8	Provincial Coordinator, Sindh Lady Health Workers Program, Hyderabad	2018-19	3	10.539
9	DHO, Korangi Karachi	2018-19	13	0.501
10	MS Civil Hospital, Sanghar	2018-19	7	1.000
11	DHO, Badin	2018-19	11	0.460
Total				59.018

The matter was reported to the department up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.12 Un-authorized retention of government vehicles by ex-officers/Minister -Rs19.200 million

According to Rule-88 of Sindh Financial Rules, Volume-I, "Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise spending his own money, and public money should not be utilized for the benefit of a particular person or community".

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that following vehicles were in custody of ex-officers/Minister but the management did not take any step for

recovery of the vehicles resulting in a potential loss of Rs19.200 million to government (details given below).

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Vehicle	Retention by	Amount
1	Secretary Health Department	2018-19	40	As per statement attached	Ex-Officials	13.000
2	Program Manager, Hepatitis Prevention & Control Program (Chief Minister's Initiative) Hyderabad	2017-18	30	Toyota Corolla GS-9972	Ex-Minister Health Dr. Sagheer Ahmed	4.000
				Cultus VXR GS0571	Ex-Minister Health	
				Jimmny AR 2012	Ex-Program Manager Dr. Majeed Chutto	
3	Principal Shaheed Benazir Bhutto Medical College, Lyari Karachi	2018-19	11	Suzuki Cultus Cars GS-292-B Model 2010-11	former Principal Professor Shoaib Gangat	2.200
				GSD-054 Model 2015-16		
Total						19.200

The matter was reported to the department up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.13 Non-deduction of Sindh sales tax on services – Rs17.391 million

As per Chief Minister Instructions vide letter No. DS (Staff)/CMS/12/01/2012 dated 29.11.2012 wherein all Administrative Secretaries and their respective DDOs/Officers of all institutions/departments to comply with provision of SST Special Procedure (Withholding Rule, 2011) which states that the accounting office responsible for making payment shall deduct and withhold the tax amount and shall transfer the same amount to Sindh Government's head of account "B-02384"---Sindh Sales Tax on Services".

During audit of the following offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs17.391 million was not deducted on account of Sindh Sales Tax on services. Details are given as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Director, Malaria Control Program Sindh, Hyderabad	2017-18	5	13.522
			6	0.056
2	Program Manager, Enhanced HIV/Aids Control Program Sindh, Karachi	2017-18	8	1.148
3	Program Manager, Hepatitis Prevention & Control Program, Hyderabad	2017-18	12	0.828
4	DHO, Larkana	2017-18	5	0.758
5	Project Director, Establishment of Ghulam Muhammad Mahar Medical College, Sukkur	2017-18	10	0.313
6	Program Manager, Prevention & Control Program Dengue in Sindh, Karachi	2017-18	9	0.163
7	Secretary, Health Department, Government of Sindh, Karachi	2018-19	31	0.113
8	MS Taluka Hospital, Mehar	2017-18	1	0.490
Total				17.391

The matter was reported to the management up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.14 Non-deduction of income tax – Rs14.610 million

According to letter No. ACIR/unit-05/WHT Zone/RTO-III/KHI/2014/178 dated 31-07-2015 regarding changes in rates of deduction under various sections of Income Tax Ordinance 2001 for the tax year 2015 for “Filer” & “Non-Filer” are payable against the rules as follows:

Description		Tax rates	
		Filer	Non-filer
Sales of Goods Section 153 (1) a			
1.	Companies	4%	6%
2.	Other than companies	4.5%	6.5%
Supply of services Section 153 (1) b			
1.	Companies	8%	12%
2.	Other than companies	10%	15%
Contract payments to residents' section 153 (1) c			
1.	Companies	7%	10%
2.	Other than companies	7.5	10%
Brokerage & Commission Section 233			
1.	Advertisement agencies	10%	15%
2.	Other cases	12%	15%

During audit of the various offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs14.610 million was not deducted at source on account of income tax @ prevailing rates on purchase of furniture and machinery of Rs14.610 million.

Thus, the Government sustained a loss due to non-recovery of income tax. The details are given at **Annex-8** of Chapter-14.

The matter was reported to the department up to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.15 Non-recovery of Stipend from CMWs - Rs11.250 million

According to TORs of a newly recruited (Community Mid Wife) CMW;

1. She will be paid stipend at the rate of Rs5,000/- per month for 24 months with effect from date of joining.
2. She will fill a bond agreement according to approved format on judicial stamp paper, to establish working station in her catchment population after

successful completion of the training. In case she discontinues the training, she will refund the amount to Government spent on her training.

During audit of the office of the Program Director, Maternal, Neonatal & Child Health Program Sindh, Karachi for the financial year 2018-19; it was observed that government sustained loss amounting to Rs11,250,000/- on account of payments of monthly stipend to CMWs (Rs5,000/-per CMW per month). Out of total CMWs selected for training, 108 CMWs discontinued their training resulting in loss to government. The amount spent on the training of those CMWs who discontinued their training and did not appear in exam was not recovered. (Detail is as below):

(Amount in Rupees)

Sr. #	Batch #.	No. CMWs selected	No. of CMWs appeared	No of CMWs who Discontinued their training	Recovery due from discontinued trainees (CMWs)
01	IX (18 Months Training)	556	499	57	5,130,000
02	X (24 Months Training)	514	463	51	6,120,000
Total					11,250,000

The matter was pointed out to the management in the month of September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

14.5.16 Non-recovery of outstanding dues – Rs7.154 million

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

During the audit of the following offices of Health Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that various recoveries were outstanding against the departments/officers/individuals of Rs7.154

million. However, no effort was taken to recover the said amount. Details are given below;

(Rs. in million)

Sr. #	Name of office	Financial year	AIR Para #	Particulars	Amount
1	Principal Khairpur Medical College Khairpur	2017-18	14	Rent of canteen	0.960
		2018-19	06	Hostel fee	0.254
2	MS Civil Hospital Naushero Feroze	2018-19	03	Rent of canteen	0.300
3	Civil Surgeon Naushero Feroze	2018-19	05	Electricity charges	5.076
4	MS Civil Hospital, Jacobabad	2018-19	02	Electricity Charges	0.564
Total					7.154

The matter was reported to department from December 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.17 Non-recovery of stamp duty – Rs5.227million

According to Para 22-A of Stamp Act, 1899. “It was the duty of the competent authority to recover the stamp duty and affix the same, while executed of agreement at the rate 0.35 paisa per hundred rupees of the value of the agreement or against tender cost”.

During audit of following offices of Health Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that stamp duty amounting to Rs5.227 million was not recovered against various contract agreements worth Rs1,500 million in violation of rules. Detail is given as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Provincial Coordinator, Sindh Lady Health Workers Program @ Hyderabad	2017-18	3	3.386
		2018-19	10	0.124
2	DHO, Shikarpur	2018-19	6	0.512
3	Chief Executive Officer, Sindh Health Care Commission, Karachi	2017-18	12	0.284
4	Director, Malaria Control Program Sindh, Hyderabad	2017-18	4	0.271
5	MS Sindh Government Hospital, New Karachi	2018-19	13	0.147

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
6	Director, Institute of Skin Diseases Sindh, Hyderabad	2017-18	8	0.135
7	DHO, Khairpur	2017-18	1	0.368
Total				5.227

The matter was reported to the department from December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.18 Non-deposit of revenue into government account – Rs4.839 million

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

During audit of following offices of Health Department, Government of Sindh for the financial year 2017-18, it was observed that an amount of Rs4.839 million was deducted on account of income tax and student's fees, but the same was not deposited into government account.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1.	Principal, Shaheed Mohtarma Benazir Bhutto Medical College, Lyari, Karachi	2017-18	13	4.572
2.	Provincial Program Manager, Enhanced HIV/AIDS Control Program Sindh, Karachi	2017-18	04	0.267
Total				4.839

The matter was reported to the department in December 2018 and January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.19 Unauthorized allotment of government accommodation

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. Further, according to para-11 of Government of Sindh, Finance Department notification # FD(SR-IV)-I (2) /77 dated 13th May, 1977, “5 % recovery from pay is required to be made from the government servants who were provided with government accommodation and no house rent allowance is admissible to them”.

During audit of the following offices of Health Department, Government of Sindh, for the year 2018-19, it was observed that government sustained loss due to allotment of government accommodation to unauthorized residents not drawing their salary from relevant cost centres. As a result house rent allowance and utility charges could not be deducted from their salaries. Further, it was also noted that colony houses were occupied by retired officials and their families since long time, but no effort was made by the management to vacate those houses timely.

Sr. #	Name of office	Financial Year	AIR Para #
1	M.S Civil Hospital, Naushero Feroze	2018-19	05
2	DHO, Central Karachi	2018-19	09

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.20 Double payment on single invoice for purchase of medicine - Rs1.353 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for

any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that payment of Rs1.353 million was paid to the following offices through same vendor on same invoices. Details are given as under;

(Rs. in million)				
Sr.#	Name of office	Financial Year	AIR Para #	Amount
01	MS Taluka/ Civil Hospital, Matiari	2018-19	07	0.455
02	MS / Civil Surgeon, HQ Hospital, Ghotki	2018-19	07	0.455
03	Project Director, Prevention & Control of Blindness Program in Sindh, Karachi	2014-15 to 2017-18	02	0.330
04	DHO, Korangi, Karachi	2018-19	14	0.170
Total				1.353

The matter was reported to the management from November 2018 to September 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.21 Irregular payment through DDO account – Rs1,863.853 million

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

During audit of various offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that an amount of Rs1,863.853 million was paid to DDO instead of direct payment to actual payees. Moreover, audit could not ascertain whether full payment was made to actual payees or not. Thus, the authenticity of the actual expenditure could not be checked. The details are given at **Annex-9** of Chapter-14.

The matter was reported to the department in August 2018 and March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.22 Purchase of medicines without drug test laboratory report – Rs1,391.830 million

As per Sindh Drug Act 2012, “Supplier of Medicines are required to pay the fees at the rate of Rs1,000/- per batch for the drugs to be tested at P.D.L. and pay directly to C.D.L. as per their schedule and are also required to supply an additional quantity of the supplier required for analytical test.”

During audit of various offices of Health Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs1,391.830 million was incurred on account of purchases of medicines from various suppliers but the same were accepted in absence of Drug Testing Laboratory Report. In absence of the said test report, quality and potency of drugs could not be ascertained. The details are given at **Annex-10** of Chapter-14.

The matter was reported to the management from December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter for fixing of responsibility on the person(s) at fault.

14.5.23 Irregular expenditure on purchase of medicines and equipment without inspection report – Rs1,239.394 million

According to Rules 57 (1) of Sindh Public Procurement 2010, “Except for defect liability or maintenance by supplier, consultant for contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the

issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit”.

During audit of various offices of Health Department, Government of Sindh, for the financial year 2017-18-2018-19, it was observed that an expenditure of Rs1,239.394 million was incurred on purchase of medicines and equipment. However, in disregard to above regulation inspection reports by procuring committee were not provided to audit for verification. The details are given at **Annex-11** of Chapter-14.

The matter was reported to the management from December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation of the matter for fixing of responsibility on the person(s) at fault.

14.5.24 Non-achievement of targets as per PC-I - Rs1,088.843 million

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

During audit of the following offices of Health Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that expenditure of Rs1,088.843 million was incurred on the following projects. However, non - achievement of targets was noticed vis-à-vis targets set in. Details are given below;

(Rs. in million)

Sr. #	Name of office	Financial year	Date of Completion	Status	AIR Para #	Amount
01	Director, TB Control, Hyderabad	2018-19	June 2015	Incomplete	04	921.890
02	Project Director, prevention & control of Blindness programme in Sindh	2014-15 to 2017-18	June 2014	Incomplete	05	166.953
Total						1,088.843

The matter was reported to the management in the month of September 2019 and October 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.25 Excess expenditure on purchase of medicines on higher rates - Rs134.304 million

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

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18, it was observed that an excess expenditure of Rs134.304 million was incurred on purchase of medicines on higher rates. Details given below:

(Rs. in million)

Sr. #	Name of office	AIR Para #	Name of medicine	Market Rate	Purchased at Rate	Excess/Over priced amount
1.	Program Manager, Hepatitis Prevention &	09	Tab. Sofosbuir 400 mg	107.671	239.406	131.735
		10	Tab. Endeavor 0.5 mg	32.362	33.839	1.477

(Rs. in million)						
Sr. #	Name of office	AIR Para #	Name of medicine	Market Rate	Purchased at Rate	Excess/Over priced amount
	Control Program (CM Initiative), Hyderabad	08	Tab. Regulated interferon Alfa 2a 180 mcg 40 kDa	94.214	93.262	0.952
2.	MS Urban Health Center 5C-3, Karachi	09	Auto disposable syringe 5ml	4.000	5.400	0.140
Total						134.304

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.26 Un-authorized cash withdrawal from DDO bank account – Rs78.357 million

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

During audit of the various offices of Health Department, Government of Sindh, for the years 2017-18 and 2018-19, it was observed that cash withdrawal of Rs78.357 million was made from the DDO Bank account instead of issuing cross cheques in favour of payees. Therefore, the transactions appear as un-authorized and doubtful. The details are given at **Annex-12** of Chapter-14.

The matter was reported to the management up to the November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.27 Wasteful expenditure due to non-utilization of assets - Rs41.788 million

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

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18 and 2018-19, it was observed that assets worth Rs41.788 were not utilized and remained non-functional for long. Thus, government sustained loss of Rs41.788 million due to non-utilization of assets.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1.	Director, Jacobabad Institute of Medical Sciences (JIMS), Jacobabad	2017-18	02	Dialysis machines& RO system	15.645
2.	Director, Jacobabad Institute of Medical Sciences (JIMS), Jacobabad	2017-18	05	X-ray machine for emergency unit	10.900
3.	MS Sindh Govt Lyari General Hospital, Karachi	2017-18	11	Medical Gas System	9.793
4.	MS Liaquat University Hospital, Hyderabad	2017-18	03	Six Dialysis machines	5.450
5.	MS Taluka Hospital, Johi	2017-18	10	Various assets of Trauma center	-
6.	MS Taluka Hospital, Tando Adam	2017-18	12	Generator for Trauma Center	-
		2017-18	22	Coronary Care Unit	-
7.	RBUT, Civil Hospital, Shikarpur	2018-19	03	Non-Utilization of Medical Equipment	0
Total					41.788

The matter was reported to the department in December 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for non-utilization of medical equipments besides fixing of responsibility on the person(s) at fault.

14.5.28 Excess execution of items of work – Rs36.767 million

According to clause 38 of the contract agreement, quantities shown in the tender are approximate and no limit shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of the office of Project Director, Establishment of Medical Colleges in Sindh, Health Department, Government of Sindh, Karachi for the financial year 2017-18 & 2018-19, it was observed that an excess payment of Rs36.767 million was made to the contractor on account of excess execution of items of work in violation of above rule. Details are given as under;

(Rs. in million)			
Sr.#	Financial Year	AIR Para #	Amount
1	2017-18	02	22.200
2	2018-19	11	14.567
Total			36.767

The matter was reported to the department in December 2018 to September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.29 Irregular purchase of medicine in packing without government logo - Rs32.969 million

As per clause 12.2 of contract document, “You are required to supply the medicines in special green color (flag color) packing meant for Government as per

Presidential directives, and print “Sindh Govt. Property Not for Sale” in Urdu & Sindhi on the outer side as well as inner packing.

During audit of the following offices of Health Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that expenditure amounting to Rs32.969 million was incurred on purchase of medicines. However, the supplied medicine did not contain special green color (flag color) packing meant for Government as per Presidential directives, and printed as “Sindh Govt. Property not for Sale” in Urdu & Sindhi on the outer side as well as inner packing, in violation of rules.

(Rs. in million)				
Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	DHO, Sujawal	2018-19	12	13.732
2	Director, Malaria Control Program, Sindh Hyderabad	2017-18	13	6.006
3	DHO Sukkur	2018-19	06	2.863
4	DHO Badin	2018-19	09	0.971
			07	0.501
5	DHO Ghotki	2018-19	05	1.816
6	DHO Sanghar	2018-19	02	2.722
7	MS Civil Surgeon Head Quarter Hospital Ghotki	2018-19	10	2.210
8	MS Sindh Government Hospital Korangi-5 Karachi	2018-19	12	2.148
Total				32.969

The matter was reported to the management from November 2018 to the September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.30 Irregular payment without compaction test report - Rs21.106 million

According to ASTM (American Society for Testing and Materials) D1557-12 standard Test Methods for Laboratory Compaction Characteristics of Soil Using Modified Effort, the earth work made with the loose earth ought to be compacted and

test should be conducted for such a compaction to measure the degree of compaction required for the work.

During audit of the office of Project Director, Establishment of Medical Colleges in Sindh, Health Department, Government of Sindh, Karachi for the financial year 2017-18, it was observed that an amount of Rs21.106 million was paid for earth work but compaction test report was not obtained.

The matter was pointed out to department in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation for fixing responsibility on the person(s) at fault.
(AIR#05)

14.5.31 Less recording of items in stock register – Rs20.194 million

Rule 113 of Sindh Financial Rules Volume-I states: “All materials received should be examined, counted, measured as the case may be when delivery is taken and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in the appropriate Stock Register”.

During audit of the following office of Health Department, Government of Sindh, for the year 2017-18, it was observed that expenditure amounting to Rs20.194 million was incurred on account of purchase of genotype kits and medicines. However, same were recorded less in stock register as compare to the payment made.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Name of item	Number of items Ordered	Number of items received	Amount
1	Program Manager, Hepatitis Prevention & Control Program (CM Initiative), Hyderabad	2017-18	01	HCV RNA PCR Kits	299	216	19.422
			02	HCV Genotype kits	8	7	0.480

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Name of item	Number of items Ordered	Number of items received	Amount
2	MS Taluka Hospital, Tando Adam	2017-18	5	Medicines	16800	2500	0.292
Total							20.194

The matter was reported to the management in August and December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.32 Excess expenditure over and above PC-I – Rs13.890 million

According to Paragraph # 1.50 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-I is the basic form on which all projects/schemes are required to be drawn up”.

During audit of the offices of Provincial Program Manager, Enhanced HIV /AIDS Control Program Sindh, Karachi for the year 2017-18, it was observed that an excess expenditure of Rs13.890 million was incurred over and above the provision in PC-I.

(Rs. in million)

Head of account	PC-I Allocation	Expenditure	Excess
Physical assets	34.110	48.000	13.890

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

14.5.33 Irregular purchase of medicines with short shelf life - Rs8.483 million

As per para (3) of the directives of Health Department vide no. SO (PM&I)2-1/2018-19/CPC(Main) dated: 14-12-2018 “the date of manufacturing of the Drugs and Medicines Expiry thereof batches number must be printed in Red on labels of bottles/containers/packages/vials/ampoules/bags etc. The shelf life for National Manufacturer’s and imported Drugs/Medicines & allied items should be not in any case less than 70% at the time of supply/receipt.

During audit of the following offices of Health Department, Government of Sindh, for the year 2018-19, it was observed that an amount of Rs8.483 million was paid to various suppliers on account of purchase of medicines. However, the medicines purchased were having shelf life less than 70 % at the time of supply /receipt in violation of rules.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
01	DHO, Sukkur	2018-19	02	1.163
02	RBUT, Civil Hospital, Shikarpur	2018-19	05	4.549
03	DHO, Shikarpur	2018-19	02	2.771
Total				8.483

The matter was reported to the department in the July 2019 to November 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

14.5.34 Non-installation of procured lift - Rs7.500 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, states that “every officer should realize fully and clearly that he will be held personally

responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During scrutiny of accounts & record of office of the Director Drug Testing Laboratory Karachi for the Financial Year 2017-18 to 2018-19, it was observed that as per PC-IV an expenditure of Rs7.500 million was incurred against installation of passenger lift under ADP scheme No.454 named “Up-gradation & Strengthening of Drug Testing Laboratory Karachi”. The work was executed by XEN Provincial Building Division-I Karachi. Audit observed that lift was installed.

The matter was reported to the management in the month of September 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

14.5.35 Irregular expenditure on advertisement & publicity - Rs6.572 million

As per standing orders, the cases of advertisement/publicity are required to be forwarded to the Director Information, Information & Archives Department, Government of Sindh.

During audit of the office of Program Manager, Prevention and Control Program Dengue Sindh Karachi, for the year 2017-18, it was observed that an expenditure of Rs6.572 million was incurred on account of advertisement and publicity through advertising firms. It was in disregard to government instructions for advertisement through Information & Archives Department.

The matter was pointed out to the department in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for irregular payment for advertisement & publicity besides fixing responsibility on the person(s) at fault.

(AIR#03)

14.5.36 Irregular expenditure due to misclassification – Rs3.828 million

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

During audit on the accounts of office of the Secretary, Health Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an expenditure of Rs3.828 million was incurred from the head of account “Others Services Rendered” in the closing month of the financial year. The following irregularities were noticed:

- i. Repair & maintenance work was carried out without obtaining NOC from Building division, Works & Services Department.
- ii. The articles worth Rs1.345 million like ACs, tiles, plant Pots, etc. were purchased.

The matter was reported to the management in the month of September 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#10)

14.5.37 Expenditure in excess of approved rates in PC-I – Rs2.036 million

According to PC-I Provision of “Enhanced HIV /AIDS Control Program Sindh”, for purchase of equipment rate was mentioned in each component.

During audit of the offices of Provincial Program Manager, Enhanced HIV /AIDS Control Program Sindh, Karachi for the year 2017-18, it was observed that an excess payment of Rs2.036 million was made to supplier M/S. Hi-Tech Medicos over and above the rate provided in PC-I.

(Amount in Rupees)							
Cheque # date	Name of supplier	Name of item	Quantity	PC-I rate	Rate paid	Rate diff.	Amount
254758 dt. 23-05-2018	Hi-Tech Medicos	HIV Alere determine combo, Japan	80 kits	12,000	34,000	22,000	1,760,000
		HIV Uni gold (Trinity Biotech)	92 kits	14,000	17,000	3,000	276,000
Total							2,036,000

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#07)

14.5.38 Unjustified purchase of excess quantity – Rs1.845 million

According to Rule-16 (e) 1 of Sindh Public Procurement Rules 2010, the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount.

During audit of office of the Provincial Program Manager, Enhanced HIV/AIDS Control Program Sindh, Karachi for the year 2017-18 and 2018-19, it was observed that payment of Rs1.845 million was made to the supplier against excess

quantity supplied over and above the quantity provided in the contract agreement. Details are given as under;

(Rs. in million)

Name of office	Financial Year	AIR Para#	Name of supplier	Contract quantity	Supplied quantity	Excess	Rate	Amount
Provincial Program Manager, Enhanced HIV/AIDS Control Program Sindh, Karachi	2017-18	10	Hi Tech Medicos	5,000	10,000	5,000	29	145,000
P.D Prevention And control Program Dengue in Sindh Karachi	2018-19	03	M/s S.S Marketing	100 spots	200 spots	100	17000	1700,000
Total								1,845,000

The matter was reported to the management from December 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that investigation for fixing responsibility of on the person(s) at fault.

14.5.39 Unjustified advance payment of electricity charges - Rs1.669 million

According to Para 668 of Federal Treasury Rules, "Advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the Officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary".

During audit of the office of Principal, School of Nursing (Male) Jacobabad, for the year 2017-18, it was observed that advance payment of Rs1.669 million was made on account of electricity charges and paid to Revenue Officer SEPCO Jacobabad for electricity bill without meter reading and monthly bill.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for advance payments besides taking remedial measures.

(AIR#02)

14.5.40 Irregular admission beyond quota

According to Rule-88 of Sindh Financial Rules, Volume-I, "Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise spending his own money, and public money should not be utilized for the benefit of a particular person or community".

During audit of the office of Principal, School of Nursing (Male), Landhi, Sindh Government Hospital Korangi No. 5, Karachi for the year 2017-18, authorized quota of the school was 75 admissions per year whereas the school enrolled more than the quota assigned.

Sr. #	Year	Quota	Students enrolled	Excess
1.	2014	75	89	14
2.	2015	75	119	44
Total		150	208	58

The matter was reported to the department in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#08)

CHAPTER – 15

HOME DEPARTMENT

15.1 Introduction

Home Department plays a pivotal role in devising the policy leading towards the maintenance of law and order and internal security of the province.

The departments attached with the Home Department are:

- (i). Police
- (ii). Civil Defence
- (iii). Prisons

Core functions of the department include:

1. All matters relating to eradication, prevention and control of crime,
2. Administration of justice, constitution and organization of courts, except the high courts, civil courts and special tribunals,
3. Procurement of arms, ammunition and military stores,
4. All matters of police establishment and administration,
5. Powers and functions as provided for in the Police Order-2002,
6. Civil Defence and air raid precaution,
7. Compensation for loss of property or life due to civil commotion or while on duty,
8. To collect fines,
9. Civil security schemes,
10. Liaison with civil armed forces, including Pakistan Rangers,
11. Provide evidence and oaths,
12. Extraditing and deportation,
13. Enforcement of provision of Provincial Motor Vehicles Ordinance, 1965, and the rules there under relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control,
14. Liaison with defence authorities,
15. Matters related to public order and internal security,
16. Political intelligence and censorship,
17. Public amusement control over places, performances and exhibitions
18. Preventive detention and administration of press laws except regularity of publication of newspapers, periodicals and magazines,

19. Prosecution in respect of newspapers and other publications,
20. Registration of foreigners,
21. Recovery of missing persons,
22. Smuggling,
23. Daily situation report on crime, political and general situation.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	41	11	5,615.585	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	2	0		

15.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
102,483.169	101.506	16,672.541	(16,672.541)	(12,257.697)	90,326.978	85,250.435	(5,076.543)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs5,076.543 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
2,917.037	2,986.356	2,094.007	- 892.349

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs892.349 million was observed.

15.3 Classified Summary of Audit Observations

Audit observations amounting to Rs6,075.488 million were raised as a result of this audit. This amount also includes recoverables of Rs201.995 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	2,198.204
2	Reported cases of fraud, embezzlement and misappropriation	14.621
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	804.976
B	<i>Procurement related irregularities</i>	2,830.893
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	15.757
5	Others	211.037

15.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 11.0%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	34	12	6	6	-	-
2	1998-99	20	4	0	4	-	-
3	1999-2000	23	11	0	11	-	-
4	2001-02	7	7	2	5	28.6	-
5	2004-05	11	6	2	4	33.3	-
6	2005-06	0	0	0	0	-	No audit para pertaining to this

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
							department was printed in this Audit Report
7	2006-07	12	8	0	8	-	-
8	2007-08	23	16	0	16	-	-
9	2008-09	24	14	0	14	-	-
10	2009-10	25	12	0	12	-	-
11	2010-11	02	0	0	0	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	0	Audit Report not yet discussed
Total		181	90	10	80	11	

15.5 Audit Paras

15.5.1 Non-production of auditable record – Rs2,198.204 million

As per Section- 14 (2) and (3) of the Auditor General’s (Functions, Powers, Terms and Conditions of Service) Ordinance, 2001 states that;

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

During audit of the various offices of Home Department, Government of Sindh, for the financial years 2010-11 to 2018-19, auditable record of Rs2,198.204 million was not produced to audit despite various reminders. In the absence of provision of record, authenticity of expenditure could not be ascertained by Audit. The details are given at **Annex-1** of Chapter-15.

The matter was pointed out to the management during October 2018 to November 2019. The management at Sr. No. 39 replied that record of miscellaneous payments pertains to CPO Welfare Karachi as all funds and sanctioned order issued from CPO Welfare and replied regarding record of POL stated that budget was not utilized. Office at Sr. No. 14 replied that record of pay and allowances record was produced to audit during course of audit. Office at Sr. No. 22 replied that rent of shops and petrol pumps is being collected through crossed cheques and deposited. Moreover, 50% funds utilized and remaining remitted as per direction of CPO Karachi. Cash book and payment register was also available. Office at Sr. 10, 44 & 55 replied that record is available. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for audit scrutiny besides fixing of responsibility on the person(s) at fault.

15.5.2 Irregular cash payment through DDO account – Rs14.621 million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy”.

During audit of the various offices of Home Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs14.621 million was drawn from DDO bank account in cash instead of direct crediting to the payee concerned. Thus, the misuse of public funds could not be ruled out. The details are given at **Annex-2** of Chapter-15.

The irregularity was pointed out to the management during May 2018 to October 2019. The management at Sr. No. 4 replied that AG Sindh issued cheques in favour of DDO, hence payments were made after obtaining acknowledgment receipt. management at Sr. No. 2, 5 & 12 replied that cheques of feeding charges were issued by the CPO in the favour of DDO account, however, payments were made after obtaining proper acknowledgment receipts. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.3 Irregular payment of inadmissible allowances – Rs738.026 million

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

During audit of the various offices of Home Department, Government of Sindh for the financial years 2017-18 & 2018-19, it was observed that an amount of Rs738.026 million was paid to the officers & staff on account of inadmissible allowances. The details are given at **Annex-3** of Chapter-15.

The matter was reported to the management in December 2018 to November 2019. The management at Sr. No. 1, 11, 16, 17, 18, 25, 27, 36, 37, 39, 40, 41, 42, 48, 50 & 51 replied that such allowances were paid to the field staff which were posted/working for that posts and allowances were allowed on completing required documents as per rules, regulations and policies. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery of inadmissible allowances besides fixing of responsibility on person (s) at fault.

15.5.4 Irregular expenditure on salary of officials on detailment – Rs66.950 million

According to instructions contained in letter No.SO-1(S & GAD) 92 dated 26-03-1992 of services and General Administration Department govt. of Sindh that staff should only be posted at places for which posts have been sanctioned and in no case one be allowed to work on detailment basis to places other than their original place of posting, otherwise the post have been abolished under the orders of the Finance Department.

During audit of the following offices of Home Department, Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed that an expenditure of Rs66.950 million was incurred on account of disbursement of pay and allowances to employees working on detailment basis. The details are as under.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Commandant Shaheed Benazir Bhutto Elite PTC Razakabad, Karachi	2018-19	3	13.320
2	SSP Investigation (South-I), Karachi	2018-19	1	12.944
3	Principal PTC, Saeedabad, Karachi	2018-19	1	12.720
4	IG Prison Sindh, Karachi	2017-18	9	11.808
5	Superintendent Juvenile & Women Prison Sukkur	2017-18	2	11.249
6	SSP Investigation (South-II), Karachi	2018-19	4	2.750
7	DIGP, Technical & Transport (T&T), Sindh Karachi	2017-18	5	1.382
8	MS Police Hospital Karachi	2017-18	3	0.777
Total				66.950

The irregularity was pointed out to the management during January 2019 to October 2019. The management at Sr. No. 7 & 8 replied that the lien of officials was fixed by the higher authority. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.5 Irregularities in tendering of works – Rs1,381.895 million

According to Rule 4 of Sindh Public Procurement (SPP) Rules 2010, “Principles of Procurements - While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical”. According to Rule 2 (ii) of SPP Rules 2010, “Value for Money means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements”.

During audit of the following offices of Home Department, Government of Sindh for the year 2017-18, it was observed that an expenditure of Rs1,381.895 million was incurred on execution of works in contravention of several provisions of SPP Rules/Regulations mentioned against each office (as detailed below).

(Rs in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Inspector General of Prison, Sindh Karachi	2017-18	7	Non-advertisement of tenders in leading newspapers as required under Rule 17 (2) of SPP Rules 2010	1,365.477
2	Senior Superintendent Central Prison Sukkur	2017-18	3	Procurement Committee was not constituted prior to award of work as required under Rule 7 of SPP Rules 2010	1.242

(Rs in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
3	DIGP Mirpurkhas	2017-18	8	Tender advertised without adopting procedure as required under Rule 46 of SPPRA 2010	6.949
			9	Non-composition of complaint redressal committee as required under Rule 31 of SPPRA 2010	6.949
4	Superintendent Juvenile & Women Prison Sukkur	2017-18	5	Procurement Committee was not constituted prior to award of work as required under Rule 7 of SPP Rules 2010	0.719
5	MS Police Hospital Karachi	2017-18	8	Award of contract to single bidder without competitive biddings as required under Rule 48 of SPP Rules 2010	0.529
Total					1,381.865

The irregularity was pointed out to the management during September 2018 to February 2019. The management at Sr. No. 3 & 5 replied that all procedures done and according to SPPR awarded and record is available. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.6 Irregular expenditure on feeding charges – Rs1,139.699 million

According to Rule 23 of Sindh Financial Rules Volume-1, as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particulars of the claim.

During audit of the various offices of Home Department, Government of Sindh for the financial years 2017-18 & 2018-19, it was observed that an amount of Rs1,139.699 million was incurred under the head of feeding charges. The details are given at **Annex-4** of Chapter-15. Following irregularities were noticed:

- i. There was no list of officials available who performed emergency duties.
- ii. Deployment order was not produced.
- iii. Menu of food items was not prepared.
- iv. Food Quality Check/Hygienic Assurance Certificate from the Foods & Drugs Department Govt. of Sindh, was not produced.
- v. Feeding charges were deducted from the monthly salaries of officials without obtaining permission from Finance Department/competent authority.

The matter was pointed out to the management during December 2018 to November 2019. The management at Sr. No. 3, 4, 6, 8, 10, 11, 12, 13, 14, 16 & 22 of the Annex replied that expenditure was incurred below the limit of tender, list of police personnel who performed duties are available and payments were made through cross cheque to vender. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.7 Irregular expenditure on repair of buildings – Rs157.964 million

According to Rule 23 of Sindh Financial Rules Volume-1, as a general rule every payment including repayment of money previously logged with Government for whatever purpose must be supported by the voucher setting forth full and clear particulars of the claim.

During audit of the following offices of Home Department, Government of Sindh for the year 2017-18, it was observed that in violation of above quoted rules, an expenditure of Rs157.964 million was incurred on repair of buildings.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	DIG, Training, Karachi	2017-18	4	67.041
2	AIGP, Karachi	2017-18	10	24.107
3	DIG, South Zone, Karachi	2017-18	6	20.000
4	DIGP, Hyderabad	2017-18	8	15.652

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
5	DIGP Shaheed Benazirabad	2017-18	1	9.935
6	Commandant Specialized Commando Training Centre Shaheed Benazirabad	2017-18	2	9.779
7	DIG, West Zone, Karachi	2017-18	8	6.438
8	DIG, East Zone, Karachi	2017-18	2	2.671
9	SSP ACLC, Sindh Karachi	2017-18	1	0.990
10	AIGP, R & D, Inspection & Inquiries Sindh, Karachi	2017-18	2	0.989
11	SSP, Survey Special Branch	2017-18	5	0.362
Total				157.964

Following irregularities were noticed:

- i. Evidence of open competition through tendering was not produced.
- ii. Estimates and technical sanctions were not produced to audit.
- iii. Measurement Books and Completion report was not produced to audit.
- iv. Payment was made through DDO instead of cross cheques to the contractors; and acknowledgement of payments were not produced to audit.
- v. The management carried out the repairs; whereas the work was required to be carried out by Works & Services department.
- vi. NOC from Works & Services department was not obtained.
- vii. Contractors' Registration certificates of Pakistan Engineering Council and FBR were also not provided.

The matter was pointed out to the management during October 2018 to June 2019. The management at Sr. No. 5, 6 & 9 replied that work was awarded through tender and all record is available. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.8 Non-invitation of tenders – Rs74.799 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be

advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules. The advertisement shall appear in at least three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the following offices of Home Department, Government of Sindh, for the Financial Year 2016-17 & 2017-18, it was observed that expenditure of Rs74.799 million was incurred on account of purchase of various items without inviting open tenders. Failure of the management to follow SPPRA Rules resulted in non-achievement of competitive rates, and thus bringing about loss to government exchequer.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	SSP Central Prison Karachi	2016-18	07	70.000
2	Youthful Offender, Industrial School (Bachha Jail), Hyderabad	2017-18	01	2.191
3	SSP Sujawal	2016-17	25	1.200
		2016-17	2	0.925
4	SP, VVIP Security-I, Karachi	2017-18	3	0.285
5	SSP Hyderabad	2017-18	18	0.198
6	DIGP Traffic Licensing & Training Karachi	2017-18	6	-
Total				74.799

The matter was pointed out to the management during November 2018 to June 2019. The management at Sr. No. 2 submitted newspaper cutting of invitation of open tender of Daily Jang and Dawn. However, bidding documents, comparative statement and minutes of meeting was not produced. The management at Sr. No. 6 replied that courier service for delivery of driving licenses was awarded to M/S. TCS through inviting bid and an agreement was executed. The management at Sr. No. 3, & 5 replied that expenditure was incurred within the limit of tender and competency of DDO quarter wise. Reply of the management was not satisfactory as the expenditure was incurred by split up to avoid invitation of open tender. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.9 Irregular expenditure on cost of investigation – Rs38.671 million

According to circular issued by the AIG Finance & welfare the procedure for the expenditure of funds for cost of investigation will be as under

- i. Investigation team will submit detail expenditure bills to their DSP
- ii. DSP will verify the bills and concerned DPO/SSP investigation will validate those bills after re-verification.
- iii. SSP/DPO Investigation sanction will issue the sanction order with a copy to the Regional Police Officer

During audit of the following offices of Home Department, Government of Sindh for the financial year 2016-17 to 2018-19, it was observed that payment of Rs38.671 million was made to various investigating officers on account of cost of investigation, but neither copies of FIR, details of cases and investigating officer's travelling charges were available on record nor were vouchers of stationery items for investigation purpose found attached with the claims.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	SSP, Investigation West-II, Karachi	2017-18	2	9.721
2	SSP Investigation (East-II), Karachi	2018-19	14	7.363
3	SSP Anti Car Lifting Cell, Karachi	2018-19	3	4.326
		2017-18	15	3.957
4	SSP Hyderabad	2017-18	9	4.252
5	SSP Investigation (South-I), Karachi	2018-19	1	3.399
6	SSP Investigation (South-II), Karachi	2018-19	2	2.990
7	SSP Umerkot	2016-18	5	1.078
8	SSP District Central, Karachi including PS)	2018-19	8	0.606
9	SSP, Crime Branch-II, Karachi	2013-18	3	0.415
10	SP Kemari Town, Karachi	2017-18	4	0.251
11	AIGP Forensic Division Karachi	2011-18	9	0.200
12	SSP, Anti Extremism Cell CTD Karachi	2016-18	6	0.113
Total				38.671

The matter was reported to management in November 2018 to November 2019. The management at Sr. No. 4 replied that during investigation of cases IOs have to move from one district to other district and different places and it is not possible through one mobile van which is used mostly for patrolling. That is why IOs had hired other private vehicles. Vouchers are available on record. Office at Sr. No. 3 & 7 replied that all record is with the bills. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.10 Splitting up of expenditure to avoid tenders – Rs24.837 million

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

During audit of the following offices of Home Department, Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed that an expenditure of Rs24.837 million was incurred on supply of various items through splitting up of the sanction orders to avoid open tenders. Non-observance of SPPRA Rules resulted in non-achievement of competitive rates.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	District Officer, Frontier Constabulary Sindh Karachi	2018-19	1	10.116
2	Superintendent, District Prison Malir, Karachi	2013-18	10	3.586
3	SP Anti Violence Crime Cell, Karachi	2017-18	7	2.338
4	Commandant Shaheed Benazir Bhutto Elite Police Training Centre Razakabad, Karachi	2018-19	6	1.819
5	SP, Special Investigation Unit, Karachi	2014-18	4	1.527
6	SP Court Police Karachi	2013-18	1	1.323
7	SSP Sujawal	2017-18	7	1.309
8	Superintendent, Youth Offenders Industrial School, Karachi	2011-18	10	0.946
9	Youthful Offender, Industrial School (Bachha Jail), Hyderabad	2017-18	2	0.850
10	SSP Central Prison Sukkur	2017-18	2	0.342
11	AIGP, Special Branch, Karachi	2012-18	17	0.342
12	SSP, South Karachi	2012-18	13	0.339
Total				24.837

The matter was reported to the management in October 2018 to October 2019. The management at Sr. No. 9 submitted sanction orders, invoices and bills which

indicated expenditure was incurred through-out the year. Management at Sr. No. 10 replied that expenditure was incurred within the competency of DDO and quarter wise. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.11 Irregular procurement of medicines – Rs5.839 million

As per Sindh Drug Act 2012, “Supplier of Medicines are required to pay the fees at the rate of Rs1,000/- per batch for the drugs to be tested at P.D.L. and pay directly to C.D.L. as per their schedule and are also required to supply an additional quantity of the supplier required for analytical test.”

During audit of Police Hospital, Karachi for the financial year 2017-18, it was observed that an amount of Rs5.839 million was paid on account of purchase of medicines without drug testing Laboratory report and specified packing.

The matter was reported to the management in January 2019. The management replied drugs and medicines were inspected and drug testing report will be shown at the time of next audit.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#16&17)

15.5.12 Irregular expenditure on POL/repair of vehicles of non-entitled officers – Rs4.287 million

According to Appendix 18-A (1) SFR volume-I “means should be advised to ensure that every Government officer should realize fully and clearly that he will be

held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Home Department, Government of Sindh for, the financial years 2017-18 to 2018-19, it was observed that expenditure on account of POL & repair of Rs4.287 million was incurred on those vehicles which were not at the disposal of the concerned offices.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	DIGP West Zone Karachi	2017-18	06	POL charges of vehicles which did not pertain to local office	1.652
2	AIGP, Motor Transport Karachi	2013-18	19	POL charges of vehicles which did not pertain to local office	1.254
3	Principal, PTC, Saeedabad, Karachi	2018-19	06	Gas charges of other office i.e., PTC Razakabad	1.158
4	Commandant Shaheed Benazir Bhutto Elite PTC Razakabad, Karachi	2018-19	10	Repair of vehicle SPF-433, SPF-434 & SPF-616	0.223
5	SSP Hyderabad	2017-18	22	Vehicle SPE-787 allotted to Mr. Kashif Shoro TMO Qasimabad Hyderabad	-
Total					4.287

The matter was pointed out to the management during November 2018 to October 2019. The office at Sr. No. 5 replied that vehicle was deployed to the TMO Qasimabad for anti-encroachment operation. Reply of the management is not satisfactory as vehicle allotment order of the competent authority and returned was not produced. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.13 Irregular procurement of additional quantities of medicines – Rs2.932 million

As per SPPR rule 16, Alternate Methods of Procurement (1), a procuring agency may utilize following alternative methods of procurement of goods, services, and works namely:

- (e) 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 items of goods or works are needed to meet the requirements of the project or scheme
- (i) Provided that the cost of additional quantities of item shall not exceed 15% of the original contract amount.

During audit of the office of Medical Superintendent, Police Hospital, Karachi for the financial year 2017-18, it was observed that medicines worth Rs2.932 million were incurred in excess against the quantity provided in the tender documents in contravention of provision about Repeat Orders in SPP Rules 2010 as the percentage of excess quantity exceeded 100% in many items of medicines.

The irregularity was pointed out to the management in January 2019. The management replied that no excess expenditure was incurred as medicines were purchased according to budget grant in the head of medicines. Reply of the management was not satisfactory as management did not clarify the additional quantities' procurement.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#25)

15.5.14 Unauthorized retention of government vehicles by ex-officers

According to Para 40-B Appendix 18-A (1) SFR volume-I “means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible

for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Home Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that government vehicles were found in custody of Ex-officers which were not been taken back from them.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	No. of vehicles
1	SSP, Hyderabad	2017-18	19	One
2	Secretary Home Department Government of Sindh, Karachi	2018-19	12	One

The irregularity was pointed out to the management during January 2018 to August 2019. The management at Sr. No. 1 replied that vehicle was allotted to former SSP Hyderabad Mr. Pir Fareed Jan by the IGP Sindh. However, the said vehicle was returned by ex-officer. Reply of the management was not tenable, as allotment letter and vehicle receiving was produced with evidence of return. Remaining office did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.15 Non-recovery of police guard charges – Rs111.965 million

As per Rule 41 (a) of Sindh Financial Rules, “the Department Controlling Officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.”

During audit of the following offices of Home Department, Government of Sindh for the year 2017-18, it was observed that police guards were provided to various departments/agencies/officers/individuals, but service charges of Rs111.965 million were not recovered from them.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	SSP, Naushero Feroze	2017-18	4	5.697
2	SSP Hyderabad	2017-18	6	106.268
Total				111.965

The matter was pointed out to the management in November 2018. The management at Sr. No. 1 replied that police guards' charges have been recovered from National Bank of Pakistan, Naushero Feroze Branch. Office at Sr. No. 2 replied that outstanding dues are Rs123.558 million not Rs106.268 million. Out of which an amount of Rs7.389 million has been recovered. Major part of the dues is outstanding against Pakistan Railway and there were making efforts to recover amount.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.16 Non-recovery of various taxes – Rs77.027 million

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 13%. Further, according to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time “any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

During audit of the various offices of Home Department, Government of Sindh for the financial year 2017-18, it was observed that various taxes (i.e., Income Tax,

General Sales Tax and Sales Tax on Services) amounting to Rs77.027 million were not/less recovered from the contractors. The details are given at **Annex-5** of Chapter-15.

The non-recovery of taxes was pointed out to the management during November 2018 to August 2019. The Office at Sr. No. 5 & 13 replied that income tax was deducted on the contingent bills by the District Accounts Officer concerned. Photocopy of bills and cheque are available. Office at Sr. No. 8 replied that income tax and sales tax now have been recovered and submitted photocopies of the same. The office at Sr. No. 14 replied that deduction of taxes are the responsibility of AG Sindh and the reason may be asked from AG Sindh. Reply of the management is not tenable as the bill submission with deduction of taxes was the responsibility of the executing department.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.17 Non-recovery of miscellaneous charges – Rs13.003 million

As per Rule 28 of GFR, “no amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of Competent Authority for their adjustment must be sought”.

During audit of the following offices of Home Department, Government of Sindh, for the years 2017-18 & 2018-19, it was observed that various dues (i.e., POL, House Hiring, Electricity, water charges and other recoveries) amounting to Rs13.003 million were not recovered from the contractors and employees.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Secretary Home Department Government of Sindh, Karachi	2018-19	7	Recovery of house rent allowance	4.587
		2018-19	5	Various allowances from staff	2.250
2	DIGP, Training Karachi	2017-18	18	Excess drawl of POL	1.486
3	Superintendent Jail, Central Prison, Hyderabad	2017-18	8	Recovery of water charges	1.438

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
4	AIGP, Special Branch, Karachi	2012-18	12	POL issued to retired persons	0.973
5	AIGP, Special Branch, Karachi	2012-18	14	POL issued for generator at AIGP house	0.675
6	Additional Inspector General of Police, Special Branch, Karachi	2012-18	13	POL on unauthorized vehicles	0.702
7	DIG Hyderabad Range	2017-18	03	Excess drawl of POL	0.572
8	AIGP Crime Branch Sindh, Karachi	2017-18	8	Water & electricity charges	0.320
Total					13.003

The matter was reported to the management in October, 2018 to February 2019 & August, 2019, but no reply was received except office at Sr. # 06 above which stated that vehicles were in use of DIG for official visits but no evidence of their allotment and other tour orders were produced except the sanction orders of POL.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.18 Irregular retention of funds in DDO's account – Rs15.757 million

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

During audit of the following offices of Home Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that an amount of Rs15.757 million was drawn and irregularly retained in DDO account.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	DIG Training, Karachi	2017-18	2	5.113
2	SSP Investigation (South-I), Karachi	2018-19	3	3.797
3	Principal Police Training College, Saeedabad, Karachi	2018-19	2	2.546
4	SSP Investigation (East-II), Karachi	2018-19	4	1.738
		2018-19	3	1.449
5	Superintendent of Police SRP Base-I Baldia Karachi	2017-18	7	0.531
6	SSP, Anti Car Lifting Cell, Karachi	2018-19	5	0.377
7	SSP Investigation (East-II), Karachi	2018-19	13	0.206
Total				15.757

The matter was reported to the management in April 2019 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

15.5.19 Non-recpvery of fines – Rs9.042 million

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

During audit of the office of Senior Superintendent of Police, Traffic East Zone, Karachi, for the financial year 2017-18, it was observed that an amount of Rs100.859 million was imposed on account of fines for law breaking but actual realized amount was only Rs91.817 million leaving balance outstanding Rs9.042 million.

The irregularity was pointed to the management in April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#2)

15.5.20 Loss to government due to theft of vehicle

According to Para 40-B Appendix 18-A (1) SFR volume-I “means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Superintendent Jail, Central Prison, Hyderabad, it was observed that one Government vehicle Suzuki Bolan GS-4122 Engine No. T-804973 Chases No. 921483 was used by the family of Ex-Senior Superintendent of Central Prison Hyderabad at Karachi. The said vehicle was reported stolen from Parking Area of Sunday Bazaar, Ahsanabad Bangali More, Karachi on 28-07-2013 at 03:30 PM. The F.I.R. was lodged at Sohrab Goth Police Station East Zone, Karachi vide No. 468/2013, but the said vehicle has not yet been recovered.

The matter was pointed out to the management in April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

15.5.21 Irregular allotment of government vehicles to non-entitled staff

According to Para 40-B Appendix 18-A (1) SFR volume-I “means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government

officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Assistant Inspector General of Police, Motor Transport Sindh, Karachi for the financial year 2012-13 to 2017-18, it was noticed that management allotted official vehicles to non-entitled staff. Besides this management of the entity also allowed monthly fuel amounting to Rs874,800 (details are given as follows).

(Rs. in million)

Sr. #	Name of official	Vehicle #	Fuel allowed in liter	Amount per month @ Rs 90	Amount
1	S. M Sohail, SI BPS-14	SPA-435 Mehran Car	270	24,300	291,600
2	Wajid Ali, Jr. Clerk BPS-11	SPA-454 Suzuki Hi Roof	270	24,300	291,600
3	M. Naeem Qureshi, Assist BPS-16	SPA-407 Suzuki Hi Roof	270	24,300	291,600
Total					874,800

Matter was pointed out to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#12)

15.5.22 Illegal construction on police land

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

During the audit of following offices Home Department, Government of Sindh for the for the financial year 2017-18, it was observed that 171 number of illegal family quarters were constructed through encroachment by the police personnel within the jurisdiction of offices. Details are given below:

Sr. #	Name of office	AIR Para #	Location of quarters	No. of quarters
1	SSP District Central Karachi	9	New Karachi	18
			Gulbahar	2
			Nazimabad	33
			Gulberg	29
			North Nazimabad	6
			Liaquatabad	16
2	SSP District East Karachi	07	Brigade PS Family Quarters	3
			Ferozabad PS Family Quarters	5
			Muslimabad PS Family Quarters, PS Jamshed	11
			New Town PS Family Quarters	3
			Gulshan-e-Iqbal PS Family Quarters	2
			Shahrah-e-Faisal PS Family Quarters	43
Total				171

The matter was pointed out to the management in June 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires retrieving of the encroached property besides fixing of responsibility on the person(s) at fault.

CHAPTER – 16

INDUSTRIES & COMMERCE DEPARTMENT

16.1 Introduction

The Industries and Commerce Department was created for control and monitoring of industry sector in Sindh Province. The department is responsible for issuance of trade licences, collection of fees, registration of trademarks and ancillary matters. This department also monitors and controls the following:

1. All cases relating to Boilers Act, Patents and Design Act, Explosives Act and Companies Ordinance 1984,
2. Distribution of iron and steel; and also to conduct industrial researches.

The functions of Industries and Commerce Department also include:

1. Registration of Joint Stock Companies, firms and societies under their respective Ordinances and Acts,
2. Inspection and registration of Boilers under the Boiler Ordinance, 2002 and Rules, 1941 to administer and control the working of boilers,
3. Conduct examination of boiler engineers and attendants,
4. Purchase of stores for Government Printing Press and Stationery Department,
5. Provide assistance to procurement committees of various provincial Departments,
6. To conduct the census of manufacturing industries as per instructions of Bureau of Statistics, Government of Pakistan, Islamabad,
7. To collect information from the companies/industries as and when required by the Federal or Provincial Government.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	4	3	574.791	-
2	Assignment Accounts (excluding FAP)	1	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	0		

16.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
4,330.198	0.000	354.838	(354.838)	(1,815.446)	2,514.752	1,124.589	(1,390.164)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,390.164 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
185.000	184.000	109.268	- 74.732

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs74.732 million was observed.

16.3 Classified Summary of Audit Observations

Audit observations amounting to Rs6,683.014 million were raised as a result of this audit. This amount also includes recoverables of Rs512.293 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	2.419.
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	1.256
B	<i>Procurement related irregularities</i>	958.646
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	5,720.693

16.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	7	0	0	0	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	1	1	0	1	-	
8	2007-08	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0		
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		8	1	0	1	-	

16.5 Audit Paras

16.5.1 Non-production of auditable record - Rs2.419 million

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

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

During audit of the following offices of Industries & Commerce Department, Government of Sindh, for the financial year 2017-18, it was observed that an amount of Rs 2.419 billion auditable record was not produced to audit for scrutiny despite various reminders.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Particulars	Amount
1.	Secretary, Industries & Commerce Department, Government of Sindh, Karachi	01	Record under head A5270- Others was not provided	2.419
2.	MD, Sindh Industrial Trading Estate, Karachi	21	(64) Record pertaining to regular operation expenditure (non-development/ revenue)	-
3.	Director, Directorate of Industries, Karachi	13	Record regarding change of date of birth of employees in HR SAP data	-
Total				2.419

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

The matter was reported to the management in July 2018, July & September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

16.5.2 Un-authorized payment of inadmissible allowances – Rs1.256 million

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

During audit of the following offices of Industries & Commerce Department Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed from the SAP data that the payment of Rs.1.333 million was made to officers/officials on account of various inadmissible allowances.

(Rs. in million)

(Rs. in million)					
Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1.	Director, Directorate of Industries Department, Karachi	2017-18	1, 2 & 3	Various Allowance	0.664
		2018-19	2	Addl charge Allowance	0.216
		2018-19	5	Spl. Traveling Allowance	0.216
		2018-19	18	Conveyance Allowance	0.160
Total					1.256

The matter was reported to the management in July and September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

16.5.3 Execution of schemes without feasibility study – Rs4,135.469 million

According to Paragraph # 1.53 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-II is required for conducting surveys and feasibility studies, in respect of larger projects, intended to get full justification for undertaking the project before large resources are tied up with them”. Further, as per Paragraph # 3.3 of Chapter 1 of the Manual of Development

Projects “PC-II is prepared for undertaking a feasibility study in respect of a major projects estimated to cost Rs 300 million or more. This is mandatory.”

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Karachi, for the financial year 2018-19, it was observed that management awarded the works under the following schemes without conducting the feasibility study, which was mandatory requirement to safeguard government assets and to minimize the risk involved in execution of the scheme/project.

(Rs. in million)

Sr. #	Name of Scheme	Cost of PC-I
1	Infrastructure Development of Industrial Estate Larkana	2,125.489
2	Development and Improvement of Infrastructure at SITE Kotri	400.000
3	Establishment of combined Effluent treatment plant at SITE Nooriabad	443.350
4	Development of Infrastructure at SITE Nooriabad / Karachi/Hyderabad & Sukkur	1,166.630
	Total	4,135.469

Due to non-conducting of feasibility study, issues like cost overrun, time overrun and non-execution of various components of schemes cannot be ruled out.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 09)

16.5.4 Irregular payment of funds – Rs2.390 billion

As per para 26 of approval of Chief Minister Sindh dated 12-04-2017, an amount of Rs1.759 billion as Grant-in-Aid approved with the following instructions:

- (i) Development schemes will be prepared by the DMCs and submitted to the Sindh Industrial Infrastructure Development Board (SIIDB).
- (ii) Work of development schemes will be started at the earliest but after evaluation and approval of SIIDB.

- (iii) Regular progress reports on development schemes will be submitted by the DMCs to SIIDB.
- (iv) SIIDB will monitor the expenditure made by the DMCs.
- (v) Full accounts of expenditure will be maintained which will be open to audit and inspection as per law.
- (vi) Nominees of the Government of Sindh shall continue on the board of the DMCs as per earlier Notification NoII-6-III/2006.

During audit of the office of Secretary, Industries & Commerce Department, Karachi for the financial year 2017-18, it was observed that an amount of Rs2.390 billion was paid to the four Development Management Committees (DMC) of various industrial zones in Karachi under the grant-in-Aid but above instructions / recommendations and procedures as laid down in CM Sindh's approved summary were not followed while utilizing the funds. Further, bank statements, utilization / disbursement positions were also not provided to the audit team for scrutiny. Due to non-observances of recommendations and procedure chances of misappropriation of funds cannot be ruled out.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 02)

16.5.5 Non-hoisting of Bid Evaluation Report on SPPRA's website – Rs958.646 million

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

During audit of office of Managing Director, Sindh Industrial Trading Estates, Karachi for the financial year 2017-18, it was observed that work amounting to Rs 958.646 million was awarded to M/S Haji Syed Ameer & brothers, but bid evaluation report was not hoisted on SPPRA's website in violation of the above rule.

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

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry into the matter for non-compliance of SPPRA rules besides fixing of responsibility on the person(s) at fault.

(AIR # 07)

16.5.6 Irregular execution of work over the sanctioned estimate – Rs379.829 million

As per Para-532 of Public Works Department Manual, "A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to exceed by more than 5% either rising from the rate being found insufficient or from other cause whatsoever."

During audit of the office of Managing Director, Sindh Industrial Trading Estate Sindh Karachi, for the financial year 2018-19, it was observed that excess payment of Rs379.829 million was made to the contractors over and above the sanctioned estimates and permissible limit of 5% without approval of revised estimates.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 12)

16.5.7 Unjustified reduced payment compared to work done as per measurement book - Rs122.790 million

As per Para-209(d) of CPWD Code, “all payments for work or supplies are based on the quantities recorded in the measurement book. It is incumbent upon the person taking the measurements to record the quantities clearly and accurately”.

According to Para-72 of CPWA Code “As a general rule, every payment including repayment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full particulars of the claim and all information necessary for its classification and identification in the accounts and be signed by the contractor and authorized officer”.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Karachi, for the financial year 2018-19, it was observed that the payment of Rs 122.709 million for various works were made to various contractors less than the actual work done and recorded in the measurement book. Further the following irregularities were also observed:

- i. Bills were not prepared for each payment allowed to the contractor.
- ii. Proper formats of payments of bills i.e., running bill, secured advance, and hand receipt bills were not prepared as prescribed. However, payments were allowed by taking approval on note sheet due to which chances of misappropriation cannot be ruled out.
- iii. The pass orders and references of payments were not recorded on measurement book.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR # 17)

16.5.8 Irregular payment of mobilization advances – Rs95.864 million

Clause 14.2 of SPPR Standard Form of Bidding Documents (Civil Works-Large Works) provides:

- (i) Mobilization advance up to 10 % of the Contract Price may be paid by the procuring agency to the Contractor on the works costing Rs 2.5 million or above on following conditions:
 - a. on submission by the Contractor of a mobilization advance guarantee for the full amount of the advance in the specified form, from a Scheduled Bank in Pakistan, acceptable to the procuring agency;
 - b. contractor shall pay interest on the mobilization advance at the rate of 10% per annum on the advance; and
- (ii) This Advance including the interest shall be recovered in 5 equal installments from the 5 R.A bills and in case the number of bills is less than 5 then 1/5 of the advance inclusive of the interest thereon shall be recovered from each bill and the balance together with interest be recovered from the final bill. It may be insured that there is sufficient amount in the final bill to enable recovery of the Mobilization Advance.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Sindh Karachi, for the Financial Year 2018-19, it was observed that mobilization advance of Rs95.864 million was paid to contractors without recovering interest @ 10% per annum and without obtaining bank guarantee before payment of the advance. Further, despite the lapse of two years and payment of 6 running bills, an amount of Rs30.920 million is still outstanding against contractor, while it was required to be recovered by 5th R.A. bill.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

16.5.9 Irregular award of work to the contractors not registered with PEC - Rs80.115 million

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “all consulting engineering services in Pakistan shall be entrusted only to consulting engineers duly registered as such with Pakistan Engineering Council (PEC).

During audit of the office of Managing Director, Sindh Industrial Trading Estates Karachi, for the financial year 2017-18, it was observed that various works costing Rs80.115 million were awarded to the contractors who were not registered with PEC in violation of above-mentioned directives of Government.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

16.5.10 Unauthorized drawl of payment without recording of measurement and preparation of bill – Rs67.525 million

As per Para-209(d) of CPWD Code, “all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately”.

According to Para-72 of CPWA Code “As a general rule, every payment including repayment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full particulars of the claim and all information necessary for its classification and identification in the accounts and be signed by the contractor and authorized officer”.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Karachi, for the financial year 2018-19, it was observed that an amount of Rs67.525 million was drawn through cheques paid to M/s GM Enterprises against the work at Moriro Qabristan SITE Area Karachi without preparation of bills and recording of measurement which reflects that the payments were made without execution of actual work.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#13)

16.5.11 Excess execution of items of work - Rs58.177 million

According to Rule 16(1)(e) of Sindh Public Procurement (SPP) Rules 2010, “Repeat Orders means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme; provided that:

- i. the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and
- ii. the original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract.
- iii. in case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Karachi, for the financial year 2018-19, it was observed that excess expenditure of Rs58.177 million was incurred due to excess execution of items of works against the quantity provided in the estimates/BOQ of tender documents in contravention of provision about Repeat Orders in SPP Rules 2010.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

16.5.12 Irregular refund of security deposit – Rs48.220 million

According to Rule-39 (3) of Sindh Public Procurement Rules 2010 “Validity of performance security shall extend at least ninety days beyond the date of completion of contract to cover defects liability period or maintenance period subject to final acceptance by the procuring agency”.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Sindh Karachi, for the financial year 2018-19, it was observed that security deposit amounting to Rs48.220 million was refunded to the contractor. The following observations were noted:

- i. Refund was made without the request / obtaining application from the contractor.
- ii. Work completion report was not available.
- iii. The security deposit register was not maintained to calculate the actual due amount and refund thereof but the same was managed through note side of the case file of contractor.
- iv. Starting and completion date of work was not mentioned on the bills.
- v. The security deposit is required to be deposited into the government account or maintained in a separate account but the same was released from the government releases.
- vi. PC-IV of the scheme was not prepared by the management.
- vii. The refund was made prior to expiry of ninety days of liability period.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#08)

16.5.13 Irregular expenditure on extra items of work - Rs34.340 million

As per Para 711 of P.W.D Manual Volume-II appendix-8, the estimate of extra item is required to be sanctioned by the competent authority, who has sanctioned the main estimate of the work.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Sindh Karachi, for the Financial Year 2018-19, it was observed that an expenditure of Rs34.340 million was incurred on extra items/works, but the approved variation orders were not available with the vouchers. The following observations were also noted:

- i. The department did not exercise due care while preparing the original estimate and undue benefit was accorded to contractor by execution of extra item of work.
- ii. Tenders were not invited for the execution of extra items.
- iii. Reasons behind execution of extra items were not provided while detailed estimates were made.
- iv. Revised sanction estimates were not produced to audit.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#11)

16.5.14 Irregular payments through DDO account - Rs4.167 million

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

During audit of the following offices of Industries & Commerce Department Government of Sindh, for the financial years 2012-13 to 2018-19, it was observed that payments amounting to Rs4.167 million were made through DDO account instead of direct payment to the concerned payee.

(Rs. in million)

Sr. #	Cheque No.	Date	Financial Year	Particulars	Amount
1.	Secretary Industries & Commerce Department Government of Sindh Karachi	02	2018-19	Payment of communication to M/S. Mumtaz Ali Dahar and Mst. Noor Jahan W/O Nazaruddin Mangwano	1.506
2.	Director, Directorate of Industries, Karachi	01	2018-19	Financial assistance and leave encashment through DDO	1.426
3.	Assistant Director Industries, Larkana	4, 9 & 13	2012-13 to 2017-18	Payment of furniture, fixture, machinery, transport & TA/DA to DDO	1.235
Total					4.167

The matter was reported to the management in December, 2018, July and September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

16.5.15 Non-recovery of outstanding dues – Rs499.588 million

As per Rule 41 (a) of Sindh Financial Rules, “The Department Controlling Officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.”

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Sindh Karachi, for the Financial Year 2018-19, it was observed that an amount of Rs499.588 million was left outstanding against allottees of plots in SITE areas of department as per show cause notice issued in newspapers but no record regarding affairs of SITE Ltd was provided to audit for verification.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

16.5.16 Loss due to overpayment by allowing rates over the CSR approved rates - Rs38.434 million

As per report of the technical committee, the rates of Composite Schedule of Rates (CSR) 2012 were revised on the basis of current market rates and as per para 8(4) of introduction of CSR 2012, the schedule of rates may be found inadequate to carry out certain item of works. In such cases, the only competent body to review the position is the Standing Rates Committee. All such cases should therefore be referred to the Secretary SRC for decision of the committee.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Ltd. Karachi, for the financial year 2018-19, it was observed that excess payment of Rs38.434 million was allowed to the contractor over and above the rates approved by the Standing Rates Committee during 2012. The audit is of the view that while the rates were already prepared by the CSR on the current market rates and allowing higher rates in the Bid / estimates of project was questionable.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

16.5.17 Non-deduction of Shrinkage Allowance on earthwork – Rs11.449 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2004, “Deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

According to the condition specified in Note-3 of the schedule-B of the contract, a deduction of shrinkage from the bank will be made at the rate 3% to 6% if earthwork is done through machine (tractor & scrapers).

During audit of the office of Managing Director Sindh Industrial Trading Estate Karachi, for the year 2017-18, it was observed that an amount of Rs11.449 million was not deducted on account of shrinkage allowance @ 6% on earthwork done through machines by various contractors.

Audit was of the view that Government sustained loss due to non-deduction of shrinkage allowance, resulted into weak financial management.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that shrinkage allowance on work may be deducted, besides taking remedial measures and amount may be recovered from the person(s) at fault.

(AIR#03)

16.5.18 Non-obtaining of Performance Security/Bank Guarantee – Rs113.666 million

According to Rule-39 (i) of Sindh Public Procurement Rules, 2010, “The Procuring Agency shall, in all procurements of goods, works & services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.”

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the financial year 2017-18, it was observed that various works of Rs 1,136.658 million were awarded to contractors without obtaining performance security @ 10% amounting to Rs113.666 million.

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

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#08&12)

16.5.19 Unaccounted for earnest money against award of works - Rs 28.670 million

According to the Rule-63 of C.P.W.A code the call deposit received from the contractors on account of award of work may be accounted for in the cash book for remittance to the bank.

As per Rules-312 of Sindh Financial Rules Volume-I all deposit must be separately paid into the treasury with challan or other document setting forth all particulars necessary for the entries to be made in the register of deposit receipts.

During audit of the office of Managing Director, Sindh Industrial Trading Estate Karachi, for the year 2017-18 was observed that call deposit amounting to Rs 28.670 million was received which was not accounted for in cash book and call deposit register.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR# 13)

CHAPTER – 17

INFORMATION & ARCHIVES DEPARTMENT

17.1 Introduction

The department of Information and Archives was created for projection of Sindh Government activities, public relation and relations with press. The department is also responsible for checking/monitoring the regularity of publication of newspapers, periodicals, magazines and building up working relationship with television/broadcasting networks, including PTV, Private TV Channels and Radio Pakistan for publicity of Government activities in different spheres of social uplift.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	6	4	476.819	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

17.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
5,978.000	14.250	59.938	(59.938)	(5,192.810)	799.440	658.135	(141.305)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs141.305 million was observed, which was not surrendered in time.

17.3 Classified Summary of Audit Observations

Audit observations amounting to Rs2,575.548 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	1,795.280
2	Reported cases of fraud, embezzlement and misappropriation	
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	10.021
B	<i>Procurement related irregularities</i>	178.844
C	<i>Management of Accounts with Commercial Banks</i>	
4	Value for money and service delivery issues	
5	Others	591.403

17.4 Comments on the Status of Compliance with PAC Directives

The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 33.3%.

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
11	2010-11	0	0	0	0	No Para included in the Audit Report
12	2014-15	0	0	0	0	-
13	2016-17	0	0	0	0	Audit Report not yet discussed -
Total		6	3	1	2	33.3

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

17.5 Audit Paras

17.5.1 Non-production of record - Rs1,795.280 million

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

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

During audit of office of Secretary Information & Archives Department for the financial year 2017-18, it was observed that payment of Rs1,795.280 million was made to various vendors but relevant auditable record was not produced to audit despite various reminders.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	Secretary, Information & Archives, Karachi	Detail of advertisements were not attached with contingent bills	2017-18	18	1538.024
		Record of revenue realized through advertisement from various Govt. offices	2017-18	12	140.604
		Financial statement, utilization/consumption report, bank statement	2017-18	10	111.769
		Arrear bills, official orders, LPC, sanction orders etc;	2017-18	09	0.381
2	Director Archives Sindh Karchi	Evidence of security deposit	2018-19	03	2.477
3	Director, Information/ Publications, Karachi	Supporting vouchers of POL Charges	2017-18	05	0.742
4	Director Public Relations (Films) Karachi	Supporting vouchers of POL Charges	2017-18	03	0.320
5	Director Public Relation Karachi	Cost of other stores	2018-19	03	0.963
Total					1,795.28

The matter was reported to the management in April 2019 & September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

17.5.2 Irregular payment to contingent paid staff – Rs10.021 million

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

During audit of following offices of Information & Archives, Department, it was observed that an expenditure of Rs10.021 million was incurred on contingent paid staff without approval from Finance Department.

(Rs in million)

Sr.#	Name of Formation	Financial Year	AIR Para #	Amount
01	Director Publication Karachi	2018-19	01	8.988
02	Director Public Relations, HQ, Karachi	2017-18	01	0.517
03	Secretary Information & Archives	2017-18	13	0.214
04	Director Public Relation, HQ, Karachi	2017-18	04	0.146
05	Director Public Relation Karachi	2018-19	02	0.156
Total				10.021

Following irregularities were also noticed:

- i. Appointment orders of contingent paid staff along with renewal on every 03 months were not available on the record.
- ii. Place of posting of contingent paid staff was not available on the record.
- iii. Rate of remuneration duly approved was not communicated to audit for services rendered.

The matter was reported to the management in September & April 2019. In reply, the office at Sr#03 furnished copies of departmental office orders of appointment of contingent paid staff instead of obtaining approval from Finance Department Government of Sindh. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

17.5.3 Irregular award of contracts to the firm without pre-qualification - Rs175.844 million

According to Rule-1 Appendix 18-A of Sindh financial rule volume-I, “Every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of office of the Secretary, Information & Archives Department, Government of Sindh, Karachi for the financial year 2017-18, it was observed that an expenditure of Rs597.187 million was incurred on account of advertisement & publicity. As per review of SAP data, following three firms were issued cheques who were not included in the list of pre-qualified firms as approved on 13-02-2018 by Minister for Information.

(Rs in million)

Sr.#	Name of Firm	Date of cheque	Amount
1	Connect Marketing Communications	16-04-18, 11-06-18 & 06-06-18	149.442
2	Value Added Marketing Services	16-04-2018	21.115
3	Xnine Communication (Enterprises Pvt) Ltd	16-04-2018	4.990
4	Ziauddin Enterprises (Pvt) Ltd	13-06-2018	0.297
Total			175.844

The matter was reported to the management during April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#14)

17.5.4 Non-invitation of tenders – Rs3.000 million

According to the Rule 17 of Sindh Public Procurement Regulatory Authority 2010, all procurements over one hundred thousand and upto one million rupees shall be advertised by timely notification on the Authority's web site and may in print media in the manner and format prescribed in these rules.

During audit of the office of Director, Public Relations Karachi, for the financial year 2018-19, it was observed that, an expenditure of Rs3.000 million was incurred on purchase of software from a firm M/S Sapphire Consulting Services without inviting the open tender.

The irregularity was reported to the management in October 2019, but the reply was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR #4)

17.5.5 Irregular clearance of previous year's liability - Rs574.802 million

As per clause (g) of the notification of the Government of Sindh, bearing No. FD/B-I/22(3)/1999-00, dated 17th January 2000, the previous year liability from the

current budget shall be made after the prior approval of the Finance Department, Government of Sindh.

During audit of following offices of Information & Archives, Department, Government of Sindh Karachi for the year 2017-18, it was observed that an amount of Rs 574.802 million was paid to various vendors as liability of previous years without prior approval of the Finance Department.

(Rs in million)

Sr.#	Name of Formation	Particulars	Financial Year	AIR Para #	Amount
01	Secretary Information & Archives, Karachi	Various advertising agencies/newspapers	2017-18	15	569.344
02	Director, Information/Publications, Karachi	Landlord (Mustafa Ghani) on account of rent of building	2015-16 & 2016-17	07	5.458
Total					574.802

The matter was reported to the management during April, 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

17.5.6 Non-obtaining performance security – Rs14.821 million

As per Rule 39 of SPPR 2010, Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of the office of Director, Publication Karachi, for the year 2018-19, it was observed that a contracts worth of Rs14.821 million were awarded to two firms as detailed below without obtaining performance security (i.e 10% of the contract value).

Rs in million)

Sr.#	Vendor Name	Particular	Contract Amount	Performance Security @10%
1	M/s Affairs Publisher	Printing of Monthly Izhar	2,208,000	220,800
		Printing of Monthly Pigham	2,208,000	220,800
		Printing of Special Issue	6,300,000	630,000
2	M/s Peacock Printers	Printing of Weekly Sindh Manzar	3,072,000	307,200
		Printing of Telephone Directory	1,033,190	103,319
Total			14,821,190	1,482,119

The matter was reported to the management in September 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR #3)

17.5.7 Unjustified expenditure on “Article Writing” – Rs1.780 million.

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During the audit of the following offices of Information & Archives, Karachi for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs1.780 million was incurred on account of payment to various vendors on account of articles writing for different weekly & monthly magazines.

(Rs in million)

Sr.#	Name of Formation	Financial Year	AIR Para #	Amount
02	Director, Information/ Publications, Karachi	2018-19	03	1.548
01	Director Information (Publication) Karachi	2017-18	04	0.232
Total				1.780

Following irregularities were noticed.

- i. Rs 10,000, 4500 & 1500 were given to different articles writers without any criteria
- ii. Copy of magazine, Sindh Manzar & other monthly magazines i.e Paigham Sindhizm Izhar (Urdu) etc was not available to authenticate either the articles were written or just bills were prepared.
- iii. Payment was made for article writing on “Special issue on Shah Abdul latif Bhittai” but details of issue was not made available to audit.

The matter was reported to the management during February & September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

CHAPTER – 18

INFORMATION, SCIENCE & TECHNOLOGY

18.1 Introduction

The Information, Science & Technology Department, Government of Sindh, is working with a vision “The rapid development of a Knowledge-based Society is vital to the success and progress of the province.” and with the mission for:

- Optimal attainment of e-Governance culture in the Government Departments for attaining required integrated efficiency and effectiveness by promoting paperless environment,
- Promoting the number of users impliedly increasing demand of e-Governance,
- Implementation of e-Projects.
- Capacity enhancement of government agencies for public service delivery benefiting common citizens,
- Information Sharing,
- e-Democracy i.e. Promotion of e-election system, and
- Sustainability – Enabling government departments to initiate and sustain the I.T projects in Education, Health, Police, Security, Judiciary, Land Records, and Agriculture.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	1	1	253.480	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

18.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
616.962	6.315	18.656	(18.656)	(341.307)	281.970	250.799	(31.171)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs31.171 million was observed, which was not surrendered in time.

18.3 Classified Summary of Audit Observations

Audit observations amounting to Rs6.861 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	6.861
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	
B	<i>Procurement related irregularities</i>	-
C	<i>Management of Accounts with Commercial Banks</i>	
4	Value for money and service delivery issues	
5	Others	-

18.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was Nil.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	0	0	0	0	-	
4	2001-02	0	0	0	0	-	
5	2004-05	5	3	0	3	-	No audit para pertaining to this department was printed in these Audit Reports
6	2005-06	0	0	0	0	-	
7	2006-07	0	0	0	0	-	
8	2007-08	0	0	0	0	-	
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
12	2014-15	0	0	0	0	-	
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		5	3	0	3	-	

18.5 Audit Paras

18.5.1 Non-production of auditable record - Rs6.861 million

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

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

During audit of the office of Secretary, Information, Science & Technology Department, Karachi for the financial year 2018-19, it was observed that an expenditure of Rs6.861 million was incurred on account of arrears of pay and allowances in respect of various officers and staff. However, the record pertaining to the same expenditure was not produced for audit scrutiny despite various reminders.

The non-production of record was reported to the management in July 2019. The DAC meeting was held on 28 January 2020. The management clarified and produced all the bills of arrears pertaining to enhancement of 30% Secretariat Allowance w.e.f. 01-07-2018, i.e., revised 50% from 20% vide notification dated 30th October 2019 issued by Finance Department, Government of Sindh, Karachi and sanction orders. The DAC directed the management to produce record to Audit for verification within seven days. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#2)

CHAPTER – 19

INTER PROVINCIAL COORDINATION DEPARTMENT

19.1 Introduction

The Inter Provincial Coordination Department was created on 1st July 2003 to act as vehicle for transportation of needs, wishes and fears of people of Sindh to the federation and other provinces at an official level.

The Benefits of the Provincial Coordination Department

1. To serve as a communication medium for both internal and external corners.
2. It can help to resolve anomalies within the province and with the other provinces.
3. It can establish one window for the awareness to communicate between the province and center.
4. Function as the eyes and the ears of the government.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	1	1	206.349	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

19.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
53.211	-	7.629	(7.629)	(16.532)	36.679	33.975	(2.704)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs2.704 million was observed, which was not surrendered in time.

19.3 Classified Summary of Audit Observations

Audit observations amounting to Rs12.055 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	6.352
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	2.328
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	3.375

19.4 Comments on the Status of Compliance with PAC Directives

This department has been included in the Audit Report 2019-20 first time.

19.5 Audit Paras

19.5.1 Non-production of auditable record – Rs6.352 million

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

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

During audit of the office of Secretary, Inter Provincial Coordination Department, Government of Sindh Karachi for the financial year 2018-19, the management did not produce the following auditable record despite various reminders.

(Rs. in million)

Sr. #	Particulars	AIR Para #	Amount
1	Honorarium, repair of transport & medical charges	03	3.245
2	Pay & allowances arrears, i.e. due drawn statement, LPC, finance department approval	04	3.107

The non-production was pointed out to the management in July 2019. The DAC meeting was held on 2nd January 2020. The DAC directed the management to get the record of Honoraria Medical Charges & Repair of Transport verified from Audit. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

19.5.2 Non-invitation of tenders – Rs2.328 million

According to the Rule 17 of Sindh Public Procurement Regulatory Authority 2010, all procurements over one hundred thousand and upto one million rupees shall be advertised by timely notification on the Authority's web site and may in print media

in the manner and format prescribed in these rules. As per Sindh Public Procurement Rules, 2010

During audit of the office of Secretary, Inter Provincial Coordination Department, Government of Sindh, Karachi, for the financial years 2012-13 to 2018-19, it was observed that an expenditure of Rs2.328 million was incurred on arrangement of seminars which includes arrangement of refreshment (dinner/Hi tea/Lunch), hiring of Hall, etc without invitation of tenders. The expenditure incurred without obtaining competitive rates was irregular.

The irregularity was pointed out to the management in July 2019. The DAC meeting was held on 2nd January 2020. The DAC directed the management to provide relevant record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#5)

19.5.3 Irregular expenditure through DDO account instead of direct payment to the vendor/party – Rs3.375 million

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

During audit of the office of Secretary, Inter Provincial Coordination Department, Government of Sindh, Karachi, for the financial years 2012-13 to 2018-19, it was observed that an amount of Rs3.375 million was drawn from treasury to DDO account against various heads of accounts. The payment was made through DDO account (in cash or cheque) instead of direct payment to the concerned/vendors, which reflect non-transparent payments. The acknowledgement of cash payments from DDO

accounts was also not produced to audit for scrutiny.

The irregularity was pointed out to the management in July 2019. The DAC meeting was held on 2nd January 2020. The management clarified that payments were made to the concerned vendors through cross cheques. The DAC directed the management to provide relevant record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR #8)

CHAPTER – 20

IRRIGATION DEPARTMENT

20.1 Introduction

Irrigation Department came into being in 1970 with the dissolution of One Unit. Major tasks performed by the Irrigation Department are operation and maintenance of the irrigation and flood protection system, regulation of flows of River Indus and canal systems, covering Inter-Provincial and Intra-Provincial Systems. Execution of development schemes and mega projects is also one of the major responsibilities. Major objectives and functions of the department are:

- a) Operation and maintenance of the irrigation and flood protection system,
- b) Regulation of flows of River Indus and canal systems, covering Inter Provincial and Intra Provincial Systems,
- c) Execution of development schemes and mega projects,
- d) Dealing with the administrative matters, financial matters, Public Accounts Committee's issues irrigation cases, court cases and assembly business etc,
- e) Operation, maintenance, development and management of irrigation network,
- f) Operation, maintenance, development and management of surface drainage system and tube-wells,
- g) Flood control along River Indus and hill torrents.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	83	30	14,195.615	-
2	Assignment Accounts (excluding FAP)	3	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	3	3	6,262.596	

20.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
53,032.199	0.000	6,887.236	(6,887.236)	(13,885.151)	39,147.048	35,902.319	(3,244.730)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs3,244.730 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
700.000	700.000	265.065	- 434.935

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs434.935 million was observed.

20.3 Classified Summary of Audit Observations

Audit observations amounting to Rs2,0127.732 million were raised as a result of this audit. This amount also includes recoverables of Rs2,226.069 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	6,604.718
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	114.080
B	<i>Procurement related irregularities</i>	5,241.237
C	<i>Management of Accounts with Commercial Banks</i>	80.733
4	Value for money and service delivery issues	-
5	Others	8,086.964

20.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 26%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	79	28	11	17		
2	1998-99	21	20	4	16		
3	1999-2000	43	20	0	20	-	
4	2001-02*	14	12	2	10	16.7	
5	2004-05*	40	22	19	3	79.2	
6	2005-06	22	14	0	14	-	
7	2006-07	14	4	0	4	-	
8	2007-08	17	5	0	5	-	
9	2008-09	27	0	0	0	-	
10	2009-10	19	13	7	6	54	
11	2010-11	32	22	0	22	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		328	160	43	117	26	

20.5 Audit Paras

20.5.1 Non-production of record – Rs6,604.718 million

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

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

During audit of various offices of Irrigation Department, Government of Sindh, the auditable record involving financial impact of Rs6,604.718 million was not produced to audit for scrutiny despite various reminders. In the absence of auditable record, the authenticity of expenditure could not be verified. The details are given at **Annex-1** of Chapter-20.

The matter was reported to the management during October 2018 to November 2019. The management of offices at Sr. # 2, 06 (in respect of AIR# 02, 05 & 06), 16, 17, 18, 19, 22, 25, 29, 30, 35 & 36 in their reply stated that relevant record was available. Reply was not tenable as the same was not produced for verification. Reply from the remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.2 Theft of dozer and transformers

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, "means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any

other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that government assets were stolen. However, the record about lodging of F.I.R and departmental inquiry in this regard was not made available to audit. Moreover, the historical data of procurement and cost of the same assets was not available on record. Details are given as under;

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	No. of Units
1	XEN, Lower Sindh Mechanical Division, Jamshoro	03	2017-18	Dozer (Huta Stalowola)	1
2	XEN, Tube well Division, Naushero Feroze	01	2018-19	Transformers	135

The matter was reported to the management during October 2018 and August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.3 Irregular appointments/working strength in excess of sanctioned posts – Rs3.755 million

According to Rule-9 of General Financial Rules, Volume-I, “no authority may incur any expenditure or enter into any liability involving expenditure from public fund until the expenditure has been sanctioned by general or special order of the President or by an authority to which power has been delegated”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various employees were appointed/working on the posts without or in excess of sanctioned strength of such posts. Hence an amount of Rs3.755 million paid on account of salary was irregular.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars			Amount
				Sanctioned Strength	Working Strength	Excess	
1	Mechanical Engineer, Upper Sindh Mechanical Division, Sukkur	04	2018-19	30	35	5	2.239
2	XEN, Begari Bund Division, Sukkur	05	2018-19	--	--	--	1.516
3	M.D, SIDA	25	2015-16 & 2016-17	--	29	29	-
		26		03	27	24	-
4	P.D, Lining of Distributaries & Minors in Sindh, Hyderabad	04	2018-19	--	1	1	-
Total							3.755

The matter was reported to the management during October 2018 to October 2019. The office at Sr. # 03 replied that some employees were transferred from Irrigation Department and some were appointed through competitive process against post mentioned in PC-1 of Water Sector Improvement Project. They added that they were regularized by Sindh High Court vide CP-5100/2013 and approved by Minister Irrigation/Chief Minister vide order no 890(A). Rest of the support staff was hired as contingent paid staff on need basis. The reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.4 Irregular appointment of a contract employee against a regular post

According to sub clause (b) of clause (i) of Section 7 of Sindh Public Service Commission (SPSC) Act 1989 as amended, “the functions of the Commission shall be to conduct tests and examinations for recruitment for initial appointment to such posts in or under a Corporation or other Autonomous Body or Organization set up by Government under any law or otherwise as may be prescribed”.

During audit of the office of Managing Director, Sindh Irrigation & Drainage Authority (SIDA) for the financial years 2015-16 & 2016-17, it was observed that a person (Mr. Jai Ram Motwani) was appointed as General Manager (Operations) on contract basis as on 08-02-2013. The following irregularities were noticed:

- (i) The period of contract was not mentioned in the offer letter instead the term “project period” was mentioned.
- (ii) The offer letter mentioned the post of General Manager, Operations, however the pay scale was not mentioned and a fixed salary was allowed.
- (iii) The contract officer was allowed to draw salary in BPS-20 from the date of joining against the post of SIDA as regular employee, whereas, his appointment was made for serving the project, viz. Water Sector Improvement Project (WSIP).
- (iv) The officer’s selection was made through advertisement calling Expression of Interest (EoI) for procurement of services, whereas, the recruitment process through Public Service Commission was to be observed.

The matter was reported to the management in October 2018. The management in its reply stated that Finance Department, Government of Sindh sanctioned the post of General Manager Operations (BPS-20) under the Grant-in-Aid budget’s Statement of New Expenditure (SNE) for the year 1999-2000 and the SIDA being an independent corporate body is empowered to employ officers, staff, experts and advisors. The reply was not tenable as the provision of SPSC quoted above is applicable on Corporation/Autonomous Bodies, whereas the management did not quote any authority as being exempt from the same provision.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fixing responsibility on the person(s) at fault.

(AIR#24)

20.5.5 Unjustified retention of various posts by implementation agency of the project

According to Appendix 18-A of Sindh Financial Rules, “every Government servant should realize fully and clearly that he will be held personally responsible for

any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on. The part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Managing Director, Sindh Irrigation & Drainage Authority for the financial years 2015-16 & 2016-17, it was observed that posts of same nomenclature were sanctioned, both for the implementation agency (Sindh Irrigation Development Authority-SIDA) under Grant-in-Aid and a project (Sindh Water Sector Improvement Project-WSIP) under PC-I. Details are as follows:

Sr. #	SIDA under Grant-in-Aid			WSIP under PC-I	
	Name of Position	BPS	No. of Post	Name of Position (BPS not mentioned)	No. of Post
1	General Manager Operation	20	1	General Manager Operation	1
2	General Manager Transition	20	1	General Manager Transition	1
3	General Manager Finance	20	1	General Manager Finance	1
4	Managing Director	20	1	Managing Director	1
5	Legal Advisor	19	1	Legal Advisor	1
6	Social Development Specialist	19	1	Social Development Specialist	1
7	Deputy Director Engineering	18	1	Deputy Director Engineering	2
8	Hydro-grapher	18	1	Hydrologist	1
9	IT Specialist	18	1	IT Specialist	1
10	Manager Finance & Administration	18	1	Manager Finance	1
11	Manager HRD	18	1	Manager Human Resource Development	1
12	Manager Social Mobilization & Gender	18	1	Manager Social Mobilization & Gender	1
13	Manager Communication	18	1	Communication Specialist	1
14	Manager Revenue	18	1	Manager Revenue	1
15	Manager Procurement	18	1	Procurement Analyst	1
16	Senior Accounts Officer	18	1	Senior Accounts Officer	1
17	Secretary SIDA	18	1	Secretary SIDA	1
Total			17		18

Due to same nomenclature of posts in two entities under same administrative control, the employees were being appointed on contract basis in WSIP and subsequently allowed to work under Grant-in-Aid posts of SIDA, resulting into change of status of these employees from contract to regular employee.

The matter was reported to the management in October 2018. The management replied that the posts mentioned were originally in the WSIP but were later regularized through approval of SIDA Board and Minister of Irrigation Department, Govt. of Sindh. They added that the same core staff would be required for future projects to be implemented by SIDA. The reply was not tenable as retention of posts and regularization in anticipation of future project is not a cost effective exercise.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#27)

20.5.6 Non-imposition of penalty for delayed works – Rs4,868.250 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that penalty of Rs4,868.250 million was not imposed on contractors whose works were not completed within stipulated period. The details are given at **Annex-2** of Chapter-20.

The matter was reported to the management during October 2018 to November 2019. The offices at Sr. # 01, 04, 05, 06, 07, 08, 10, 13, 17, 18, 21, 24, 25, 29, 30, 31,

35, 36, 38 & 40 informed various reasons for non-levy of penalty for delayed works and stated that extension as per relevant contract clause had been allowed to the contractors. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.7 Mis-procurement in award of works to various contractors – Rs2,877.752 million

As per rule-42 Sindh Public Procurement Rules, 2010 read with Rule 2 (x), "all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents" and "mis-procurement means public procurement in contravention of any provision of Sindh Public Procurement Act, 2010, any rule, regulation, order or instruction made there under or any other law in respect thereof, or relating to, public procurement".

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that works worth Rs2,877.752 million were awarded to the contractors.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Works	Amount
1	XEN, RBOD Div-III, Thatta	32	2017-18	Extension of RBOD from Sehwan to sea (various packages)	1,844.950
2	Secretary, Irrigation Department, Karachi	03	2018-19	Closing breach mile 1/1 to 2/6 Qadirpur Shank Bund PS 0/0 to 0/3	286.005
		05		Providing stone apron along Qadirpur bund Mile 10/4 to 11/4	170.801
		20		Providing stone apron and stone pitching along moria loop bund	199.894

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Works	Amount
3	XEN, Tube well Division, Khairpur	01	2018-19	Installation of 12 new tube wells & renovation house pumps	176.456
		02		Rehab of EKTD main drain & other structural works	177.446
		03		Supply & fixing of generating sets	22.200
Total					2,877.752

Following irregularities were noticed:

- (i) Contracts of similar nature, size and capacity completed over last three years were to be required mentioned in evaluation criteria which were missing.
- (ii) The requirement of specific equipments, machineries and transport owned/hired in view of assignment to be executed were not required in the evaluation criteria in tender.
- (iii) In case of offices at Sr. # 3 and 5, short bid security was accepted and the work was awarded; whereas, the same firms due to non-meeting the tender condition for bid money were to be declared non-responsive.
- (iv) Financial statements and income tax returns for last three years were not produced to audit.
- (v) In case of office at Sr. # 3 above, contract agreement was signed on simple paper instead of stamp paper duly affixed with stamps @ 0.35% of the contract cost.
- (vi) In case of office at Sr. # 2 above, Bid Evaluation Report (BER) to SPPRA and Letter of acceptance to contractor were issued on the same date i.e. 14.04.2016; whereas, Letter of Acceptance to contractor was to be issued after 3 working days of hoisting of BER on website of SPPRA.
- (vii) Moreover, the complete record of tender documents including that of unsuccessful bidders i.e. financial statements for last three years, SRB registration, past experience certificate, details of technical persons employed, etc. were not produced to audit.

The matter was reported to the management during November 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.8 Non-conducting of feasibility study of various works/schemes - Rs2,580.491 million

According to Paragraph 1.53 of Chapter 1 of the Manual of Development Projects, issued by Planning Commission of Pakistan, “PC-II is required for conducting surveys and feasibility studies, in respect of larger projects, intended to get full justification for undertaking the project before large resources are tied up with them”. Further, as per Paragraph # 3.3 of Chapter 1 of the Manual of Development Projects “PC-II is prepared for undertaking a feasibility study in respect of major projects estimated to cost Rs 300 million or more. This is mandatory.”

During audit of the office of Executive Engineer, Northern Dadu Division, Larkana for the financial year 2018-19, it was observed that management awarded following works of Rs2,580.491 million but feasibility study of the schemes/projects was not conducted, whereas cost of each work exceeded Rs300.00 million.

(Rs. in million)		
Sr. #	Name of Work	Approved Cost
1	Rehab. Of X-Regulator Warah branch & Head regulator along Dadu Canal in NDD & Stone pitching and Raising & Strengthening along Dadu canal from RD- 23 to 410 & Construction of C.C Lining from RD 0-20	599.911
2	Const.T-Head Spurs at SL Bund mile 40/4+560 Moria Loop Bund mile 0/0+400 & 0/1 +600	521.746
3	Const.T Head Spurs at LS Bund mile 16/3+520, 16/1 and Prov.Stone pitching and Stone apron along LS Bund mile 16/0 to 17/0 Hakra point	982.53
4	Recoupment of Damaged store Apron of Ruk spurs at Mile 0/5, 1/1, 1/6, 2/3 and raising strengthening of Ruk Loop Bund Mile 0/0 to 2/4	476.304
Total		2,580.491

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

20.5.9 Award of contract without international tender - Rs61,985.000 million

According to SPPRA Rules, International Competitive Bidding is open to all interested parties, firms or individuals, whether national or international, but subject to Rule 29; International Competitive Bidding shall be the default method of procurement for all procurements with an estimated cost equivalent to US \$ 10 million or above. A procuring agency may opt for International Competitive Bidding for procurements below the estimated cost equivalent to US \$ 10 million if it is convinced that technological sophistication, technical expertise or professional capability of the satisfactory level is not available within the country and the best value for money cannot be obtained, if competition is restricted to the domestic companies, firms or parties; provided that provisions of Rule 15 (2) (a) (iii) may be invoked only with prior approval of the Head of the Department.

During audit of the office of Executive Engineer, RBOD Division-III, Thatta for the financial year 2017-18, it was observed that a work “Extension of RBOD from Sehwan to Sea, Dadu and Thatta District of Sindh (RBOD-III)” costing Rs61,985.000 million was awarded to local contractor without inviting international tender in violation of the above rule.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The matter was reported to the management in November 2018, but no reply was received.

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

(AIR#15)

20.5.10 Splitting up of work to avoid international tenders – Rs1,554.211 million

As per Rule-15(2)(a)(ii) of SPPRA Rules, 2010, “International Competitive Bidding shall be the default method of procurement for all procurement with an estimated cost equivalent to US\$ 10 million or above”.

During audit of the office of Executive Engineer, Northern Dadu Division, Larkana for the financial year 2018-19, it was observed that an expenditure of Rs1,554.211 million was incurred against the works awarded to contractors by way of splitting up to avoid inviting international tenders.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The matter was reported to the management in August 2019 but no reply was received.

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

(AIR#02)

20.5.11 Award of work without obtaining performance security – Rs1,252.161 million

According to Rule 39(1) of SPPR 2010, Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee,

an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various works of Rs1,252.161 million were awarded to contractors without obtaining performance security. As a result, government interest was not safeguarded and undue favor was extended to the contractors. The details are given at **Annex-3** of Chapter-20.

The matter was reported to the management during October 2018 to November 2019. The offices at Sr. # 2, 3, 6 & 9 replied that the requisite performance security for the awarded works was obtained from the contractors in the shape of call deposits and accordingly remitted into treasury. The replies were not relevant because call deposits pertained to earnest money, whereas audit observation was related to performance security which was to be obtained at the time of signing contract agreement and before issuance of work order. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.12 Non-action against defaulting contractors for abandoned works – Rs1,162.098 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Secretary Irrigation Department, Government of Sindh, while reviewing record of the project, Revamping and Rehabilitation of Irrigation Drainage System (RRIDS) Assignment Account No. A-50 for the financial year 2018-19, it was observed that as per Supervision Consultant's report, various contracts worth Rs1,162.098 million were awarded to various contractors but abandoned without completion as detailed below.

(Rs. in million)

Sr. #	Name of Circle	No. of Schemes Abandoned	Amount
1	Rohri Canal Circle, Hyderabad	44	782.855
2	Nara Canal Area Water Board, Mirpurkhas	10	68.421
3	B-Left Bank Canal Area Water Board, Badin	12	52.196
4	Khairpur Irrigation Circle	3	48.780
5	Lower Sindh Drainage Circle	3	31.613
6	Western Sindh Circle	10	178.233
Total			1,162.098

The matter was reported to the management in November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR# 04)

20.5.13 Non-execution and completion of various schemes as per target – Rs1,080.733 million

According to Para 40-B Appendix 18-A (1) SFR volume-I, “means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was noticed that various schemes/works costing Rs1,080.733 million were not executed and completed on prescribed time as per targets provided in relevant PC-I.

(Rs. in million)					
Sr. #	Name of Office	AIR Para #	Particulars	Financial Year	Amount
1	Secretary, Irrigation Department, Karachi	06	As per consultant's report dated 05-09-2019, total No. of 44 sanctioned works were not awarded/executed, whereas project was to be completed in 2010-11 as per revised PC-I dated 09-05-2008.	2018-19	667.248
2	XEN, Nasir Division, Hyderabad	01	Works were not initiated	2018-19	374.197
3	XEN, Daharki Irrigation Division, Mirpur Mathelo	11	As per PC-I, completion date of work was January 2019 but was still in progress in June 2019	2018-19	39.288
Total					1,080.733

The matter was reported to the management during August to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.14 Non-invitation of open tenders for various procurement – Rs1,039.943 million

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

three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs1,039.943 million was incurred on various procurement of works, goods and services without calling open tenders. As a result, government was deprived of benefit of competitive rates.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Financial Year	Particulars	Amount
1	XEN, RBOD Division-III, Thatta	25	2017-18	Engaging dozer, tractor trolley, excavator, machinery, datsun and labor charges	932.647
		26		Engaging generator with POL	6.112
2	XEN, Rohri Canal Division, Khesana Mori @ Hyderabad	05	2017-18	Engaging dozer, tractor trolley, excavator, machinery, datsun and labor charges	41.086
		06	2018-19	M&R works	26.515
3	XEN, Akram Wah Division, Badin	02	2018-19	Closing un-authorized pipes/holes	5.673
		09		Desilting work	11.547
4	XEN, Central Sindh Mechanical Division, Jamshoro	12	2017-18	Various works	7.322
5	XEN, Lower Sindh Mechanical Division, Jamshoro	22&23	2017-18	Uniform	1.988
6	XEN, Tuber Well Division, Naushero Feroze	04	2017-18	Purchase of Abkalani material	1.370
7	XEN, Kalri Baghar Division, Thatta	6	2017-18	Engaging tractors grader, trucks with tanker and datsun pick-up	5.683
Total					1,039.943

The matter was reported to the management during September 2018 to October 2019. The management of office at Sr. No.4 replied that the work orders to contractors were issued according to requirement/nature of work at site. The reply was not tenable

as the management did not clarify the non-inviting of tenders. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.15 Irregular expenditure without provision in PC-I/Budget – Rs970.739 million

As per Rule 88 of Sindh Financial Rules, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs970.739 million was incurred on various heads of accounts without provision in the PC-I or budget.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, RBOD Division-III, Thatta	27	2017-18	932.647
2	XEN, Drainage Division, Larkana	33	2017-18	2.293
3	XEN, Thar Coal Water Works Division, Hyderabad	13	2018-19	7.500
		14		23.990
4	Secretary, Irrigation Department, Karachi	07	2018-19	4.309
Total				970.739

The matter was reported to the management during November 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.16 Irregular award of work without hoisting of Bid Evaluation Report on SPPRA website – Rs970.526 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that contracts for execution of works costing Rs970.526 million were awarded to contractors but the advertisement and bid evaluation reports were not hoisted on Authority’s website.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Particular	Amount
1	XEN, Sakro Division, Mirpursakro	01	2017-18	Bid Evaluation Report	642.463
2	XEN, Sukkur Bagari Bund Division, Sukkur	02	2016-18	Tender advertisement	144.500
3	XEN, Hala Irrigation Division, Hala @ Hyd	08	2017-18	-do-	98.121
4	XEN, Drainage Division, Khairpur	21	2015-16 to 2017-18	Bid Evaluation Report	70.674
5	XEN, Akram Wah Division, Badin	04	2017-18	-do-	14.768
Total					970.526

The matter was reported to the management during December 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

**20.5.17 Irregular payment of higher rates against scheduled rates on works
– Rs853.293 million**

According to SPPRA works guideline 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 to 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 audit of the following offices of Irrigation Department, Government of Sindh, it was observed that the various works were awarded to contractors on higher rates than the scheduled rates or rates provided in work estimates, which was in excess of prescribed limit of 20%. It resulted in excess payment of Rs853.293 million to the contractors. The details are given at **Annex-4** of Chapter-20.

The matter was reported to the management during October 2018 to October 2019. The management of offices at Sr. # 3, 4, 5, 6, 7 & 8 replied that payment was made to the contractors on the basis of rates quoted by the contractors and duly approved by the competent authority. The reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

**20.5.18 Irregular award of work to 2nd lowest bidder without approval of
Finance Department – Rs799.078 million**

According to Sindh Delegation of Powers under Financial Rules and the powers of Re-appropriation Rules, 1962, where competitive tenders are to be invited under the rules in case the lowest tender from an approved contractor is not accepted reasons should be recorded and further approval should be obtained from (a) the Chief Engineer for tenders up to the value of Rs1,000,000 (b) the Administrative Secretary

if the value of the tender is more than Rs1,000,000 and (c) the Administrative Department and Finance Department if the value of the tender exceeds Rs3,000,000.

During audit of the office of Executive Engineer, Small Dam Division Kohistan-I, Dadu for the financial year 2018-19, while reviewing scheme of “Construction of small dams/delay action dams/retention weirs and ISSO barrier in Sindh Component-IX i.e. Construction of 05 Nos small dams and weirs on the Nais originating from Quba Qadir Bux to Ubhan Shah hills in Sukkur & Khairpur Districts”, it was observed that the work was awarded to a contractor, M/s Sher Mohammad Mugheri who was the second lowest bidder as shown in bid evaluation report detailed below:

Sr. #	Name of Bidder	Cost offered by the Bidder	Ranking of Successful Bidder	Reason for Acceptance/Rejection
01	M/S Asif Ali Mugheri, Govt. Contractor, Karachi	Rs713,197,786	1 st Lowest	Eligibility criteria is insufficient and no any experience in construction of small dams, hence bid / tender rejected, in the best interest of valuation of public money.
02	M/S Sher Muhammad Mugheri, Govt. Contractor, Karachi	Rs799,078,117	2 nd Lowest	Eligibility criteria is sufficient and having 5 years experience in construction of small dams also bid offer price is evaluated and reasonable, hence accepted in the best interest of valuation of public money.

It was further observed that the approval from Administrative Department and Finance Department was not taken as required in the above rule because the awarded work costing Rs799.078 million was much above the limit of Rs3.000 million.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01&02)

20.5.19 Irregular expenditure on hiring of various machinery – Rs797.090 million

Finance Department Circular # B-IV-8/131/85 dated 9th April 1987, read with circular # DA/FD/ID-EX/10/87/698 dated 27th April 1998, states that earthworks are to be carried out through Mechanical Division.

During audit of following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs797.090 million was incurred on hiring of various machinery from local market on account of earthwork. The details are given at **Annex-5** of Chapter-20.

Following irregularities were noticed:

- (i) No tender/quotations were invited.
- (ii) The consolidated estimate was not prepared.
- (iii) Purpose of engaging various machinery was not available on record.
- (iv) Registration numbers in case of hiring of tractors/excavators were not available.
- (v) Satisfactory completion report for each work was not available on record.

The matter was reported to the management during October 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.20 Improper maintenance of Development Running Bills - Rs76.100 million

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

During audit of the office of Executive Engineer, RBOD Division-III, Thatta, for the financial year 2017-18, it was observed that running bills of work “Extension of RBOD from Sehwan to Sea, Small & Minor Structure” amounting to Rs76.100 million were found without stamped name of the Divisional Accounts Officer and the same were also found without M.B. No & date, which indicated absence of internal control on the maintenance of valuable record. Moreover, by leaving blank the space for M.B. number on the bills, possibility of payment in advance before the work done could not be ruled out.

(Rs. in million)

Document No	Date	Cheque No	Paid to	G/L	G/L Descp	Amount
5100016610	20.03.2018	2977629	M/s Frontier Works Organization	A12470	Others	46.930
5100021811	20.04.2018	2979192				29.170
Total						76.100

The matter was reported to management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#12)

20.5.21 Irregular award of work/expenditure in excess of PC-I cost – Rs498.661 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Secretary Irrigation Department, Government of Sindh for the financial year 2018-19, it was observed that works were awarded costing

Rs498.661 million; whereas, expenditure was incurred over and above PC-I cost without modification in PC-I/re-appropriation orders by competent forum.

(Rs. in million)

Sr. #	AIR Para #	Particulars	Amount
1	12	Excess expenditure incurred over & above PC-I cost	460.882
2	19	Excess award of work over & above PC-I Cost	37.779
Total			498.661

The matter was reported to the management in November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.22 Irregular award of contracts without observing SPPRA Rules – Rs439.491 million

All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents”. As per Rule 42, Sindh Public Procurement Rules, 2010 read with Rule 2 (x), “mis-procurement means public procurement in contravention of any provision of Sindh Public Procurement Act, 2010, any rule, regulation, order or instruction made there under or any other law in respect thereof, or relating to, public procurement”.

During audit of the office of Executive Engineer, Tube Well Division, Mirpurkhas for the financial year 2017-18, it was observed that expenditure of Rs439.491 million was incurred on a work (detailed as below).

(Rs. in million)

Name of Work	Name of Contractor	W.O #	Date	Amount
Civil & structural work, boring & installation of 250 tube wells on solar energy for assured supply of generation unit	M/s AT-IT (J.V)	509	12-11-2014	439.491

Following irregularities were noted:

- (i) Evaluation criteria and scoring methods were not established before the bids were opened; hence reasonability of scores awarded against each individual criteria for the different bidders could not be ascertained.
- (ii) Reasonability of rates could not be established as no rate analysis was made prior to floating the tender.
- (iii) Documents required as per evaluation criteria from the prospective bidders were not made available to audit.
- (iv) Evidence of submission of bid security submitted along with bids was not furnished to audit.

The matter was reported to the management in September 2018. The management in its reply stated that rate analysis of non-scheduled items was approved by the competent authority. The reply was not tenable as the question was not in respect of non-scheduled items. Moreover, remaining points were not clarified.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR# 03)

20.5.23 Non-deduction of security deposit – Rs288.582 million

As per Para-89 of CPWA Code, “Security for the fulfillment of the contract should invariably be taken from the contractors. The security may be taken in form of cash deposit, deposit of interest bearing securities, deduction of 10% from the payment to be made on the work done or personal bond of two persons of known probity and wealth”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that security deposit of Rs288.582 million was not deducted

from the bills of contractors at prescribed rate of 10%. As a result, Government interest was not safeguarded and undue favor was extended to the contractors.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Project Director, Lining of Distributaries and Minors in Sindh Province, Hyderabad	06	2017-18	228.555
2	XEN, RBOD Division-III, Thatta	29	2017-18	27.629
3	Project Director, Flood Emergency Reconstruction Project, Hyderabad	6	2017-18	14.595
4	XEN, Water Carrier Works Division, Mirpurkhas	2	2017-18	12.360
5	XEN, Shahbaz Irrigation Division, Sehwan	2	2017-18	4.212
6	XEN, Tube Well Division, Ghotki	2	2017-18	0.811
7	XEN, Right Bank Tube well Division, Ratodero	8	2017-18	0.420
Total				288.582

The matter was reported to the management during September 2018 to February 2019. The management of offices at Sr. # 3, 4, 5, 6 & 7 replied that the security from the contractors' bills was deducted. However, reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.24 Irregular refund of security deposit – Rs249.068 million

According to Clause-I of the Contract Agreement, “the security deposit lodged by a contractor (in cash or recovered in installment from his bills) shall be refunded to him after the expiry of three months from the date on which work is completed”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs249.068 million was refunded to the contractors on account of security deposit without work completion report. Thus Govt. interest was not safeguarded and an undue favor to the contractors was extended.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Begari Division, Jacobabad	09	2018-19	109.873
2	XEN, Nasir Division, Hyderabad	07	2017-18	20.828
3	XEN, Small Dam Division Kohistan-II, Jamshoro	22	2017-18	17.174
4	XEN, Small Dam Division, Kohistan-I, Dadu	09	2018-19	13.517
5	XEN, Daharki Irrigation Division, Mirpur Mathelo	10	2017-18	11.564
		13	2018-19	7.415
6	XEN, Upper Pinyari Division, Hyderabad	12	2017-18	8.282
7	XEN, Warah Division, Larkana	07	2018-19	6.220
8	XEN, Nara Canal Division, Khairpur at Sukkur	23	2018-19	6.00
9	XEN, Drainage Division, Larkana	07	2018-19	5.267
10	XEN, Rohri Division, Kandiaro	09	2018-19	3.194
11	XEN, Hala Irrigation Division, Hala @ Hyd.	09	2017-18	3.080
12	XEN, Drainage Division, Larkana	09	2017-18	2.874
13	XEN, Begari Division, Thul	7	2017-18	2.654
		14	2018-19	24.848
14	XEN, Nara Canal Division, Khairpur @ Sukkur	07	2017-18	1.631
15	XEN, Mithrao Division, Mirpurkhas	09	2018-19	1.533
16	XEN, Irrigation Division, Garhi Hassan	9	2017-18	1.510
17	XEN, Jamrao Division, Mirpurkhas	11	2017-18	1.007
18	XEN, Northern Dadu Division, Larkana	12	2017-18	0.597
Total				249.068

The matter was reported to the management during October 2018 to November 2019. The management of offices at Sr. # 3, 13, 16, 17 & 18 replied that after fulfilling all codal formalities and obtaining completion reports, the security deposit was refunded to the contractors. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.25 Irregular award of works over & above estimated cost – Rs231.908 million

According to Para-527 of Public Works Department Manual Volume-I, “No work shall begin unless proper detailed design and estimates were sanctioned,

allotment of funds made and order for its commencement are issued by the competent authority”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various works costing Rs231.908 million were awarded over and above the sanctioned estimated cost in violation of above rule.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Small Dam Division Kohistan-I, Dadu	03	2018-19	215.826
2	XEN, Tube well Division, Khairpur	09	2018-19	5.600
3	XEN, Drainage Division, Badin	08	2018-19	10.482
Total				231.908

The matter was reported to the management during 2018 and 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.26 Splitting up of works to avoid sanction of higher authority – Rs206.670 million

As per Rule-146 of General Financial Rules Volume-I, “purchase order should not be split-up to avoid the necessity for obtaining the sanction orders of higher competent authority with reference to the total amount of the orders”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs206.670 million was incurred against the works awarded to various contractors by way of splitting up to avoid sanction of competent authority.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, Nasir Division, Hyderabad	09	2017-18	167.891
2	XEN, Nasrat Division, Shaheed Benazirabad	03	2018-19	16.423
3	XEN, Drainage Division, Khairpur	32	2015-16 to 2017-18	2.202
4	XEN, Phuleli Canal Division, Badin @ Hyderabad	02	2018-19	1.993
5	XEN, Tube well Division, Naushero Feroze	05	2017-18	1.495
		05	2018-19	16.234
6	XEN, Sukkur Bagari Bund Division, Sukkur	10	2018-19	0.432
Total				206.670

The matter was reported to the management during October 2018 to September 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.27 Excess execution of items of work – Rs97.097 million

According to Clause 38 of the standard Contract Agreement, the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs97.097 million was incurred on account of excess execution of items of work exceeding 30% against the quantity provided in estimate. The payment was made to the contractors without any justification and approval of competent authority, which resulted into increase in cost of the work, and indicated either that estimate was not based upon the factual requirement or the financial benefit were extended to the contractors by execution of excess items of work.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, Tube well Division, Naushero Feroze	07	2018-19	61.454
2	XEN, Nara Canal Division, Khairpur @ Sukkur	12	2017-18	7.996
3	XEN, Saifullah Magsi Division, Shahdadkot	02	2017-18	11.991
4	XEN, Rohri Division Kandiaro	09	2017-18	11.241
5	Project Director, Lining of Distributaries and Minors in Sindh Province, Hyderabad	09	2017-18	4.415
Total				97.097

The matter was reported to the management during October 2018 to October 2019. The office at Sr. # 04 replied that overall expenditure incurred was within 5% of the sanctioned estimate. The reply was irrelevant as audit observation was not on over all expenditure but on the items of work executed in excess of prescribed limit of 30%. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.28 Unjustified payments on account of carriage of material – Rs94.185 million

According to Rule-528 of Public Works Departmental Manual, no material alteration in sanctioned, design may be made by a divisional officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction.

During audit of office of the XEN, Nasrat Division, Shaheed Benazirabad for the financial year 2018-19, it was observed that an amount of Rs94.185 million was paid on account of execution of following item of work. The item of work executed for said payment was “carriage of 100 cft/5 ton of all material”, whereas, no earth was mentioned in the nomenclature. The management allowed carriage of material instead of allowing extra lead just to extend undue favour to the contractor, M/s Abdul Hakeem & Sons.

(Rs. in million)					
Sr. #	Name of Work	Item(s) of Work	Quantity	Rate	Amount
1	CC lining of Gajrah branch from RD- 0 to 83.00 – 12 th & final bill – vide CV# H-4 dated 19-06-2019	Carriage of 100 cft / 5 ton of all material	14493100 cft	649.86 % cft	94.185

The matter was reported to the management in September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

20.5.29 Irregular award of work through undue favor to contractors – Rs44.175 million

As per point 5 (a) (Terms & Conditions) of Notice Inviting Tenders vide No. TC/G-55/682/2015 dated 17-03-2015 that, “bids will be rejected in following conditions:

- (i) Conditional & telegraphic bids/ tenders
- (ii) Bids not accompanied by bid security of required amount & form
- (iii) Bids received after specified date & time
- (iv) Black listed firms,

Further as per Rule-42 (I) of SPPRA Rules 2010, “all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the bidding documents”.

During audit of office of the following offices of Irrigation Department, Government of Sindh, it was observed that various works costing Rs44.175 million were awarded to different contractors. Undue favour was extended to them as detailed below.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Irregularity	Amount
1	XEN, Drainage Division, Larkana	2017-18	38	Late submission of earnest money after cut-off date	34.502
2	XEN, Nasir Division, Hyderabad	2018-19	04	Work awarded to unsuccessful bidder by matching with lowest offer rate	6.761
3	XEN, Nasrat Division, Shaheed Benazirabad	2018-19	01	Short bid security accepted	2.912
Total					44.175

The matter was reported to the management during September 2018 and September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fixing responsibility on the person(s) at fault.

20.5.30 Irregular expenditure on land acquisition – Rs41.262 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs41.262 million was paid to Land Acquisition Officers (LAOs) on account of land acquisition.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, Drainage Division, Larkana	07	2017-18	15.00
2	XEN, RBOD Division-II, Jamshoro	12	2017-18	10.741
3	XEN, Daharki Irrigation Division, Mirpur Mathelo	03	2017-18	9.421
4	XEN, Thar Coal Water Works Division, Hyderabad	02	2018-19	6.100
Total				41.262

Following irregularities were noticed:

- (i) Statement of award of land was not produced to audit.
- (ii) The payment was made to LAOs through hand receipts without obtaining land assessment, adjustment account and Form-07 for transfer of land.
- (iii) Disbursement accounts were not produced to audit to ascertain the authenticity of payment.
- (iv) The rate assessment of land was not available on record.
- (v) The acknowledgement receipt of payees was not obtained from LAOs.
- (vi) Verification of ownership certificated issued by concerned department was not available on record.
- (vii) The revenue record of the properties was not available on the record.
- (viii) Possession certificate was not available on the record.

The matter was reported to the management during November 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.31 Irregular expenditure without approval of PC-I – Rs39.996 million

As per Rule 88 of Sindh Financial Rules, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public money should not be utilized for the benefit of the community”.

During audit of the office of XEN, Johi Division, Dadu for the financial year 2017-18, it was observed that an expenditure of Rs39.996 million was incurred without approval of PC-I from competent authority i.e. Provincial Development Working Party (PDWP).

The matter was reported to the management in January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

20.5.32 Irregular expenditure on work - Rs39.270 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Executive Engineer, Phuleli Canal Division, Badin @ Hyderabad for the financial year 2017-18, it was observed that an expenditure of Rs39.270 million was incurred on account of a work “Construction of retaining wall along Phuleli main canal RD-26 NIP side etc” awarded to M/s Sakhani Enterprises. Following irregularities were noticed:

- (i) Work was awarded without calling tender & executing agreement and without obtaining performance security.
- (ii) Stamp duty @ 0.35 % of Rs0.137 million was not recovered.
- (iii) Work was started on 19-02-2018; whereas the work order was issued on 26-02-2018.
- (iv) Detailed estimate and Measurement book were not produced to audit.

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

20.5.33 Un-authorized execution of extra items of works – Rs35.927 million

Para-527 of Public Works Department Manual, Volume-I, states that, “no work shall begin unless proper detailed design and estimate have been sanctioned, allotment of funds made and order for its commencement issued by the competent authority”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs35.927 million was paid on execution of extra items of works without approval of competent authority. The said items of work were not found included in the Technical Sanctioned as well as separate sanction from competent authority was also not available on record.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Nasrat Division, Shaheed Benazirabad	11	2018-19	16.910
2	XEN, Jamrao Division, Mirpurkhas	08	2017-18	12.142
3	XEN, Tube well Division, Naushero Feroze	06	2018-19	4.793
4	XEN, Barrage Division, Sukkur	13	2018-19	1.410
5	XEN, Daharki Irrigation Division, Mirpur Mathelo	03	2018-19	0.672
Total				35.927

The matter was reported to the management during November 2018 to November 2019. The management of office at Sr. # 02 replied that item of filling expansion joints with bitumen was available in the sanctioned estimate and approval for re-handling of earth work item was obtained in the revised estimate from competent authority. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.34 Irregular expenditure on same item of work on different rates – Rs33.336 million

Rule 221 of Central Public Works Account Code states that, “before signing the bills, sub-divisional officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that all calculations have been checked arithmetically”.

During audit of the office of Executive Engineer, RBOD Division-III, Thatta for the financial year 2017-18, it was observed that development works costing Rs33.336 million were awarded to various contractors, but same item of works (Barrow pit excavation in ordinary soil / undressed lead up to 100ft) were executed on different rates by different contractors. Thus, the authenticity of expenditure on earthwork could not be ascertained.

(Rs. in million)

CV.No. Dt	W.O No Dt	M/S	Rate (%0cft)	Qty	Amount
H-1/ 1-3-18	535/ 27-10-14	S.Sheraz Traders	16,428	749307	12.310
H-2/ 1-3-18	137/ 18-2-14	Al Raee Construction	3,000	1876028	5.628
H-36/ 21-2-18	475/ 15-10-14	Hafiz Rabnawaz	3,000	100466	0.301
H-38/ 21-2-18	509/ 22-10-14	Pritam Das	5,000	266500	1.333
H-38/ 21-2-18	509/ 22-10-14	Pritam Das	5,500	369000	2.030
H-40/ 21-2-18	618/ 25-12-14	Khalid Masood Channa	2,530	1729009	4.374
H-41/ 21-2-18	595/ 14-11-14	Hafiz Rabnawaz	2,520	374400	0.943
H-41/ 21-2-18	595/ 14-11-14	Hafiz Rabnawaz	2,900	2212780	6.417
Total					33.336

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fact finding and fixing of responsibility on the person(s) at fault.

(AIR#47)

20.5.35 Irregular payment without consultant's measurement certificate - Rs30.611 million

Letter No.FD(TR)5(10)/2010 dated 27-04-2011 issued by the Finance Department, Government of Sindh on the subject: "Stoppage of payment of the contractors bearing no verification of the consultant" states that:-

- for proper monitoring and supervising the work of Irrigation Department M/s NESPAK was appointed as consultant for the works "Repair of breaches / strengthening of the Irrigation Canals / Minors".
- no bill of the contractor may be admitted for payment till 100% measurements of work done are verified by consultant.
- the certificate should be attached with the bill for payment with recommended amount.
- if such payment without recommendation of consultant were made earlier may be recovered from the concerned officer or Chief Engineer under the rules.

During audit of the office of Executive Engineer, Saifullah Magsi Division, Shahdadkot for the financial year 2017-18, it was observed that Rs30.611 million was paid to contractors, under the project without 100% measurement certificate and recommendation by supervising consultant, M/s NESPAK in violation of above regulation.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

20.5.36 Irregular invitation of tender without wide publicity - Rs29.286 million

As per SPPRA Rule # 17; Methods of Notification and Advertisement, (1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.

During audit of the office of Executive Engineer, Drainage Division K.N Shah for the financial years 2015-16 to 2017-18, it was observed that a tender was floated in lesser circulated newspaper for procurement of goods and services costing Rs29.286 million in 2017-18, i.e., 'Daily Tulu Sukkur, Daily Pak Sindh Sukkur, Daily Sobh Karachi, Daily Dunya Karachi and Daily Tribune Karachi. Due to non-appearance of the tender in widely circulated newspapers, government was deprived of competitive rates.

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

20.5.37 Irregular execution of works beyond operational jurisdiction – Rs24.265 million

As per Rule 88 of Sindh Financial Rules, Volume-I, "every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money".

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various works of Rs24.265 million were executed beyond the operational jurisdiction or without obtaining NOC from the respective departments.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particular	Amount
1	XEN, Northern Dadu Division, Larkana	2018-19	08	Construction of Inspection Bungalow, Tajo Dero at Naudero	20.203
2	XEN Mithrao Division, Mirpurkhas	2017-18	07	Desilting work of distry under control of Farmers Organization	3.009
3	XEN, Rohri Division Kandiaro	2018-19	07	Sanitary and electrification work at Sub Engineer Quarter	1.053
Total					24.265

The matter was reported to the management during October 2018 to October 2019. The management of office at Sr. # 02 replied that Farmers Organization collects only 40% from beneficiaries and carry out minor repairs/maintenance of distry; whereas, the department collects 60% and maintain all branches and distry. The reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.38 Unjustified purchase of material without utilization – Rs15.488 million

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

During audit of the office of Executive Engineer, Phuleli Canal Division, Badin @ Hyderabad for the financial year 2018-19, it was observed that payment of Rs15.488 million was made to a firm, M/s KMC & Co for supply of material (brick, cement, bajri, crush & iron frame) in respect of works “Rehabilitation of Jamali Distry RD 0-39.50” and “Rehabilitation of Chaneri Distry Rd 0-50.50”. However, the same material was lying unutilized resulting in blockage of funds. The possibility of undue expenditure to utilize available funds could not be ruled out.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#10)

20.5.39 Excess payment to consultant on account of increase in remuneration – Rs14.957 million

As per table-3, page 1 of 3; Estimated Salary Cost / Remuneration of Contract Agreement for Consultancy Services between Irrigation Department Govt. of Sindh and Joint Venture (NDC), Lahore etc. dated December, 2003, specified rate of remuneration was defined against each post/personnel.

During audit of the office of Secretary Irrigation Department, Government of Sindh, while reviewing record of Revamping and Rehabilitation of Irrigation Drainage System (RRIDS) Assignment Account No. A-50 for the financial year 2018-19, it was observed that excess payment of Rs14.957 million was made to consultant on account of 11 employees (Project Manager, Surveyor and various Engineers) of the consultant, being at the monthly rate of salary allowed over and above the contract agreement without approval of competent forum, i.e., Planning Commission, Govt. of Pakistan & Planning & Development Department Government of Sindh.

The matter was reported to the management in November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#17)

20.5.40 Irregular expenditure on purchase of Abkalani material – Rs13.941 million

According to Para 101 of C.P.W.A. code, a numerical or quantity account of receipts, issue and balances to be maintained for all kinds of store material. Further, as per Para 518-519 Public Works Department Manual Volume-I, tenders for petty supplies should be invited publicity.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs13.941 million was incurred on purchase of Abkalani material, i.e., *Manjhandari/Lai Panjars and Muna Bahan*.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Saifullah Magsi Division, Shahdadkot	09	2017-18	6.870
2	XEN, Barrage Division, Sukkur	24	2018-19	2.420
		27		3.651
3	XEN, Upper Pinyari Division, Hyderabad	08	2017-18	1.00
Total				13.941

Following irregularities were noticed:

- (i) *Manjhandari Stick Panjars* should have been purchased through Forest Department unless an NOC was given by them to purchase locally. Any NOC from the Forest Department was not available on record.
- (ii) Open tenders/quotations were not invited.
- (iii) Instead of preparing the consolidated purchase plan, expenditure was incurred by splitting up the work orders.

- (iv) In case of office at Sr.#2 (Rs2.420 million), gunny bags were purchased without reporting any breach of canal.
- (v) Consumption account was not maintained.

The matter was reported to the management during November 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.41 Inaction on theft of water resulting in expenditure on removing of pipes – Rs10.562 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Executive Engineer, Phuleli Canal Division, Badin @ Hyderabad for the financial year 2018-19, it was observed that work of removing of illegally laid pipes in the canal branches for theft of water was awarded to a contractor, M/s Delta Indus Construction Company through various work orders in March 2019 to May 2019. An amount of Rs10.562 million was paid to the contractor through various bills. However, the record about excavated pipes by the contractor and their disposal was not made available to audit. Moreover, the record did not indicate any action including lodging of FIR against the culprits responsible for laying unauthorized pipes in the canal resulting undue expenditure from public exchequer to the extent of Rs10.562 million.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

20.5.42 Irregular expenditure on repair of SCARP Colonies – Rs8.080 million

According to Rule-13 of General Financial Rules, Volume-I, read with Appendix 18-A of Sindh Financial Rules, Volume-I, which states that, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Executive Engineer, Drainage Division, Larkana for the financial year 2017-18, it was observed that an amount of Rs8.080 million was paid to a contractor, M/s Aftab Ahmed on account of supply of material for repair of residential buildings in SCARP Colony at Sukkur and Larkana. Following irregularities were noticed:

- (i) Works were not executed on Composite Schedule Rates 2012.
- (ii) Requisitions from beneficiaries/occupants for repair of colonies were not attached with the bills.
- (iii) Detailed estimates were also not prepared for sanction from competent authority.
- (iv) Measurement books of the works were not produced to audit.
- (v) Security deposit was not obtained.
- (vi) PEC registration certificate of the contractor was not available on record.

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#35)

20.5.43 Unjustified purchase of transformer through a contractor - Rs7.960 million

As per Rule-88 of Sindh Financial Rules Volume-I, “every public officer should exercise the same vigilance in respect of expenditure incurred from government revenue, as a person of ordinary prudence would exercise in spending his own money”.

During audit of office of the Executive Engineer, Drainage Division, Larkana for the financial year 2017-18, it was observed that an expenditure of Rs7.960 million was incurred on procurement of transformer with 4 core wire for pumping stations through a private contractor instead of SEPCO. The details are as follows;

(Rs. in million)

CV date	W/O Date	Name of work	Contractor	Particulars	Qty	Rate	Amount
H-02 7-8-17	712 19-3-14	Installation of new pumps at Noudero pumping station	Madani Eng: Constt: Co.	P/F of transformer 630 KVA Siemens	01	4.300	4.300
				4 core copier wire 37/83 (240mm)	600 rft	0.006	3.660
Total							7.960

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#37)

20.5.44 Unjustified purchase of Abkalani material after monsoon period – Rs6.725 million

According to Rule 290 of Central Treasury Rules Volume-I, no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need. Further as per Rule-88 of Sindh Financial Rules, Volume-I, “every public officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the office of Executive Engineer, Phuleli Canal Division, Badin @ Hyderabad, for the financial year 2018-19, it was observed that *Abkalani* material worth Rs6.725 million was purchased in the month of September 2018. Audit was of the view that monsoon period lasts from June to August but purchasing *Abkalani* material in the month of September was unjustified.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

20.5.45 Wasteful expenditure on re-boring/repair of tube wells – Rs4.686 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of Executive Engineer, Tube well Division, Naushero Feroze for the financial year 2018-19, it was observed that an expenditure of Rs4.686 million was incurred on re-boring/repair and maintenance of tube wells but the same tube wells were not operational after the repair works, hence the expenditure incurred was wasteful. Furthermore, where about of the material issued for re-boring was not made available to audit for scrutiny.

(Rs. in million)

Sr.#	AIR Para #	Particulars	Amount
1	02	Re-boring of tube wells	4.065
2	03	Repair of tube wells	0.621
Total			4.686

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.46 Irregular expenditure on repair of transformers & tube wells – Rs4.189 million

Rule 13 of General Financial Rules, Volume-I, states that, “every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs4.189 million was incurred on repair of transformers and tube wells through contractors.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	XEN, Tube well Division, Naushero Feroze	04	2018-19	Repair of transformers	3.223
2	XEN, Tube well Division, Tandojam @ Hyderabad	08	2017-18	Repair of tube wells	0.966
Total					4.189

Following irregularities were noticed:

- (i) The repair of transformers was not done from workshop of SEPCO and NOC was also not obtained before execution of work through private contractors.
- (ii) The work repair of transformers was executed from non-technical contractors, who did not possess certificate in respect of repair of electric articles.
- (iii) The repairs of transformers were carried out without sanctioned technical estimates.
- (iv) Tender was not invited in both cases.
- (v) The consumption account of the procured items and disposal of scrap items were not produced to audit in case of repair of tube wells.
- (vi) Neither scrap material was disposed off nor was the whereabouts of the same shown to audit.

The matter was reported to the management during December 2018 and August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.47 Erroneous reference number/date of work orders - Rs3.936 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by

Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of XEN, Central Sindh Mechanical Division, Jamshoro for the financial year 2017-18, it was observed that payment of Rs3.936 million was made to various suppliers/contractors by issuing work orders which contained same number & date or same number with different date. The erroneous referencing of work orders indicated weak internal controls, hence misuse of funds could not be ruled out.

(Rs. in million)				
Sr. #	Name of work	Name of contractor	Work Order No. & Date	Amount
1	Engaging tractor trolley including POL	M/s ASK & Co Hyd	68/27-01-17	0.482
2	Silt clearance of upstream Sukkur barrage Indus river	M/s Muhammad Malook & Co	68/27-01-17	0.567
3	Supply of material for Ali bahar distry of Hala branch	M/s Sheeraz Trader	76/16-01-14	0.463
4	Engaging tractor trolley including POL	M/s ASK & Co Hyd	76/27-01-17	0.568
5	Supply of material for Ali bahar distry of Hala division Hala Package – III	M/s Sheeraz Trader	77/16-1-14	0.139
6	Engaging tractor trolley including POL	M/s ASK & Co Hyd	77/27-01-17	0.568
7	Silt clearance of upstream Sukkur barrage Indus river	M/s Muhammad Malook & Co	87/27-01-17	0.564
8	Silt clearance of upstream Sukkur barrage Indus river	M/s Muhammad Malook & Co	87/31-01-17	0.585
Total				3.936

The matter was reported to the management in October 2018. The management replied that no double payment has been made to the contractors which can be verified from the office. However, the management did not clarify the erroneous reference number & date of work orders.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fixing of responsibility on the person(s) at fault.

(AIR#08)

20.5.48 Irregular expenditure on engaging labour – Rs3.750 million

As per SPPRA Rule-17; Methods of Notification and Advertisement, (1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs3.750 million was paid to various contractors for various works by engaging casual labor/coolies.

(Rs. in million)				
Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, Barrage Division, Sukkur	25	2018-19	2.396
2	XEN, Upper Pinyari Division, Hyderabad	11	2017-18	1.354
Total				3.750

Following irregularities were noticed:

- (i) Tenders were not invited.
- (ii) Estimates of the works were not sanctioned.
- (iii) NICs of engaged labor were not produced to audit.
- (iv) Acknowledgement of payment was not available in record.

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.49 Splitting up of works to avoid tenders – Rs3.674 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs3.674 million was incurred against the works awarded to various contractors by way of splitting up to avoid inviting open tenders.

(Rs. in million)				
Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, Barrage Division, Sukkur	19	2018-19	2.425
2	XEN, Sukkur Bagari Bund Division, Sukkur	10	2016-18	1.249
Total				3.674

The matter was reported to the management during October 2018 and August 2019 but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.50 Work of jungle clearance through contractors instead of Beldars – Rs2.232 million

According to para 1(E) of chapter 10 (Embankment Maintenance) Operation & Maintenance, Irrigation and Power Department, published in April 1993, "any tree or brushwood growth on berms or on outer slopes should be removed by beldars.

Sometime branches of trees or other trash are blown into the canals by wind storms. This debris can choke the bays of regulator or bridges and can result in damage. The beldars should use long-handled rakes or other tools to remove the debris as soon as possible”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various works of Rs2.232 million on account of jungle clearance were executed through the contractors instead of Beldars.

(Rs. in million)

Sr. #	Name of formation	AIR Para #	Financial Year	Particulars	Amount
1	XEN, Mithrao Division, Mirpurkhas	06	2017-18	Jungle clearance through private contractor despite official strength of 2175 Beldars	1.148
2	XEN, Phuleli Canal Division, Badin @ Hyderabad	03	2018-19	Jungle clearance through private contractor despite official strength of 216 Beldars	1.084
Total					2.232

The matter was reported to the management during September 2018 and August 2019. The management of office at Sr. # 01 replied that Beldars perform minor work such as jungle clearance whereas the work mentioned by audit for jungle clearance was for heavy jungle which could not be cleared without heavy machinery. They added that the item jungle clearance is provided in detailed working estimate and tender amount. The reply was not tenable as the duty of official Beldars was also on jungle cutting. Remaining office did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for such expenditure, besides fixing responsibility on person (s) at fault.

20.5.51 Irregular payment through DDO account – Rs143.645 million

As per Rule 303 of Central Treasury Rules, “contingent bill for payment to suppliers etc. which cannot be met from the permanent imprest may be endorsed for payment to the party concerned and the DDOs are suggested that in case of payments

to the Suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawl and disbursement of cash”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs143.465 million was incurred on account of various heads, but the payments were made through DDO account instead of direct payment to the concerned payees.

(Rs. in million)

Sr. #	Name of Formation	AIR Para #	Financial Year	Amount
1	XEN, RBOD Division-III, Thatta	03	2017-18	42.884
2	XEN, Drainage Division LBOD, Shaheed Benazirabad	04	2018-19	40.451
		09		1.100
3	XEN, Drainage Division, Sanghar	2	2017-18	32.967
4	XEN, Tube well Division, Naushero Feroze	10	2018-19	5.068
5	XEN, Water Carrier Works Division, Mirpurkhas	14	2017-18	3.954
6	Mechanical Engineer, Upper Sindh Mechanical Division, Sukkur	08	2018-19	3.800
7	XEN, Tube well Division Tando Jam@ Hyderabad	08	2018-19	1.800
8	Secretary, Irrigation Department, Karachi	36	2018-19	1.538
9	XEN, Nasir Division, Hyderabad	02	2017-18	1.400
10	XEN, Begari Division, Jacobabad	01	2018-19	1.400
11	XEN, Begari Bund Division, Sukkur	06	2018-19	1.400
12	XEN, Mithrao Division, Mirpurkhas	07	2018-19	1.400
13	XEN, Dad Division, Shaheed Benazirabad	06	2018-19	1.300
14	XEN, Kalri Baghar Division, Thatta	3	2017-18	0.703
15	XEN, Begari Division, Thul	11	2018-19	0.600
16	XEN, Rohri Canal Division, Khesana Mori @ Hyderabad	09	2017-18	0.400
		09	2018-19	1.100
17	XEN, Nara Canal Division, Khairpur at Sukkur	04	2018-19	0.200
Total				143.465

The matter was reported to the management during December 2018 to October 2019. The offices at Sr. # 3 & 5 stated that salaries to contingent paid staff were paid through Form 256 sanctioned by competent authority and cash payment was acknowledged. The reply was not tenable as efforts could be made to make payments through opening of bank account. Whereas, the office at Sr. # 14 stated that the DAO issued cheque to DDO for further payment to legal heirs of employee. The reply was not tenable as bills in favor of DDO were drawn by the formation. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.52 Irregular cash payments through DDO Account – Rs42.884 million

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

During audit of the office of Executive Engineer, RBOD Division-III, Thatta for the financial year 2017-18, it was observed that an amount of Rs42.884 million was paid from DDO bank account by issuing open cheques/cash instead of cross cheques without any further details.

(Rs. in million)

Name of Bank	Account #	Branch	Cheque Dt	Cheque No	Amount
NBP	4113582773	Main Branch Thatta	12/20/2017	36078759	16.46
			3/1/2018	36078760	4.11
			3/1/2018	36078761	2.06
			4/17/2018	36078762	6.61
			5/10/2018	36078763	4.55
			6/8/2018	36078766	3.00
			6/8/2018	36078767	3.10
			6/8/2018	36078765	3.00
Total					42.88

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

20.5.53 Unauthorized transfer of Assignment Account funds into DDO account - Rs22.517 million

According to Rule 290 of Central Treasury Rules Volume-I, no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need. Further according to Para 28 of General Financial Rules Volume-I, no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable, the orders of the competent authority for their adjustment must be sought.

During audit of the office of Managing Director, Sindh Irrigation & Drainage Authority for the financial years 2015-16 & 2016-17, it was observed that various funds amounting to Rs22.517 million were deposited/transferred into DDO account titled “Bid Money A/c” to avoid lapse of funds.

(Rs. in million)			
Sr.#	Particulars	Date	Amount
1	Transfer from Bid-68997	30.8.2016	14.855
2	Repayment of Salaries paid to Grant-in Aid for the m/o November, 2016 vide deposit # 4576878	16.01.2017	2.337
3	Loan reimbursed from Grant-in-Aid Account	12.06.2017	2.325
4	Loan amount received from AWB Left Bank Canal	10.12.2015	3.000
Total			22.517

The matter was reported to the management in October 2018. The management replied that the four deposits in the Bid Money Account mentioned in the para pertained to the loan taken from Left Bank Canal Area Water Board for the payment of salaries of SIDA staff. The loan was taken because of delay in the release of Grand-in-Aid budget to SIDA. The bid money account was temporarily used for the purpose of taking loan and disbursing the salaries, and as soon as the budget was released the loan was paid back. The reply was not tenable as the assignment account was a lapsable account, hence irregularity has occurred.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#07)

20.5.54 Non-deduction of Sindh Sales Tax – Rs308.337 million

The service provided or rendered by person engaged in contractual execution of work or furnishing supplies is taxable within the meaning of section 3(1) of the Sindh Sales Tax Act. The rate of Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies mentioned at tariff No.9809.00 during the financial year 2017 is 13%.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that payments were made to various contractors/employees but Sindh Sales Tax at prescribed rates for Rs308.337 million was not deducted which included Rs0.297 million in case of office at Sr. No.08 (XEN, Nara Canal Division, Khairpur @ Sukkur) which deducted less tax.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN, RBOD Division-II, Jamshoro	02	2017-18	87.253
		07		6.316
2	XEN, Small Dam Division, Kohistan-II, Jamshoro	03	2018-19	32.904
3	XEN, Phuleli Canal Division, Badin @ Hyderabad	10	2017-18	20.168
4	XEN, Small Dam Division, Kohistan-I, Dadu	13	2018-19	8.222
5	XEN, Drainage Division, Larkana	14	2017-18	8.307
6	XEN, Nara Canal Division, Khairpur at Sukkur	18	2018-19	6.401
		19		0.297
7	Project Director, Lining of Distributaries and Minors in Sindh Province, Hyderabad	04	2017-18	6.039
8	XEN, RBOD Division-III, Thatta	2	2017-18	5.612
		4		121.244
		35		5.574
Total				308.337

The matter was reported to the management during November 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.55 Less recovery of Abiana against the target – Rs281.326 million

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

During audit of following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs281.326 million was less recovered on account of Abiana against the target fixed by the authority.

(Rs. in million)				
Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	XEN Mithrao Division, Mirpurkhas	01	2017-18	270.923
2	XEN, Phuleli Canal Division, Badin @ Hyderabad	13	2017-18	10.403
Total				281.326

The matter was reported to the management during October 2018 and January 2019. The office at Sr. # 01 replied that it has recovered an amount of Rs130.688 million till September 2019 and making efforts for recovery of balance amount. No reply was received from remaining office.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.56 Excess payment of premium on works to contractor – Rs175.104 million

According to SPPRA works guideline 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 to 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 audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an excess payment of Rs175.104 million was made to the contractors due to allowing more than 20% premium on scheduled items/works without approval of Finance Department.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Small Dam Division Kohistan-I, Dadu	06	2018-19	117.144
2	XEN, Small Dam Division Kohistan-II, Jamshoro	02	2018-19	33.158
3	XEN, Drainage Division, LBOD Shaheed Benazirabad	01	2018-19	11.390
4	XEN, Tube Well Division, Khairpur	08	2018-19	10.175
5	XEN, Dad Division, Shaheed Benazirabad	01	2018-19	3.237
Total				175.104

The matter was reported to the management during August to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.57 Non-recovery of government dues – Rs85.280 million

As per Rule 28 of General Financial Rules Volume-I, “no amount due to Government should be left outstanding without sufficient reasons and where any dues

appear to be irrecoverable, the orders of competent authority for their adjustment must be sought".

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that various government dues amounting to Rs85.280 million were not recovered.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Particulars	Financial Year	Amount
1	XEN, Barrage Division, Sukkur	03	Recovery of outstanding electricity charges	2018-19	56.119
2	XEN, Jamrao Division, Mirpurkhas	12	Water charges	2017-18	18.928
3	XEN, Drainage Division, Larkana	04	Water charges	2018-19	2.112
4	XEN, Warah Division, Larkana	05	Water charges	2018-19	0.890
5	Mechanical Engineer, Upper Sindh Mechanical Division, Sukkur	02	Recovery of short payment	2018-19	0.135
6	XEN, Mithrao Division, Mirpurkhas	05	Water charges (14 fish farms without assessment of dues)	2017-18	-
		05	Outstanding abiana against Khatedars	2018-19	6.196
		06	Water charges		0.900
Total					85.280

The matter was reported to the management during October 2018 to October 2019. The office at Sr. # 02 replied that the matter has been taken up for deduction at source. The office at Sr. # 06 replied that it was unaware of the fact that fish farms pointed out in audit observation were operating under command of their office as the same were showing in Directory of Fish Farms maintained by Directorate of Fisheries, Hyderabad. However, no progress for resolving this issue with Directorate of Fisheries, Hyderabad was intimated to audit. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.58 Non/less deduction of income tax – Rs84.939 million

According to Para 153(1) (a), (b) & (c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001, income tax is required to be deducted at source while making payment to suppliers/contractors w.e.f. 01-07-2015.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that income tax amounting to Rs84.939 million was not/less deducted from the contractors, suppliers, consultants & employees. This resulted into loss of revenue.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particular	Amount
1	XEN, RBOD Division-III, Thatta	06	2017-18	Less deducted	60.959
		09		Not deducted	9.918
2	Secretary, Irrigation Department, Karachi	01	2018-19	Not deducted	5.271
		08		Not deducted	0.521
		21		Not deducted	0.317
3	XEN, Northern Dadu Division, Larkana	01	2017-18	Less deducted	4.600
4	XEN, Nara Canal Division, Khairpur at Sukkur	20	2018-19	Less deducted	1.475
5	XEN, Irrigation Research Division, Karachi	07	2018-19	Not deducted	1.334
6	XEN, Rohri Canal Division, Khesana Mori @ Hyderabad	08	2017-18	Not deducted	0.410
7	XEN, Right Bank Tube well Division, Ratodero	01	2017-18	Not deducted	0.134
Total					84.939

The matter was reported to management during November 2018 to November 2019. The offices at Sr. # 3 & 7 replied that the income tax at required rate has been deducted from contractors' bills, which required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.59 Non-deduction of shrinkage allowance on earth work – Rs62.706 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2004, “deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

During audit of the various offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs62.706 million was incurred on account of earth work done through machines by the contractor, but shrinkage allowance against the quantity executed was not deducted from the bills resulting in a loss to the Government.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, RBOD Division-III, Thatta	38	2017-18	17.612
2	XEN, Begari Division Jacobabad	8	2017-18	11.200
		08	2018-19	2.266
3	XEN, Drainage Division, Larkana	25	2017-18	7.519
4	XEN, Begari Division, Thul	6	2017-18	4.368
		02	2018-19	0.898
5	XEN, Nasrat Division, Shaheed Benazirabad	3	2017-18	3.679
		06	2018-19	3.672
6	XEN, Nara Canal Division, Khairpur @ Sukkur	08	2017-18	1.835
		34	2018-19	2.206
7	XEN, Upper Pinyari Division, Hyderabad	03	2017-18	1.628
8	XEN, Lower Pinyari Division, Sujawal	09	2017-18	1.413
9	XEN, Dad Division, Shaheed Benazirabad	5	2017-18	0.860
10	XEN, Daharki Irrigation Division, Mirpur Mathelo	05	2018-19	0.658
11	XEN, Johi Division, Dadu	07	2017-18	0.621
12	XEN, Irrigation Research Division, Karachi	02	2018-19	0.525
13	XEN, Drainage Division, Badin	10	2018-19	0.395
14	XEN, RBOD Division-II, Jamshoro	08	2017-18	0.296
15	XEN, Tube well Division, Naushero Feroze	10	2017-18	0.218
		15	2018-19	0.727
16	XEN, Small Dams Division Kohistan-II, Jamshoro	10	2018-19	0.110
Total				62.706

The matter was reported to management during September 2018 to November 2019. The offices at Sr. # 2 & 4 replied that shrinkage allowance had already been deducted in the measurement books. The offices at Sr. # 5 & 9 replied that in case of compacted earth work, no shrinkage allowance is deductible, hence deduction was not required. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.60 Non/less deduction of general sales tax – Rs51.118 million

As per Rules 2(2) and (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007 under S.R.O. 660(1)/2007, Islamabad, the 30th June, 2007, “a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him” and “all withholding agents shall make purchase of taxable goods from a person duly registered under Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, if purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 17% of the value of the taxable supplies made to him from the payment due to the supplier”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that 17% GST amounting to Rs51.118 million was not/less deducted while making payments to contractors resulting in loss of revenue to government.

(Rs. in million)

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	XEN, Drainage Division, Larkana	31	2017-18	Not deducted	49.844
2	XEN, Thar Division, Mirpurkhas	01	2017-18	Not deducted	0.789
3	XEN, RBOD Division-III, Thatta	08	2017-18	Not deducted	0.400
4	Director Regulation, Irrigation Dept, Karachi	08	2002-03 to 2017-18	Not deducted	0.059
		09		Less deducted	0.026
Total					51.118

The matter was reported to the management during November & December 2018. The office at Sr. # 02 replied that GST at the rate of 14.52% had been deducted at source and contractor was responsible for depositing the difference. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.61 Non-recovery of stamp duty from contractors – Rs47.921 million

According to Para 22-A of Stamp Act, 1899, “it was the duty of the competent authority to recover the stamp duty and affix the same, while executed of agreement at the rate 0.35 paisa per hundred rupees of the value of the agreement or against tender cost”. Read with Para 2(2-A) of Stamp Act 2009, the stamp duty 35 paisa per hundred may got recovered and affixed on the agreement.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that stamp duty amounting to Rs47.921 million was not recovered from the contractors against contract agreements in violation of above rule, resulting in loss of revenue. The details are given at **Annex-6** of Chapter-20.

The matter was reported to the management during October 2017 to November 2019. The offices at Sr. # 1, 2, 3, 9, 10, 15, 16, 18 & 21 replied that the stamp duty had been duly recovered from contractors. The reply required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery, besides fixing of responsibility against the officer(s) at fault.

20.5.62 Non-recovery of various inadmissible allowances – Rs39.149 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs39.149 million was paid to the officers and staff on account of various allowances which were inadmissible to them. The details are given at **Annex-7** of Chapter-20.

The matter was reported to the management during October 2017 to October 2019. The office at Sr.#06 replied that the conveyance allowance was paid to Assistant Executive Engineers (AEN) who had been allotted vehicles for patrolling along canal and branch inspection day & night. The office at Sr.#09 replied that conveyance allowance was paid to an AEN but vehicle allotted to him was unserviceable and out of order. The reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.63 Non-recovery of interest on mobilization advance – Rs35.714 million

Rule-20 of Sindh financial Rules, Volume-I, states, “in respect of work above Rs2.5 million, the contractor may be allowed by the authority competent to accept the tender, a mobilization advance up to 15% of the tendered amount, subject to the following conditions:

- i. The contractor shall, before obtaining the advance, furnish a guarantee in Form 20-A.
- ii. The contractor shall pay interest at the rate of 10% per annum on the advance”.
- iii. The advance is required to be allowed in case of purchase of heavy machinery from abroad.

During audit of the office of Executive Engineer, Treatment Division, Mirpurkhas for the financial year 2017-18, it was observed that mobilization advance of Rs357.141 million was paid to various contractors under development works as detailed below, but interest amounting to Rs35.714 million (approx.) at the rate of 10% per annum on the advance was not recovered.

(Rs. in million)

Sr. #	CV. No. Date	Name of Contractor	Name of work	Mobilization Advance Amount	Interest Amount (Approx.)
1	1/8-6-18	Thadani Enterprises	Construction of new 2*2 .500 MW HFO Genset Power Project at Nabisar Thar District Province of Sindh	64.000	6.400
2	3/29-9-17	Thadani Enterprises	Supply & Installation of HFO @ Nabisar for Pre-treatment System	117.134	11.713
3	2/29-9-17	Haji Muhkum Din Solangi, MDS & Co	Construction of Civil Work for Pre-treatment Structure, Building & Road	81.621	8.162
4	1/29-9-17	Thadani Enterprises	Main Auxiliary works maintenance of workshop, Bulk Material for instrumentation & Electrification	94.386	9.439
Total				357.141	35.714

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

**20.5.64 Excess payment to Consultant by including SST in the base amount
- Rs32.254 million**

According to para 23 of GFR Volume-I, "every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that contribution to the loss by his own action or negligence".

During audit of the office of Secretary Irrigation Department, Government of Sindh, while reviewing record of Revamping and Rehabilitation of Irrigation Drainage System (RRIDS) Assignment Account No.A-50 for the financial year 2018-19, it was observed that excess payment of Rs32.254 million (@ 13% of gross claim) was made to Supervision Consultant of the project by adding the factor of SST in its gross claim over and above the agreed consultancy cost since 2014. The addition was unjustified and also without approval of competent forum, i.e., PDWP, Government of Sindh and Planning Commission, Government of Pakistan.

The matter was reported to the management in November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of excess amount, besides fixing of responsibility on person(s) at fault.

(AIR#09)

20.5.65 Excess payment to contractors due to wrong calculation – Rs25.536 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an excess payment of Rs25.536 million was made to contractors due to wrong calculation and charging of wrong unit of measurement. As a result, government sustained financial loss.

(Rs. in million)					
Sr. #	Name of office	AIR Para #	Particulars	Financial Year	Amount
1	XEN, Northern Dadu Division, Larkana	06	Wrong calculation of premium	2017-18	3.033
2	XEN, Barrage Division, Sukkur	05	Wrong calculation of bill	2018-19	0.388
		09	Wrong calculation of unit		8.697
		11	Over billing / wrong calculation		13.418
Total					25.536

The matter was reported to the management during November 2018 and August 2019. The office at Sr. # 01 above replied that calculation by audit was incorrect as premium was paid to contractor @ 95.94 % above on Part-A as per agreement with approval of competent authority. The reply was not tenable as the observation was on the 1st RA bill dated 21-02-2018, wherein addition was only 22.46% above on Part-A contrary to the figure of 95.94% mentioned in the reply. Moreover, if it was a mistaken figure by the contractor in the 1st RA bill, the management was required to clarify as to how 95.94% over & above rate was allowed against the normal range of premium of 20%. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.66 Irregular retention of vehicles by unauthorized officers – Rs9.000 million

As per Para 40-B Appendix 18-A (1) SFR volume-I, “means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Executive Engineer, Irrigation Research Division, Karachi for the financial year 2018-19, it was observed that management had allotted vehicles (approx. worth Rs9.000 million) to various officers who were not strength of local office (detailed below). Same vehicles were retained unauthorizedly and not recovered from them till the close of audit in October, 2019.

Sr.#	Vehicle No.	Allotted to
1	Toyota Pickup GS-936-B	DDO SMHL Karachi
2	Jimny GS-938 B	Director, H&R
3	Suzuki GS-2430	DD Hyderabad/Training Institute
4	Jeep GS-5025	Transfer to Joyo Sahab (C.E)
5	Toyota Pickup GF-0714	Muh Wasim Training From IRS Karachi

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR# 08)

20.5.67 Non-execution of contract agreement resulting in non-recovery of stamp duty – Rs3.037 millio

As per Rule 159 (a) Sindh Financial Rules, in the case of work supply costing not less than Rs:100/- a contract should be made on written agreement, duly stamped & registered, so that it can be maintained in a court of law in the event of dispute.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that contracts Rs867.958 million were awarded without execution of contract agreement with contractors; thus the interest of the government was not safeguarded in case of default of contractors. It also resulted in loss of revenue on account of stamp duty of Rs3.037 million.

(Rs. in million)					
Sr. #	Name of Office	AIR Para #	Financial Year	Works Amount	Stamp Duty
1	XEN, Daharki Irrigation Division, Mirpur Mathelo	01	2017-18	742.500	2.599
2	XEN, Nara Canal Division, Khairpur at Sukkur	27	2018-19	60.364	0.211
3	XEN, Tube well Division, Tandojam @ Hyderabad	01	2017-18	18.419	0.064
		03		2.290	0.008
4	XEN, Sukkur Begari Bund Division, Sukkur	04	2016-18	16.983	0.059
5	XEN, Drainage Division, Khairpur	07	2015-16 to	5.804	0.020
		11	2017-18	21.598	0.076
Total				867.958	3.037

The matter was reported to the management during October 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.68 Irregular creation of liabilities on account of works – Rs2,224.695 million

As per Rule-134 of Sindh Budget Manual, “all charges must be paid and drawn at once and under no circumstances they may be allowed to stand over to be paid from the grants of another year”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an expenditure of Rs2,224.695 million was incurred on various works but payments were withheld due to non-availability of funds. The details are given at **Annex-8** of Chapter-20.

The matter was reported to management during September 2018 to November 2019. The offices at Sr. # 7, 8, 12, 13, 14, 18 & 23 replied that payment could not be made due to insufficient funds released from Government. The reply was not tenable as the works were required to be executed when the funds were available in hand. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.69 Execution of work without NOC from Mechanical Division – Rs1,373.252 million

According to Finance Department Circular No. B-IV-8/131/8 dated 09-04-1987 read with circular No. DA/FD/ID-Ex/10/87/698 dated 27-04-1998, “earthworks are to be carried out through Mechanical Division”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount Rs1,373.252 million was paid to various contractors for earth work/silt clearance by engaging hydraulic excavators/heavy machinery at various sites. The works were not carried out through Mechanical Division of Irrigation Department. Relevant NOCs were also not available on record. The details are given at **Annex-9** of Chapter-20.

The matter was reported to the management during September 2018 to November 2019. The offices at Sr. # 03, 05, 06, 08, 11, 18, 22, 23 & 24 replied that the requisite NOCs were obtained from Mechanical Division. The reply required verification. No reply was received from remaining offices.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.70 Non-crediting of government revenue – Rs762.423 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs762.423 million was realized on account of Government revenue and taxes but the same was not deposited into the government treasury. This resulted in un-due retention of government revenue collection by the offices concerned. The details are given at **Annex-10** of Chapter-20.

The matter was reported to the management during October 2018 to November 2019. The management of offices at Sr. # 4, 8, 18 & 25 replied that the amount pointed out in audit observation had been deposited in relevant government account. The office at Sr. # 07 replied that the amount was lying under the head PW Deposit and will be

cleared after verification of record. The office at Sr. # 22 replied that the amount was SRB tax, but it was kept in Form 78 by mistake. The replies required verification. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.71 Non adjustment/clearance of Public Works Deposits – Rs650.301 million

According to Para-399 (iii) of Central Public Works Account Code, “the unclaimed balances of Public Works Deposits for more than three complete account years should be credited to government as lapsed deposit”.

During audit of the following offices of Irrigation Department, Government of Sindh for the financial year 2018-19, it was observed that significant closing balances amounting to Rs650.301 million were lying outstanding in Form-70 & 78 on closing of financial years but the same was not adjusted/cleared.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Mechanical Engineer, Upper Sindh Mechanical Division, Sukkur	2018-19	07	444.506
2	XEN, Phuleli Canal Division, Badin @ Hyderabad	2017-18	05	55.368
			04	0.585
3	XEN, Nasir Division, Hyderabad	2017-18	05	40.009
4	XEN, Central Sindh Mechanical Division, Jamshoro	2017-18	26	6.190
5	XEN, Tube well Division, Naushero Feroze	2017-18	11	3.322
		2018-19	11	94.796
6	XEN, Lower Sindh Mechanical Division, Jamshoro	2017-18	20	2.113
7	XEN, Drainage Division, Larkana	2017-18	10	1.812
8	XEN, Warah Division, Larkana	2018-19	08	1.302
9	XEN, Nasir Division, Hyderabad	2017-18	01	0.298
Total				650.301

The matter was reported to the management during September 2018 to October 2019. The office at Sr.#04 replied that the amount lying under “work to be done” was received from Civil Division and will be cleared/adjusted very shortly; however no further progress was reported. Reply from remaining offices was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.72 Non-adjustment of advance payments – Rs595.417 million

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

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that an amount of Rs595.417 million was paid to various agencies/departments but the complete adjustment accounts were not obtained and produced to audit for verification.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	XEN, RBOD Division-II, Jamshoro	2017-18	09	Payment made to DAO Railways for various works	550.00
2	XEN, Drainage Division, Larkana	2017-18	06	Payment to SEPCO for new connections	23.462
3	XEN, Daharki Irrigation Division, Mirpur Mathelo	2017-18	05	Advances for de-silting work	11.522
4	XEN, Begari Division, Jacobabad	2018-19	02	Advance to XEN Mechanical Division for desilting work	4.00
5	XEN, Begari Division, Thul	2018-19	01	Advance to XEN Mechanical Division for desilting work	2.600

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
6	XEN, Warah Division, Larkana	2018-19	12	Advance to Mechanical Division	2.500
7	XEN, Dad Division, Shaheed Benazirabad	2018-19	02	Advance payment to HESCO for new connection	0.833
8	XEN, Kotri Barrage Division, Jamshoro	2018-19	11	Advance to XEN Feeder Division Hyderabad	0.500
Total					595.417

The matter was reported to the management during November 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustments of outstanding advances, besides fixing of responsibility on the person(s) at fault.

20.5.73 Unjustified allotment of vehicles and expenditure on POL - Rs74.186 million

As per para-23 of General Financial Rules, Volume-I, “every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part”.

During audit of the office of Managing Director, Sindh Irrigation & Drainage Authority for the financial years 2015-16 & 2016-17, it was observed that vehicles worth Rs74.186 million were allotted to contract employees who have been offered lump sum provision of salary and no vehicle facility was allowed as per ToRs of their contracts. In addition, vehicles had also been allotted to employees of Area Water Boards which were not part of SIDA office and there was no budget/approved allocation of vehicles for Area Water Board from SIDA funds. Hence mismanagement of public assets had occurred. Moreover, the expenditure on POL by the Authority on the same vehicles for the period 2015-16 & 2016-17 was Rs4.873 million.

(Rs. in million)

Sr. #	Vehicle No. & Make Model	Name of the Officials to whom allotted	Designation of officials	Estimated Cost
1	AFR-2017, Toyota Corolla	Mr. Naeem Ahmed Memon (Contract)	General Manager (F)	1.793
2	AFR-2017, Toyota Corolla	Mr. Jai Ram Motwani (Contract)	General Manager (Ops)	1.793
3	AVY-878, Toyota Corolla, 2011	Mr. Khurram Aziz Shaikh (Contract)	Secretary-SIDA	1.400
4	GS-2050, Suzuki Jimny, 2009	Mr. Abbas Jakhrani (Not working in SIDA)	Staff Officer to Chairman	1.400
5	GSA-176, Toyota Hilux, 2011	Mr. Aftab Ahmed Memon (Contract)	Manager Revenue, SIDA	1.400
6	GA-5706, Suzuki Baleno, 2001	Mrs. Zareen Ansari (Contract)	Manager Finance	0.700
7	GA-5706, Suzuki Baleno, 2001	Mr. Gul Muhammad Jaskhani (Contract)	Sr. Accounts Officer	0.700
8	24 vehicles of various model have been allotted to AWB Nara			25.00
9	20 vehicles of various model have been allotted to AWB (Left Bank)			20.00
10	20 vehicles of various model have been allotted to AWB (Ghotki)			20.00
Total				74.186

The matter was reported to the management in October 2018. The management replied that the vehicles are operated under Water Sector Improvement Project (WSIP) implemented by SIDA and the same were not allotted but designated to officers along with drivers for their official visits as per their work plan. The management added that POL was allowed for official visits after necessary approval. The reply was not tenable because as per list of vehicles provided by local office, all above vehicle were allotted to contract employees on full time basis and audit observed no vehicles were parked in the office after office timings. It was also noted that WSIP has its own staff headed by Project Director and vehicles; hence use of SIDA vehicles in addition to WSIP vehicles was unjustified.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03,38,39&41)

20.5.74 Outstanding claim of refund of Income Tax - Rs43.700 million

As per para-23 of General Financial Rules, Volume-I, “every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part”.

During audit of the office of Managing Director, Sindh Irrigation & Drainage Authority for the financial years 2015-16 & 2016-17, it was observed that income tax of Rs43.700 million was outstanding as refundable from FBR. The same claims which were sub judice were reported in the audited accounts of the Organization for financial year 2014-15. However, no progress was made by the management for obtaining refund. Details are as below:

(i) Amount paid under protest pending decision of High Court of Sindh –	Rs18.814 million
(ii) Amount paid by Irrigation Department on behalf of SIDA –	Rs14.886 million
(iii) Amount deducted forcefully at source from bank account –	Rs10.000 million
Total	Rs43.700 million

The matter was reported to the management in September 2017. The management replied that the project against which the same amount related had ended in 2002-03. However, no further progress in the case was reported by the management.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires pursuance of the case for refund, besides fixing of responsibility on the person (s) at fault.

(AIR#02)

20.5.75 Un-justified payment to contractor on account of insurance – Rs33.832 million

According to article 84 of Audit Code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its

judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order.

During audit of the office of Executive Engineer, Thar Coal Water Works Division, Hyderabad, for the F.Y 2018-19, it was observed that payment of Rs33.832 million was made on account of insurance to contractors. However, supporting record/agreement to justify the insurance payment to contractors, instead of direct payment to insurance companies was not produced to audit.

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#08)

**20.5.76 Non-reconciliation of difference in security deposit under Form-78
– Rs18.673 million**

According to Para-20 (b) of CPW Accounts Code, “in the discharge of duties, Divisional Accountant is expected to keep himself fully conversant with all sanctions and orders, passing through the office and which other proceedings of the Divisional Officer and his subordinates which may affect the estimate or accounts of actual or anticipated receipts and charges. He should advice the Divisional Officer on the financial effect of all proposals for expenditure and keep a watch, as far as possible, over all the liabilities against the grants of the divisions as they are incurred.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that the monthly accounts contained a difference of Rs18.673 million on account of Security Deposit as compared to Form-78, which remained unreconciled.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	XEN, Small Dam Division Kohistan-I, Dadu	08	2018-19	15.617
2	XEN, Nasir Division, Hyderabad	06	2018-19	3.056
Total				18.673

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reconciliation of difference amount, besides fixing of responsibility on the person(s) at fault.

20.5.77 Irregular allotment/subletting of bungalows & quarters to outsiders – Rs6.840 million

As per Rule 88 of Sindh Financial Rules, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that management of the Divisions allotted/sublet bungalows and quarters to outsiders without any provision in the rules and regulation. Due to the irregular allotment/ subletting of bungalows, department sustained loss of Rs6.840 million per year.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Expected rent per Annum
1	XEN, Drainage Division Khairpur	35	2015-16 to	1.440
		36	2017-18	5.400
2	XEN, Barrage Division, Sukkur	01	2018-19	-
Total				6.840

Furthermore, in case of office at Sr. No.2 above, following irregularities were also noticed:

- (i) Majority of bungalows and quarters were under the unauthorized possession of the private persons, official of the various departments of provincial and federal government and official not posted in the local office.
- (ii) Record of allotment, allotment register, register of government quarters and bungalows, allotment orders, possession orders was not produced to audit.
- (iii) Vacant position of government quarters was not maintained.
- (iv) Register of dues, payments and outstanding was not maintained by local office.
- (v) Periodical survey reports of quarters and bungalows were not conducted.
- (vi) Out of 700 bungalows/quarters there were only 65 employees whose 5% house maintenance allowance was being deducted from pay.

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.78 Non-payment of Third Party Monitoring charges to P&D Department – Rs5.800 million

As per Finance Department, Government of Sindh vide letter No. FD(IT)/2011-12 dated 7th January 2012, “Project Directors or Executing Agency of ADP schemes, who may be made responsible to deposit 1% TMP Charges through cheque to in favor of Deputy Director (MEC) P&D Department for monitoring purpose under intimation to this department”.

During audit of the following offices of Irrigation Department, Government of Sindh, it was observed that Monitoring Charges @ 1% of the total funds released against ADP Schemes amounting to Rs5.800 million were not paid to P&D Department in violation of above directives.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Secretary, Irrigation Department, Karachi	14	2018-19	4.540
2	XEN, Nara Canal Division, Khairpur at Sukkur	24	2018-19	0.814
3	XEN, Tube well Division Tando Jam @ Hyderabad	02	2018-19	0.446
Total				5.800

The matter was reported to the management during August to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

20.5.79 Unjustified difference in progressive total of running bills – Rs3.982 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of the office of Executive Engineer, Warah Division, Larkana for the financial year 2018-19, it was observed that in case of work detailed below, as per 5th RA bill dated 17-09-2018 amount of work done up to date was Rs22.623 million;

whereas as per 6th & final RA bill, the amount of up to date work done was recorded as Rs18.641 million, leaving difference of Rs3.982 million. Thus, possibility of excess payment to contractor could not be ruled out.

(Rs. in million)

Sr. #	Name of Contractor	Name of Work	Work Order No. & date	Bill No. & date	Amount
1	M/s Rising Sun	Construction of protection (Retaining wall along Warah branch at Head Regulator R/S	TC/G-55/546 dated 25-06-2018	5th RA Bill H-4 dated 17.9.2018	22.623
2		-do-	-do-	6th & Final bill dated 17.12.18	18.641
Difference					3.982

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires inquiry in the matter for fixing of responsibility on the person(s) at fault.

(AIR#11)

CHAPTER –21

KATCHI ABADIES / HUMAN SETTLEMENT, SPATIAL, DEVELOPMENT AND SOCIAL HOUSING DEPARTMENT

21.1 Introduction

Sindh Katchi Abadis Authority (SKAA) was established in 1987 under Sindh Katchi Abadi Act 1987 for regularization and up-gradation of katchi abadis in the Province.

The Authority is a corporate body. Its' headquarter is at Karachi. The general direction and administration of the Authority and its affairs vests in a Governing Body headed by the Minister for katchi abadis as its Chairman. Director General is the chief executive of the Authority.

Powers and Function of the Authority

- Implement policies formulated by government for the development or improvement of the areas of the katchi abadis and regularization of such katchi abadis.
- Lay-down guidelines for the implementation of such policies by the concerned authorities.
- Identify the katchi abadis or areas thereof which may be developed, improved or regularized under this Act and also identify the katchi abadis or areas which cannot be regularized as katchi abadis.
- Arrange or carry out detailed physical surveys, census of occupants of the katchi abadis and prepare or cause to be prepared plans and amelioration plans and designs of infrastructure works in connection with the regularization and development of the katchi abadis.
- Formulate development and financial programmes in respect of the katchi abadis and determine implementation strategy of such programmes.
- Oversee the operation of the fund.
- Evict or cause to be evicted unauthorized person or remove or cause to be removed encroachments from a katchi abadi or any area which is not regularizable as katchi abadi in accordance with the law.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	1	1	192.202	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

21.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/(Savings)
604.598	-	314.965	(314.965)	(406.428)	198.170	186.224	(11.946)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs11.946 million was observed, which was not surrendered in time.

21.3 Classified Summary of Audit Observations

Audit observations amounting to Rs185.574 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	131.901
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-

(Rs. in million)

Sr. No.	Classification	Amount
<i>B</i>	<i>Procurement related irregularities</i>	31.422
<i>C</i>	<i>Management of Accounts with Commercial Banks</i>	2.974
4	Value for money and service delivery issues	-
5	Others	19.277

21.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	0	
2	1998-99	0	0	0	0	0	
3	1999-2000	0	0	0	0	0	
4	2001-02	0	0	0	0	0	
5	2004-05	0	0	0	0	0	
6	2005-06	0	0	0	0	0	
7	2006-07	0	0	0	0	0	
8	2007-08	0	0	0	0	0	
9	2008-09	0	0	0	0	0	
10	2009-10	0	0	0	0	0	
11	2010-11	0	0	0	0	0	
12	2014-15	0	0	0	0	0	
13	2016-17	5	2	0	2	0	
Total		5	2	0	2	0	

21.5 Audit Paras

21.5.1 Non-production of record - Rs131.901 million

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

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

During audit of the office of Secretary, Human Settlement, Spatial, Development and Social Housing Department, Government of Sindh, Karachi, following auditable record was not produced to audit despite various reminders.

(Rs. in million)

Sr.#	Type of record not produced	AIR Para#	Amount
01	Agreement with Katchi Abadi Authority for payment of Grant-in-Aid	06	130.000
02	Difference Bills	08	1.901
Total			131.901

The matter was reported to the Department during July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides fixing responsibility on person(s) at fault.

21.5.2 Doubtful payments though open cheques – Rs1.066 million

According to Rule-88 of Sindh Financial Rules, Volume-I, states “every Government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect

of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community.”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that various payments amounting to Rs1.066 million were made to different payees at regional offices of Shaheed Benazirabad and Mirpurkhas. Following irregularities were noticed;

- i. These payments were initially made through cheques, but funds were drawn by making the crossed cheques as open (bearer).
- ii. The bills/vouchers available in support of payments were blank and they did not bear any description of procurement.
- iii. Vouchers did not contain record of purpose of payments.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that necessary directives issued to concerned Regional Directorates to stop such practice and also fulfill all codal formalities viz; mentioning the purpose / justification and particulars of expenditure, authentication with the signatures of DDOs concerned. The management further informed that missing codal formalities have also been completed, which may be verified by the audit any time. The DAC directed that an inquiry may be conducted against the concerned officers and responsibilities may be fixed within one month's time under the intimation to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#02)

21.5.3 Unauthorized promotions to various posts without approval of competent forum

Rule-12 (1) of Sindh Katchi Abadi Act 1987 provides that “all business of the Authority shall, to the extent and in the manner prescribed by the regulations, be disposed of at the meeting of the Governing Body.”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18,

it was observed that various office orders were issued for promotions on various posts. These orders were issued with the approval of the Chairman, Sindh Katchi Abadi Authority/Advisor to Chief Minister on Katchi Abadi. The matter of the promotions of officers & officials was not placed before the Governing Body for its discussion and subsequently for its approval. Therefore, issuance of office orders of promotions without getting approval of Governing Body stands unauthorized.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that the promotions of the officers were made under existing approved method of recruitment and in accordance with SKAA Employees' Service Rules, 1993. Being competent authority as specified in SKAA Employees' Service Rules, 1993, the promotion of BPS-18 and above was approved by D.G in consultation with Chairman SKAA. Hence the promotion cases were not placed before the Governing Body SKAA. The DAC directed the management to produce relevant record for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#13)

21.5.4 Unauthorized amendment in recruitment and promotion rules

Rule-12 (1) of Sindh Katchi Abadi Act 1987 provides that “all business of the Authority shall, to the extent and in the manner prescribed by the regulations, be disposed of at the meeting of the Governing Body.”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that a note for Chairman, Sindh Katchi Abadi Authority was moved for amendment in method of promotion and was approved by the Chairman on dated 13-02-2017. The amendment was required to be placed before the Governing Body and was required to be approved before its implementation. However, the same was implemented and later on promotions were made. Therefore, amendments in recruitment and promotion rules without getting approval from Governing Body stand unauthorized.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that as appointing authority,

Chairman, Governing Body is competent for approval of the method of recruitment and its amendments under SKAA employees (Service) Rules, 1993 under Rule-5 read with Rule-3-C Schedule. The DAC directed the management to produce record for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#14)

21.5.5 Irregular award of tender to single bidder without market survey – Rs31.422 million

Rule-48 of SPPRA 2010 regarding acceptance of Bids provides that “even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that tenders for civil works costing Rs31.422 million were invited through advertisement. In each of these cases, three firms participated in bidding and two of them disqualified due to unknown reasons. Bid evaluation did not specify the grounds of disqualification. Single bidder was qualified and recommended for award of tender. As there was no competitor, hence, the supplier was awarded contract. During the whole procurement process, no competitive prices were obtained, as no market survey was conducted. In the absence of evidence of any competitive prices, the award of tender from single bidder was irregular.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that SKAA had advertised tenders for execution of civil works in various Katchi Abadies amounting to Rs31.422 million under SPPRA Rules-2010. Five tender documents were issued and only three companies participated in bidding process after completion of all codal formalities and approval of Procurement Committee, the bid evaluation report was hoisted at SPPRA website as per SPPRA Rules for its authentication. The DAC directed the management to produce proper evidences for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#17)

21.5.6 Unauthorized retention of two government vehicles by an ex-Secretary

Appendix 18-A of Sindh Financial Rule vol-I provides that “Every Government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

During audit of the office of Secretary, Human Settlement, Spatial, Development and Social Housing Department, Government of Sindh, Karachi for the year 2018-2019, it was observed that two official vehicles No.GS-330 and GS-332-B were still under the custody of Syed Mansoor Abbas Rizvi, Ex-Secretary, though he was transferred from the secretariat.

The matter was reported to the management during July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

21.5.7 Undue retention of government funds – Rs2.974 million

According to Rule-88 of Sindh Financial Rules, Volume-I, states “every Government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community.”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that an amount of Rs2.975 million was lying idle in following bank

accounts; whereas the same funds were required to be refunded to SKAA head office for further utilization where needed.

(Amount in Rupees)

Sr.#	Name of office	Bank	Account No	Balance as on 30.06.2018
1	Secretary Office	HBL, Sindh Secretariat Branch	0916-79002057-03	57,131
2	Field Office Mirpurkhas	HBL, Road Branch Mirpurkhas	0076-79001133-01	1,421,183
3	Field Office S'Benazirabad	HBL, Masjid Road, Branch,	0078-790111104-03	1,496,357
Total				2,974,671

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that the amount lying idle in the bank accounts was the closing the balances of Regional Directorates and same has been transferred to SKAA head quarter's account very next month. The management further clarified that the SKAA does not have savings of any amounts as per details of Receipts & Expenditure. However, SKAA has invested funds in respect of SKAA employees' pensions contribution and GP Fund. The DAC directed the management to produce record for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#08)

21.5.8 Irregular cash payments instead of crossed cheques – Rs1.066 million

Sr. # 4.3.1 (Mode of payment) of the Accounting Policies & Procedure Manual provides, "All expenditures apart from the following and those met from imprest account will be paid through cheque:

- Inter-government transfers
- Certain salaries payments
- Certain pension payments
- GP Fund payments

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that payments of Rs1.066 million were made under various heads of

expenditures. As evident in the bank statement, the payments were made through cash which, as per standing instructions, was not permissible mode of payment.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that the Regional Directorates of SKAA, Mirpurkhas Field Office and Shaheed Benazirabad Field Office are functioning in remote areas of the province, the suppliers did not accept the crossed cheques of small amounts against petty expenditure, resultantly the Directorates issue open cheques under compulsion for smooth working and meeting day-today expenditures. Moreover, the management informed that now this practice has been stopped by them and instructions have been issued to concerned Directorates. The DAC directed the management to produce record for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives.

(AIR#01)

21.5.9 Doubtful execution of civil works – Rs12.118 million

According to Rule-88 of Sindh Financial Rules, Volume-I, states “every Government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community.”

During audit of the office of the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Karachi for the financial year 2017-18, it was observed that an expenditure of Rs12.118 million was incurred on account of civil works. Following irregularities were noticed;

- i. All executed works started on 26-03-2018 or 28-03-2018.
- ii. All the payments were made on 18-04-2018
- iii. Date of recording measurement was not mentioned on any measurement book
- iv. Measurements of all the works were recorded by the same Sub-Engineer & Assistant Engineer (Karachi Field office) in different locations in Sindh province.

The matter was reported to the management in July 2018. The DAC meeting was held on 16th October 2019. The management clarified that an expenditure of Rs12.118 million was incurred on account of civil works under ADP schemes duly approved by DDWP and the government released first quarter amounting to Rs14.00 million during the financial year 2017-18 and same was transferred in assignment account by A.G Sindh in the month of April 2018. It was further clarified that;

- The work was started on 26.03.2018 mentioned on the bills and measurement books.
- The payment was made on 18.04.2018 against submission of first running bill by contractors. Further the A.G Sindh released amount in the month of April, 2018. At that time, the contractor had completed 15% of work of the scheme.
- The date of recording measurement showing in the measurement book at the time of entry of first running bill after due verification of civil works.
- That the SKAA has posted two Assistant Engineers in upper and lower Sindh to deal the development work and a sub-engineer was posted as supporting staff.

The DAC directed the management to produce record for verification to audit. However, the progress was awaited till finalization of this report.

Audit requires compliance with DAC directives

(AIR#04)

21.5.10 Unjustified retention of excess rented premises – Rs5.027 million

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

During audit of office the Secretary, Human Settlement, Spatial, Development and Social Housing Department, Government of Sindh, Karachi for the year 2018-2019, it was observed that the management acquired premises on rent comprising ground and first floor measuring 3000 sq.ft each for office use. However, it was observed that due to limited strength of the office (Secretary, Human Settlement, Spatial, Development and Social Housing Department), the first floor was not in use as the ground floor only was being used. The electricity meters were installed at both

floors, whereas, the electricity consumption as per bills in respect of the first floor was also zero. The rent of the whole premises was Rs10.053 million; Hence due to unutilized first floor, the excess expenditure of Rs5.027 million was incurred by the department.

The matter was reported to the management during July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

CHAPTER –22

LABOUR & HUMAN RESOURCES DEPARTMENT

22.1 Introduction

The Labour & Human Resources Department consists of following attached departments:

- i. Labour Department headed by Secretary Labour,
- ii. Labour Appellate Tribunal headed by Chairman,
- iii. Minimum Wages Board headed by Chairman,
- iv. Manpower & Training Department headed by Director,
- v. Sindh Employees Social Security Institutions headed by Commissioner,
- vi. Inspectorate of Mines headed by Chief Inspector

The main role of the Department is:

1. All matters relating to labour in general, including
 - a. Welfare and conditions of labour (including mine labour)
 - b. Labour Laws;
 - c. Labour Courts; and
 - d. Social Security.
2. Employment Exchanges (Provincial Liabilities only),
3. Minimum Wages Board,
4. Rehabilitation and employment of demobilized personnel.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	9	1	98.753	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

22.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
799.775	20.608	177.613	(177.613)	(57.234)	763.149	628.894	(134.255)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs134.255 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
10.000	10.000	2.021	- 7.979

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs7.979 million was observed.

22.3 Classified Summary of Audit Observations

Audit observations amounting to Rs13.663 million were raised as a result of this audit. This amount also includes recoverables of Rs0.260 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	2.641
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	3.588
B	<i>Procurement related irregularities</i>	-
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	7.434

22.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance
1	1992-93	0	0	0	0	-
2	1998-99	0	0	0	0	-
3	1999-2000	6	0	0	0	-
4	2001-02*	0	0	0	0	-
5	2004-05*	0	0	0	0	-
6	2005-06	0	0	0	0	-
7	2006-07	2	1	0	1	-
8	2007-08	0	0	0	0	-
9	2008-09	0	0	0	0	-
10	2009-10	0	0	0	0	-
11	2010-11	0	0	0	0	Audit Report not yet discussed
12	2014-15	0	0	0	0	Audit Report not yet discussed -
13	2016-17	0	0	0	0	Audit Report not yet discussed
Total		8	1	0	1	-

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

22.5 Audit Paras

22.5.1 Non-production of record - Rs2.641million

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

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

During audit of the following offices of Labour & Human Resources Department, Government of Sindh, the management did not produce the following auditable record despite various reminders.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Secretary Labour & Human Resource Department Karachi	2018-19	01	Various auditable record (Sl.01 to 12 mentioned in AIR Para-01)	-
			13	Non production of supporting bills of medical reimbursement	2.641
2	Chairman, Minimum Wages Board, Sindh, Karachi	2014-15 to 2017-18	01	Bank statement, personal file of the Chairman of the Board & minutes of meeting regarding minimum wages in Sindh	-
3	Commissioner, Mines Labour Welfare, Karachi	2014-15 to 2017-18	01	Complete auditable record of for FY 2014-15 & 2015-16	-
Total					2.641

The non-production of record was reported to the management in January 2019 & April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

22.5.2 Irregular expenditure without tender – Rs3.588 million

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

During audit of the following offices of Labour & Human Resources Department, Government of Sindh, it was observed that an expenditure of Rs3.588 million was incurred as detailed below: however, competitive tenders as required under the rules were not invited.

(Rs. in million)					
Sr. #	Name of Office	Financial Year	Particulars	AIR Para #	Amount
1	Secretary, Labour & Human Resources Department Karachi	2018-19	Conference/Seminars/ Workshops Symposium	09	2.899
			Uniforms & Protective Clothes	06	0.250
3	Commissioner, Mines Labour Welfare, Karachi	2014-15 to 2017-18	Plant & Machinery	07	0.139
			Furniture & Fixture		0.300
Total					3.588

The matter was reported to the management in January & August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

22.5.3 Irregular collection of excise duty without auction – Rs7.434 million

According to Para-41 (a) of Sindh Financial Rules, Volume-I states, “the departmental controlling office should see that all sums due to government are regularly received and checked against demands and that they are paid into the treasury.”

During audit of the office of Commissioner, Mines Labour Welfare, Karachi for the financial years 2014-15 to 2017-18, it was observed that excise duty of Rs7.434 million was collected from different contractors on daily/fortnightly basis without any approval from competent authority.

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#3)

CHAPTER –23

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

23.1 Introduction

The main role of the Law, Parliamentary Affairs & Human Rights Department is:

1. To monitor and control the activities of legal system of the province,
2. To provide infrastructure for the courts and other law department functions,
3. To charge expenditure of the legal framework in government of Sindh Budget,
4. To advice to department in all legal matters, including interpretations of laws, including rules and orders having enforced in law,
5. To appoint Administrator General, Official Trustee, and Official Assignee,
6. To prepare civil law, procedures and constitutional legislations.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	55	1	308.672	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

23.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
13,424.852	1,300.387	3,444.005	(3,444.005)	(1,081.692)	13,643.547	12,852.976	(790.572)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs790.572 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
275.000	275.000	140.791	- 134.209

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs134.209 million was observed.

23.3 Classified Summary of Audit Observations

Audit observations amounting to Rs204.542 million were raised as a result of this audit. This amount also includes recoverables of Rs2.124 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	3.463
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	113.483
B	<i>Procurement related irregularities</i>	19.483
C	<i>Management of Accounts with Commercial Banks</i>	65.989
4	Value for money and service delivery issues	-
5	Others	2.124

23.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion on Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 11.1%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	1	1	1	0	100	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
3	1999-2000	10	4	0	4	-	
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	1	1	0	1	-	
8	2007-08	3	3	0	3	-	
9	2008-09	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		15	9	1	8	11.1	

23.5 Audit Paras

23.5.1 Non-production of auditable record - Rs3.463 million

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

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

During audit of the following offices of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh for the years 2017-18 & 2018-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs3.463 million remained unaudited.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
1	Secretary Law & Parliamentary Affairs Sindh Karachi	2018-19	01	1.652
2	Chairperson Sindh Services Tribunal Karachi	2015-18	02	0.706
3	District Public Prosecutor, Tando Muhammad Khan	2017-18	09	0.396
4	District Public Prosecutor Karachi	2015-18	07	0.367
5	District & Session Judge East, Karachi	2012-18	08	0.177
6	Prosecutor General, Sindh Karachi	2015-18	02	0.165
7	District & Session Judge West Karachi	2012-18	01	0
8	District Public Prosecutor, District West Karachi	2017-18	03	0
Total				3.463

The matter was reported to the management during November 2018 to July 2019, but no reply was received except office at S#06 (Prosecutor General, Sindh Karachi) who provided un attested and incomplete photo copies of supporting vouchers which could not be verified as complete original record was not produced for audit scrutiny.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

23.5.2 Irregular payment of allowances – Rs12.255 million

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

During audit of the following offices of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh, for the financial years 2017-18 & 2018-19, it was observed that various allowances amounting to Rs12.255 million were paid to the officers & staff without admissibility. Payment of allowances without entitlement was irregular.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount	
1	Advocate General Sindh Karachi	2017-18	4	Sessional & Diet allowance	6.378	
2	Secretary Law & Parliamentary Affairs, Karachi	2018-19		5	House Rent Allowance	5.877
				Total		

The matter was reported to the department during November 2018 to July 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

23.5.3 Irregular payment of arrears/adjustment of pay & allowances – Rs99.901 million

According to Finance Department, Government of Sindh instructions conveyed by Law, Parliamentary Affairs and Human Rights, Sindh, Hyderabad vide Para 5 (o) of letter No.2/2312/15-16/Bud-III/786 dated 20-08-2015, “no liability beyond budgetary authorization/released for a particular time span may be created”.

During audit of following officers of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh for the 2014-15 to 2018-19, it was observed that an amount Rs93.837 million pertaining to previous financial year, was paid to the various officers/officials without the approval of Finance Department. Further, record, i.e., personal files, services books and last pay certificates were not produced for audit scrutiny.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para#	Amount
1	Secretary Law & Parliamentary Affairs and Human Rights, Karachi	2018-19	1	80.025
2	Advocate General Sindh Karachi	2017-18	1	8.152
3	Chairperson Sindh Services Tribunal Karachi	2007-08 to 2017-18	1	6.064
4	District & Session Judge West Karachi	2011-12 to 2017-18	19	2.841
5	District Public Prosecutor South Karachi	2014-15- to 2017-18	3	2.514
6	District Public Prosecutor District West Karachi	2014-15 to 2017-18	1	0.305
Total				99.901

The matter was reported to the management during November 2018 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

23.5.4 Splitting up of expenditure to avoid tenders – Rs13.097million

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

During audit of following offices of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh, for the year 2011-12 to 2017-18, it was observed that an expenditure of Rs13.097 million was incurred on supply of various items through splitting of the sanction orders to avoid open tenders. The non-compliance of SPPRA Rules resulted into non-achievement of competitive rates at the cost of public money.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	District & Session Judge West Karachi	2011-12 to 2017-18	03	5.569
			02	2.187
			10	1.169
			11	1.018
2	Advocate General Sindh Karachi	2017-18	13	2.721
3	Secretary Law & Parliamentary Affairs, Karachi	2017-18	17	0.179
4	District Public Prosecutor, Tando Muhaamd Khan	2017-18	4	0.254
Total				13.097

The matter was reported to the management during November 2018 to January 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

23.5.5 Non-constitution of procurement committee – Rs5.770million

According to Rule 07 of Sindh Public Procurement Rules, 2010, “Constitution of a Procurement Committee - The procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by a gazette officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency.”

During audit of the office of District Public Prosecutor, Tando Muhammad Khan, Law, Parliamentary Affairs and Human Rights Department, Government of Sindh, for the financial year 2017-18, it was observed that an expenditure of Rs5.770 million incurred to various work of contingencies without composition of procurement committee as required under the rules.

The matter was reported to the management during November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#01)

23.5.6 Irregular payments through DDO account – Rs32.280 million

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

During the audit of following offices of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh, for the financial years 2011-12 & 2018-19, it was observed from the SAP data that an amount of Rs32.280 million was paid to DDO account instead of direct payment to payees in violation of above rule.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	District & Session Judge West Karachi	2011-12 to 2017-18	09	17.589
2	Secretary Law, Parliamentary Affairs and Human Rights Sindh Karachi	2018-19	07	5.885
			19	3.900
3	District Public Prosecutor, TandoMuhaamd Khan	2017-18	11	0.085
		2017-18	12	0.714
		2017-18	3	3.457
4	Advocate General Sindh Karachi	2017-18	4	0.650
Total				32.280

The matter was reported to the department during November 2018 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

23.5.7 Irregular cash payments through DDO account – Rs23.189 million

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

During audit of following offices of Law, Parliamentary Affairs and Human Rights Department, Government of Sindh for the years 2017-18 & 2018-19, it was observed that payments of Rs23.189 million were made in cash/open cheques instead of crossed cheques. Further, acknowledgments of payments were not obtained with supporting vouchers.

(Rs. in million)

Sr. #	Name of offices	Financial Year	AIR Para#	Amount
1	Secretary Law & Parliamentary Affairs, Karach	2018-19	08	19.246
2	District Public Prosecutor District Tando Muhammad Khan	2017-18	8	3.453
3	District Public Prosecutor District West Karachi	2014-15 to 2017-18	4	0.49
Total				23.189

The matter was pointed out to the department during November 2018 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

23.5.8 Un-authorized retention of government funds in DDO account - Rs10.520 million

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

During the audit office of the Secretary Law & Parliamentary Affairs Karachi, for the year 2018-19, it was observed that an amount of Rs10.520 million was retained unauthorizedly in DDO account till close of financial year.

(Rs. in million)

Sr. #	Particulars	Amount
1	Balances as on 30-06-2019	10,520,936

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#09)

23.5.9 Non-recovery of various taxes – Rs2.124 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time “any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 13%.

According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of the following offices of Law, Parliamentary Affairs and Human Rights, Government of Sindh, it was observed that an amount of Rs2.124 million on account of income tax, Sindh sales tax & General sales tax was not or less deducted while making payments to vendors which resulted into in loss to the government.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Secretary Law & Parliamentary	2018-19	22	Non-deduction of Income Tax	0.333
			23	Non-deduction of Sindh Sales Tax	0.292
			24	Non-deduction of General Sales Tax	0.119

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
2	District & Session Judge West Karachi	2011-12 to 2017-18	04	Non-deduction of Sindh sales tax on Services	0.234
			08	Non-deduction of Income tax	0.179
			07	Less-deduction of General Sales Tax	0.154
			05	Non-deduction of General Sales Tax	0.13
			06	Less-deduction of Sindh sales tax on Services	0.019
3	Advocate General Sindh, Karachi	2017-18	15	Non-deduction of income tax	0.224
4	District Public Prosecutor, Tando Mohammad Khan	2017-18	6	Non-deduction of Sindh Sales Tax	0.440
Total					2.124

The matter was reported to the management during November 2018 to July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of taxes besides taking remedial measures.

23.5.10 Irregular advance payment for arrangement of training - Rs1.327 million

Para-668 of Federal Treasury Rules Volume-I states that advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary

During the audit office of the Secretary Law & Parliamentary Affairs Karachi for the year 2018-19, it was observed that an amount of Rs1.327 million was paid as advance on account arrangement of training. In this regard following irregularities were noticed:

- i. Adjustment account was not prepared.
- ii. Tender was not invited.
- iii. Income tax was not deducted.
- iv. Sindh sales tax was not deducted.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#16)

CHAPTER – 24

LIVESTOCK AND FISHERIES DEPARTMENT

24.1 Introduction

The main role of the Livestock & Fisheries Department is:

1. Collection and compilation of Livestock statistics,
2. Improvement of the livestock including poultry and introduction of new breeds,
3. Livestock farms,
4. Prevention of animal diseases,
5. Prevention of cruelty to animals,
6. Veterinary,
7. Fisheries.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	46	13	1,034.785	-
2	Assignment Accounts (excluding FAP)	2	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	1	602.245	

24.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
9,603.701	0.000	1,144.473	(1,144.473)	(3,640.621)	5,963.080	5,367.053	(596.027)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs596.027 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
50.000	50.000	18.763	- 31.237

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs31.237 million was observed.

24.3 Classified Summary of Audit Observations

Audit observations amounting to Rs1,629.709 million were raised as a result of this audit. This amount also includes recoverables of Rs41.628 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	173.927
2	Reported cases of fraud, embezzlement and misappropriation	0
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	11.673
B	<i>Procurement related irregularities</i>	353.941
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	1,090.168

24.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 5 %.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	20	1	0	1	-	
2	1998-99	11	4	0	4	-	
3	1999-2000	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
4	2001-02	0	0	0	0	-	
5	2004-05	6	6	2	4	33.3	
6	2005-06	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
7	2006-07	3	3	0	3	-	
8	2007-08	8	4	0	4	-	
9	2008-09	3	3	0	3	-	
10	2009-10	4	2	0	2		
11	2010-11	8	5	0	5		
12	2014-15	14	6	0	6	-	
13	2016-17	0	0	0	0		Audit report not yet discussed
Total		77	39	2	32	5	

24.5 Audit Paras

24.5.1 Non-production of record - Rs173.927 million

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

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

During audit of various offices of Livestock & Fisheries Department, Government of Sindh, for the financial years 2013-14 to 2018-19, auditable record worth Rs173.927 million was not produced for audit scrutiny despite various reminders. Details are given at **Annex-1** of Chapter-24.

The non-production of record was reported to the management during October 2016 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

24.5.2 Irregular appointment of employees – Rs7.731 million

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

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2018-19, it was observed an amount of Rs7.731 million was paid against various appointments; however, irregularities were noticed as detailed below:

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Irregularities	Amount
1	Deputy Director Livestock, Jacobabad	2018-19	9	Appointment of various veterinary officers BPS-17 was made without process of SPSC; whereas record of advertisement, selection committee and sanctioned posts were not produced to audit.	5.114
			8	Service Books not maintained, Medical Certificate not provided, Posts were not advertised	1.521
2	Deputy Director Livestock, Kashmore	2018-19	6	Appointment of various veterinary officers BPS-17 was made without process of SPSC; whereas record of advertisement, selection committee and sanctioned posts were not produced to audit.	1.096
Total					7.731

The matter was reported to the management in the month of October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.3 Irregular remuneration to regular employees posted under project-Rs1.489 million

According to PC-I of the Sindh Agriculture Growth Project, under the heading “Method of Recruitment” following Seconded Staff will be nominated by Competent Authority i.e. Secretary Livestock and Fisheries among regular staff of the department on deputation basis.

- i. Project Director (PMU)
- ii. Deputy Project Director(s) (PMU)

During audit of office of the Project Director, Sindh Agriculture Growth Project (Livestock Component) for the year 2015-16, it was observed that an expenditure of Rs1.489 million was incurred on remuneration to the officers posted in the project. The irregularity in each case is detailed below:

(Rs. in million)

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para#	Irregularity	Amount
1	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2015-16	09	Fixed contract salary was drawn by the officer instead of drawing regular Pay & allowances on deputation basis.	1.196
			06	Project allowance was drawn by two officers; whereas they remained under strength of their own office.	0.293
Total					1.489

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.4 Irregular payment of salary without sanctioned post - Rs1.433 million

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

During audit of office of the Deputy Director, Fisheries, Larkana, for the financial year 2013-14 to 2017-18, it was observed that an amount of Rs1.433 million were incurred by the DDO on pay and allowances of the officials of posts “Office Assistant” and “Senior Clerk”. However; no posts were found sanctioned in the budget book of Finance Department, Government of Sindh of years 2016-17 and 2017-18 for the same two posts.

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#07)

24.5.5 Non-recovery of various allowances – Rs1.020 million

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

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2016-17 & 2018-19, it was observed that an amount of Rs1.020 million was not recovered from employees on account of various inadmissible allowances.

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Amount
1	Director, Animal Breeding Sindh, Hyderabad	2018-19	13	Recovery of Conveyance Allowance due to availing facility of government vehicle	0.360
			36	Recovery of Qualification Allowance & PhD / M.Phil Allowance due to Non-Providing details and HEC Verified degrees	0.240
			15	Recovery of Orderly Allowance	0.168
			37	Recovery of Special Travelling Allowance	0.132
2	Project Director, Vaccine Production Unit, Tando Jam	2016-17	10	Recovery of Conveyance Allowance due to availing facility of government vehicle	0.120
Total					1.020

The matter was reported to the management during September 2017 to October 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

24.5.6 Irregular appointments of various staff

According to the PC-I of the Sindh Agriculture Growth Project, under the heading “Method of Recruitment – B Incremental staff - contract” Remaining project staff will be recruited on contract basis by following method (iv) Names of successful candidates will be submitted to the PSC for approval.

During audit of the office of Project Director, Sindh Agriculture Growth Project (Livestock Component) for the year 2015-16, it was observed that various staff was appointed on different posts. In this regard, following irregularities were noticed.

Sr. #	Name of Employee	Designation	Remarks
1	Mr. Muhammad Suhail	Procurement Specialist	The post required 5 years experience requirement while he had less & unauthentic experience
2	Mr. Imdad Hussain Kazi	Accountant	The post required BA/B.Com or MA/M.Com. While he was MBA (HRM).
3	Dr. Mukesh Kumar	District Field Manager	The post required DVM while he registered with PVMC on 19-02-15 and therefore he was not eligible for DVM on appointment
4	Dr. Shahid Hussain Arain	District Field Manager	No documents were made available to audit.
5	Mr. Zakaullah Panhwar	Database operator	The post required Master in Comp. Science/IT while he was BS (Software)
6	Mr. Zafar	Communication Consultant	The post required Master (wrongly written in PC-I as Bachelor) while he was MA prev. (April 2016), so he was not eligible at the time of appointment as on December 2016.

The matter was pointed out to the Department in October 2016 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(OM#12)

24.5.7 Irregular award of work to a contractor without registration of PEC-253.881 million

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “Non-engineering works shall be constructed except by constructor or operated excepted by operator licensed as such by the council (PEC). All consulting engineering services in Pakistan shall be entrusted only a consulting engineering dully registered as such with the council (PEC). Further as per Planning & Development Department, Government of Pakistan’s letter # 1(63-A) PP & H/ PD/ 2005 dated 14-09-2005, “all respective provincial departments, city/ district government, TMA’s UC Administrations, housing, water supply and sanitation agencies must ensure compliance of the instructions given in Pakistan Engineering Council by-laws 1986 & 1987 are fully implemented in all engineering contracts and procurement of engineering services and works in order to restrain from pre-qualification of all such local and foreign firms, which do not abide by PEC laws and rules.

During audit of office of the Project Director, Sindh Agriculture Growth Project (Livestock Component) Livestock & Fisheries Department, Government of Sindh, for the financial year 2017-18, it was observed that “Procurement of works, construction of chiller rooms at Tharparkar, Mirpurkhas, Shaheed Benazirabad, Thatta & Hyderabad” costing Rs253.881 million was awarded to M/s Saeed Khan Construction Co vide contract No.PK-SAGPL Livestock -8843-CW-RFW-NCB-05 without obtaining the registration with Pakistan Engineering Council in violation of above mentioned directives of government.

The matter was reported to the management during September 2017 to November 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#4.3.5)

24.5.8 Un-justified award of contract of Consultancy to irrelevant NGO - Rs213.400 million

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of office of the Project Director, Sindh Agriculture Growth Project (Livestock Component) for the year 2015-16, it was observed that contract valuing Rs213.400 million was awarded to M/s Plan International Pakistan on account of management consultancy. In this regard, following irregularities were made.

- i. The firm (M/s Plan International Pakistan) is a Non-Government Organization (NGO) with motto of “Promoting Child Rights to end Child Poverty”, hence it was supposed to operate on the basis of not-for-profit. The management awarded consultancy to the same firm for the project seemed to be beyond the scope of NGO. Further, NGO was operating in the field of Child Rights & Child Poverty while the area of operation of the awarded consultancy pertained to Livestock, which was irrelevant for the same firm.
- ii. The record of tendering was not produced to audit hence; the competitiveness of the award could not be ascertained.
- iii. Income tax Rs860,198 was not recovered from the payments made to the consultant.
- iv. Sindh sales tax levied on services amounting to Rs1,402,496 was also not recovered from payment to the consultant.

The matter was pointed out to the management in October 2016 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(OM#19)

24.5.9 Irregular award of works without execution of contract agreements – Rs163.048 million

As per Rule 159 (a) Sindh Financial Rules in the case of work supply costing not less than Rs:100/- a contract should be made on written agreement, duly stamped & registered, so that it can be maintained in a court of law in the event of dispute.

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh for the financial year(s) 2017-18 to 2018-19, it was observed that procurement of items under various heads worth Rs163.048 million were made but contract agreements were not executed with suppliers. The non-execution of agreement involved risk of default, without any legal cover. It also resulted in non-recovery of stamp duty amounting to Rs0.570 million.

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Amount
1	Director, Animal Breeding Sindh, Hyderabad	2018-19	42	79.753
			17	3.033
2	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2017-18	4.3.4	25.383
			4.3.3	7.733
3	Project Director Vaccine Production Unit Sindh, Tando Jam	2017-18	2	16.549
4	Deputy Director, Poultry Production, Karachi	2017-18	5	13.203
5	Director, Animal Husbandry Sindh Hyderabad	2017-18	13	8.751
6	Director Central Veterinary Diagnostic Laboratory, Sindh Tando Jam	2017-18	5	6.456
7	Deputy Director Livestock, Kashmore	2018-19	20	1.929
8	Deputy Director, Fisheries, Matiari	2018-19	1	0.258
Total				163.048

The matter was reported to the department during September 2018 and November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.10 Unauthorized formation of Purchase Committee - Rs96.384 million

According to PC-I, under the heading “Constitution of Procurement Committee” the procurement committee shall be constituted as per Rule 7 of the SPPRA Rules, 2010. The procuring agency shall, with the approval of its Head of the Department/ competent authority, shall constitute a procurement committees comprising odd number of persons and headed by gazette officer not below the rank of BS-18, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency.

During audit of office of the Project Director, Sindh Agriculture Growth Project (Livestock Component) for the year 2015-16, it was observed that tenders were invited for purchase of instruments/equipments/ medicines/chemicals form three service providers costing Rs96.384 million. The Procurement Committee and Technical Committee (which also served as Inspection Committee) was constituted by the Project Director himself. In this regard, following irregularities were noticed:

- i. Procurement committee was formed in contravention of the provisions of PC-I and SPPRA 2010 which requires that committees will be constituted by the Head of the Department i.e. Secretary, Livestock & Fisheries.
- ii. Technical committee was also constituted by the Project Director which included Database Operator. The inclusion of same official was beyond comprehension as the job was in respect of evaluation of offers for livestock based instruments/equipments/medicines/chemicals.

The matter was pointed out to the Department during the month of October 2016 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(OM#20)

24.5.11 Irregular procurement of items without joint inspection – Rs80.397 million

According to Rules 57 (1) of Sindh Public Procurement 2010, “Except for defect liability or maintenance by supplier, consultant for contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit”.

During the audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2017-18, it was observed that an expenditure of Rs80.397 million was incurred on account of purchase of various items without report of inspection committee, due to which the quality, quantity and authenticity of procured items could not be determined.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Project Director, Vaccine Production Unit, Sindh, Tando Jam	2017-18	1	18.755
2	Deputy Director, Poultry Production, Karachi	2017-18	04	18.687
3	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2017-18	4.3.2	16.320
4	Director, Animal Husbandry Sindh, Hyderabad	2017-18	01	17.262
5	Director Central Veterinary Diagnostic Laboratory, Sindh Tando Jam	2017-18	01	7.330
6	Director Fisheries Inland Hyderabad	2017-18	5	2.043
Total				80.397

The irregularity was pointed out to the management during September 2018 to January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.12 Non-renewal and non-verification of performance security – Rs35.381 million

According to Rule-39 of SPPRA 2010, (1) Procuring Agency shall, in all procurement of goods, works and service carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price; (3) Validity of performance security shall extend at least ninety days beyond the date of completion of contract to cover defects liability period or maintenance period subject to final acceptance by the procuring agency.

During the audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year(s) 2015-16 to 2018-19, it was observed that performance securities worth Rs35.381 million were neither verified nor renewed timely.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount of contract	10% Performance Security
1	Director, Fisheries Research & Development Karachi	2018-19	7	119.26	11.926
		2015-16 to 2017-18	12	109.394	10.940
2	Director, Animal Breeding Sindh, Hyderabad	2018-19	43	72.724	7.272
3	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2015-16	14	51.355	5.000
4	Deputy Director Livestock, Kashmore	2018-19	19	2.438	0.243
Total					35.381

The irregularity was pointed out to the management during October 2016 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.13 Non-invitation of open tenders – Rs31.862 million

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

During the audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year(s) 2017-18 to 2018-19, it was observed that an expenditure of Rs31.862 million was incurred on the various items without calling tenders. Details are given as under:

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Amount
1	Director, Fisheries, Research & Development, Karachi	2018-19	4	Repair of Machinery & Equipments	14.216
2	Director, Poultry Production & Research Institute, Karachi	2017-18	4	Purchases under head of account of Cost of other stores.	10.038
3	Director, Animal Breeding Sindh, Hyderabad	2018-19	21	R&M of Transport, Machinery & Equipments and Furniture & Fixture	3.884
			5	Purchases under head of account of Cost of other stores	3.724
Total					31.862

The matter was pointed out to the management during November 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.14 Irregular award of tender in deviations from World Bank guidelines - Rs34.446 million

According to the condition # 8 of the Invitation for Bids, All bids must be accompanied by a Bid Security in form of a Bank Guarantee on the form attached in bidding documents of 2% of the bid price.

During audit of the office of Project Director, Sindh Agriculture Growth Project (Livestock Component) for the year 2015-16, it was observed that contracts valuing Rs59.218 million were awarded to M/s Norsal Pharma & M/s Bio-Tech services for supply of instruments/equipments/chemicals/semen doses for service provider Director Animal Husbandry (DAB) out of which Rs34.446 million was paid to M/s Norsal Pharma. During review of e-mail of Representative of World Bank Madam Tahira Syed and the bidding documents, it revealed that:

- i. The process followed for this procurement was International Competitive Bidding (ICB); whereas Invitation for Bidding (IFB) was not published at United National Development Business (UNDB) to invite prospective international bidders.
- ii. Bid security was not submitted by all bidders in the form of Bank guarantee (as required in bidding documents).

The matter was pointed out to the Department in the month of October 2016 but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(OM#25)

24.5.15 Irregular expenditure by split up to avoid tender process – Rs11.628 million

As per Rule 12(1) of SPPR 2010, Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, all proposed procurements for each financial year and shall proceed accordingly without any

splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs11.628 million was incurred on various heads of accounts, the expenditure/sanction was split up to avoid calling tender, which resulted in loss to government due to non-achievement of competitive rates.

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Amount
1	Director, Animal Breeding Sindh, Hyderabad	2018-19	20	Purchases under the head of account Others, Printing, Stationery Machinery, Cost of other store etc	8.488
2	Deputy Director Livestock, Mirpurkhas	2018-19	13	Purchases under the head of account Cost of other stores	1.637
3	Deputy Director Poultry Production Dadu	2017-18	1	Purchase of Drugs & Medicines	0.862
4	Director, Fisheries Sindh Marine, Karachi	2017-18	4	Purchases under the head of account Others, Printing, Stationery Machinery, Cost of other store etc	0.448
5	Deputy Director Poultry, Shikarpur	2018-19	2	Purchases under head of account of Cost of other stores.	0.193
Total					11.628

The irregularity was pointed out to the management during March 2019 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.16 Irregular retention of government money into DDO account- Rs20.393 million

According to rule 290 of CTR Volume-I, “No money shall be drawn from Government Treasury unless it is required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demands or to prevent laps of budget.” Read with Para-289 of C.T.R. Volume-I that "All charges actually incurred must be paid and drawn at once, and under no circumstances may they be allowed to stand over to be paid from the grant of another year".

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2015-16 to 2018-19, it was observed that an amount of Rs20.393 million was drawn from government treasury and kept into DDO bank account till the close of financial year, which resulted into blockage of government money. Details are given as under;

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Amount
1	Director Animal Breeding Sindh, Hyderabad	2018-19	16	10.776
2	Director General Fisheries, Karachi	2018-19	3	5.896
3	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2015-16	2	2.268
4	Director, Fisheries Research & Development Karachi	2017-18	3	0.745
		2018-19	3	0.708
Total				20.393

The irregularity was pointed out to the management during October 2016 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.17 Irregular payment through DDO account - Rs19.681 million

As per rule-28 (2) of Central Treasury Rules volume-I, “A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them”.

During audit of various offices of Livestock & Fisheries Department, Government of Sindh, for the financial year(s) 2013-14 to 2018-19, it was observed that an amount of Rs19.681 million was paid through DDO account instead of direct payment to the concerned payees. Details are given at **Annex-2** of Chapter-24.

The irregularity was pointed out to the management during October 2016 to November 2019. The management of office at Sr. #3 of the Annex replied that the vendors were not interested to visit the NBP main branch Larkana. Reply was not tenable. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.18 Non-deduction of various Taxes – Rs41.628 million

According to Notification issued by Sales Tax Department for sales Tax Special procedure (withholding) rules, 2007 vide letter No S.R.O 77 (I) 2008 dated 23-01-2008, “Withholding agent shall deduct an amount equal to 1/5 of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him. If sales tax invoice is not provided then 17% tax would be deducted”.

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh for year(s) 2013-14 to 2018-19, it was observed that an expenditure of Rs155.608 million were incurred by the DDO on various items but taxes of Rs41.628 million were not deducted. Details are given as under;

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Taxes Amount
1	Director, Fisheries Research & Development Karachi	2017-18	2	17% GST	24.926
			1	Income tax 6.5% in invoice	4.157
2	Director Animal Breeding Sindh, Hyderabad	2018-19	1	Less Deduction of Income Tax	1.993
			30	Non deduction of Sales Tax	0.714
			2	Non-deduction of SST	0.123
			38	Non-deduction of SST	0.209

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Taxes Amount
3	Project Director, Vaccine Production Unit, Tando Jam	2015-16 & 2016-17	15	Non-deduction of SST	5.690
			14	Non-deduction of Income tax	2.509
4	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2015-16	16	15% sales tax	0.533
			15	15% sales tax	0.489
5	Deputy Director, Poultry, Larkana	2013-14 to 2017-18	1	17% GST	0.285
Total					41.628

Non-deduction of various taxes was pointed out to the management during October 2016 to November 2019. The management of office at Sr.#5 above replied that the vendor was registered with the tax Department. Reply was not tenable. The remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

24.5.19 Blockage of funds due to non-utilized procured items - Rs381.097 million

According to Rule-10 (i) & 11 of General Financial Rules, Volume-I, “Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money. He is responsible for observance and enforcing order and strict economy at every step”.

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year(s) 2016-17 to 2018-19, it was revealed that an expenditure of Rs381.097 million was incurred on purchase of various items but the same were not yet utilized/ installed and kept in stores resulting in blockage of funds.

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para#	Particulars	Amount
1	Director, Fisheries Research & Development, Karachi	2017-18	6	Various plants & machinery	146.625
		2018-19	8		119.26
2	Director Animal Breeding Sindh, Hyderabad	2018-19	10	Medicines	49.111
			4	Liquid Nitrogen Gas Plant	45.000
3	Project Director, Vaccine Production Unit, Tando Jam	2016-17	2	Various laboratory equipment, computers, photocopier etc	18.577
4	Deputy Director Livestock, Kashmore	2018-19	12	Medicines	2.524
Total					381.097

The matter was reported to the management during September 2017 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.20 Irregular allotment/possession of 24 official vehicles

According to letter # CTC(S&GAD)5(238)/97 dated 05-04-1997, issued by the Service and General Administration Department, Government of Sindh regarding entitlement of government at Sr. # (ii) All the officers in BPS-19 and 20 like Heads of attached Departments / Regional Heads or equivalent in Autonomous bodies / corporations and Deputy Commissioners to use 1000 cc locally manufactured cars.

During audit of the various offices of Livestock & Fisheries Department, Government of Sindh for the financial years 2015-16 to 2018-19, it was observed that 24 official vehicles were allotted to the ex-officers and non-entitled officers. Details are given at **Annex-3** of Chapter-24.

The matter was reported to the management during October 2016 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.21 Irregular purchase of medicine - Rs63.843 million

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

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh, for the financial year 2018-19, expenditure of Rs63.843 million was incurred on purchase of medicine without observing the codal formalities as summarized against each. Details are given at **Annex-4** of Chapter-24.

The matter was reported to the management during October to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

24.5.22 Unjustified advance drawl for compensation to detained fishermen - Rs9.000 million

According to rule-23 of GFR vol-I, every Government officer should realize fully and clearly that he will be personally responsible for any loss sustain by Government through fraud or negligence on his part and that he will also be responsible for any loss arisen by fraud or negligence on the part of any other Government official to the extent of which it may be shown that he contribute to the losses by his own action or negligence.

During audit of the Secretary, Livestock & Fisheries Department, Government of Sindh, during the course of audit for the year 2017-18, it was observed that cheque No3100505 dated 03-05-2018 for Rs9.000 million was drawn on account of compensation to the fishermen detained in the Indian Jails in which the following irregularities were observed:

- i. The Ministry of Foreign Affairs Government of Pakistan provided a list of 176 fishermen and out of which confirmed the national status of only 34 prisoners but the payment was drawn for Rs9.000 million without further confirmation of the Ministry as well as Home Department Sindh.
- ii. The Chief Minister approved the compensation @ Rs10,000 per month per family but the committee decided to pay lumpsum @ Rs60,000/- per family to various 34 families for amounting to Rs2.040 million in violation of the approval of Chief Minister.
- iii. The Home Department was not consulted in finalization of the list of entitled families; whereas four officers committee of the department was constituted for distribution of Rs9.000 million to the legal heirs of detained fishermen.
- iv. The documentary evidence of legal heirs and authentic list of detained fishermen was not obtained from Home department and Ministry of Foreign Affairs.
- v. Mode of payment not produced to audit.
- vi. Other necessary basic documents like copies of CNIC, Heir-ship certificate, Bank account etc required for authentication of valid detained person were not produced to audit.
- vii. The final list of actual payees and detail of remaining balance out of Rs9.000 million drawn for compensation with documentary evidence was not produced to audit for verification.

The matter was reported to the management in the month of July 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#01&08)

24.5.23 Irregular payment on account of rent of building – Rs5.668 million

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

During audit of the following offices of Livestock & Fisheries Department, Government of Sindh for the financial year(s) 2105-16 to 2017-18, it was observed that an amount of Rs5.668 million was paid to owner on account of rent of building. The details of irregularities noticed are given as under;

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Irregularity	Amount
1	Project Director, Sindh Agriculture Growth Project (Livestock Component)	2015-16	4	There was no rent assessment and yearly rent increased beyond 10%	2.625
			8	Expenditure on rent in excess of provision in PC-I	0.594
		2017-18	4.2.3	Rent assessment was not done and agreement was not executed	1.584
2	Deputy Director, Fisheries, District Umerkot	2017-18	8	Rent agreement with owner was not available on record.	0.156
Total					5.668

The matter was reported to the management during October 2016 to November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

CHAPTER – 25

MINES & MINERALS DEVELOPMENT DEPARTMENT

25.1 Introduction

The Mines and Minerals Department, Government of the Sindh aims for the development of mineral resources to enhance the exploration, exploitation of mines and mineral resources in a safe and environmentally sound manner in order to support a more productive economy in the province.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	4	2	77.165	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

25.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
308.170	-	43.740	(43.740)	(59.043)	249.127	203.410	(45.717)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs45.717 million was observed, which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
1,300.000	1,300.000	650.204	- 649.796

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs649.796 million was observed.

25.3 Classified Summary of Audit Observations

Audit observations amounting to Rs396.908 million were raised as a result of this audit. This amount also includes recoverables of Rs103.661 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	232.732
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	-
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	164.176

25.4 Comments on the Status of Compliance with PAC Directives

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

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
11	2010-11	3	2	0	2	0	
12	2014-15	0	0	0	0	0	Audit Report not yet discussed
13	2016-17	0	0	0	0	0	
Total		3	3	0	2	33.33	

25.5 Audit Paras

25.5.1 Non-production of auditable record - Rs232.732 million

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

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

During audit of the following offices of Mines & Minerals Development Department, Government of Sindh for the financial years 2017-18 & 2018-19, the auditable record was not produced to audit despite various reminders.

(Rs. in million)

Sr.#	Name of Office	Financial Year	AIR Para #	Amount
1	D.G. Mines & Mineral Development, Karachi	2017-18	02	220.140
2	Inspector, Coal & Mines, Sukkur	2017-18	01	11.897
			02	0.395
3	Secretary, Mines & Minerals Development Department, Government of Sindh, Karachi	2018-19	06	0.300
Total				232.732

The matter was reported to the management in January, March & September 2019. The office at Sr.No.2 responded and replied that the record pointed out in Para No.1 did not pertain to the Inspector, Coals and Mines, Sukkur as the work of lease grating and royalty collection is the responsibility of Directorate of Mines, Karachi, However, the submission of record to audit rested with the management. As against Para No.2, the management of same office furnished photocopy of lease agreement for hiring of office building whereas original lease agreement was required for scrutiny. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Auditable record may be produced for verification.
- Responsibility may be fixed against the person(s) at fault.

25.5.2 Non-recovery of outstanding rent with penalty - Rs103.661 million

Sub clause (2 & 3) of Clause 98 of Sindh Mining Concession Rules 2002, Rental and renewal fees where any person has failed to pay any amount of annual surface rental as required by this rule, a penalty calculated at the rate of (six)(ten) percent per month on the amount or any part thereof from time to time remaining unpaid, shall be payable from the due date of payment until all outstanding amounts are paid. Moreover, as per clause 98 (3) ibid further penalty should be imposed @ 2% on the outstanding amount.

During audit of the office of Director General, Mines & Mineral Development, Karachi, for the financial year 2017-18, it was observed that 4 lease holders did not deposit outstanding annual rent amounting to Rs34.554 million. The management also did not levy dues penalty for Rs69.107 million. Hence, total recoverable amount comes to Rs103.661 million.

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Outstanding amount may be recovered.
- Matter may be investigated for fixation of responsibility.

(AIR#09)

25.5.3 Loss to Govt. due to non-forfeiture of earnest money & security deposit - Rs37.189 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part

of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of office of the Director General, Mines & Mineral Development, Karachi, Government of Sindh for the financial year 2017-2018, it was observed that security deposit of contractor / lease holders amounting to Rs37.189 million was not forfeited despite default of the contractors in payment of rent of leased facility, i.e. “rights for collection of royalty on surface minerals”.

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#03&04)

25.5.4 Non-crediting of income tax into government treasury - Rs23.326 million

The clause 8 of Contract of Award letter for “Collection of Royalty on surface minerals in District Sukkur areas for the Year 2017-18” issued by the Director General, Mines & Minerals Development, Government of Sindh, Karachi, provided as follows:

“That you will pay 10% Income Tax on contract amount to the Income Tax Department and copy of the paid up challan will have to be submitted to this office. In case of default, the bidder shall be held responsible”.

During audit of the office of Director General, Mines & Mineral Development, Karachi, Government of Sindh for the financial year 2017-18, it was observed that 10% income tax amounting to Rs23.326 million was deducted from bills of contractors but the same was not deposited into government treasury.

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- The government taxes may be immediately deposited.
- Responsibility may be fixed against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#05)

CHAPTER – 26

MINORITIES AFFAIRS DEPARTMENT

26.1 Introduction

The major functions of the department are:

- To safeguard the rights of minorities,
- To promote welfare of minorities,
- To hold meetings of the Provincial/District Minorities Committee,
- Coordination with the Federal Government on matters relating to welfare of minorities,
- All other matter relating to minorities.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	1	1	27.665	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

26.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
2,348.324	-	19.283	(19.283)	(1,098.860)	1,249.464	595.882	(653.582)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs653.582 million was observed, which was not surrendered in time.

26.3 Classified Summary of Audit Observations

Audit observations amounting to Rs706.170 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	27.111
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	679.059

26.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Reports 2014-15 and 2016-17. The Reports have not yet been discussed in PAC.

26.5 Audit Paras

26.5.1 Non-production of court cases and inquiry cases

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

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

During the course of audit of Director Minorities Affairs Sindh, Hyderabad, for the year financial Year 2017-18, it was observed that various court cases and internal inquiry cases as well as inquiry cases dealt with investigating agencies were in process but the record and correspondence of such cases was not produced for audit scrutiny despite various reminders.

The matter was reported to the management in November, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Auditable record may be produced for verification.
- Responsibility may be fixed against the person(s) at fault.

(AIR#39)

26.5.2 Award of work on doubtful bidding process - Rs11.880 million

According to Rule 4 of Sindh Public Procurement (SPP) Rules 2010, "Principles of Procurements - While procuring goods, works or services, procuring agencies shall ensure that procurements are conducted in a fair and transparent manner

and the object of procurement brings value for money to the agency and the procurement process is efficient and economical”.

During audit of the office of Director Minorities Affairs Sindh, Hyderabad for the financial year 2017-18, it was observed that 12 Schemes were awarded vide No. DMA/MA/GID/(DEV)TC/ Sindh/78 dated 03-03-2017 to different vendors costing Rs11.880 million. The following are shortcomings which raised doubts over the tendering process:

- i. As against the Rule 7 of SPPRA committee was constituted comprising only two members, both were from the same department.
- ii. For almost all the schemes, same three contractors submitted their bids.
- iii. It is also surprising that M/s Shandar Associates qualified all the contracts being lowest quoting rates with the difference of only Rs 1,000.
- iv. Chairman of the Committee was Executive Engineer himself who was also the DDO.
- v. Signatures of the committee members were doubtful as all signatures appear to be recorded by same person.
- vi. The Assistant Director (Assessment) SPPRA vide letter AD (A) SPPRA /31951/MA/20172347 dated 08 May, 2017 pointed out that advertisement could not be hoisted on the website due to non-compliance by the department.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#28&30)

26.5.3 Irregular expenditure by splitting up works to avoid tender - Rs15.231 million

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

During the course of audit of Director Minorities Affairs Sindh, Hyderabad, for financial year 2017-18, it was observed that an expenditure of Rs15.231 million was incurred on development works through splitting of the sanction orders to avoid open tenders.

(Rs. in million)

Sr.#	Name of contractor	AIR Para #	Amount
1	M/s Shandar Associates	36	7.92
2	M/s Modern Engineering, Works	23	3.351
3	M/s Excel Corporation	36	2.97
4	M/s WN & Co.	36	0.99
Total			15.231

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Amount may be regularized.
- Remedial measures may be taken to avoid recurrence of such practice in future.

26.5.4 Award of various works on A-I tender - Rs9.241 million

According to instructions issued by Works and Services Department vide No.H/10-1172 dated 13th October, 1985 "no works would be let out on A-1 tenders by

the Executive Engineer, only in exceptional cases, where the letting out of the work on A-1 tenders is inevitable, prior permission and approval of Superintending Engineer/Chief Engineer invariably be obtained.”

During the course of audit of Director Minorities Affairs Sindh, Hyderabad, for the financial year 2017-18, it was observed that, an amount of Rs 9.24 million was paid to the contractors on A-I tender (First & Final Payment), in disregard of above said notification without prior approval of SE / CE.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#19)

26.5.5 Non-obtaining of bid security from bidders – Rs80.094 million

According to Section 26 of the Sindh Public Procurement Act, 2009, (17) ((1), “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules. (2) The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.”

During the course of audit of Director Minorities Affairs Sindh, Hyderabad, for the financial year 2017-18, it was observed that, 2% bid security amount Rs80.094 million was required to be obtained from the potential bidders in respects of works costing Rs4,004.749 million but the same was not obtained from the participant bidders.

(Rs. in million)					
Sr.#	AIR Para #	Total cost	2% Bid Security	Minimum number of bidders	Estimated bid Security amount
1	31	3,779.749	75.594	03	226.784
2	33	225.000	4.5	03	13.500
Total		4,004.749	80.094		240.284

The matter was reported to the management November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

26.5.6 Irregular payments made through DDO account - Rs375.00 million

As per Rule-28 (2) of Central Treasury Rules volume-I, “A Government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them”.

During audit of office of the Director Minorities Affairs Sindh, Hyderabad for the financial year 2017-18, it was observed that an amount of Rs375.00 million on account of various heads was paid through DDO account. The following discrepancies were noticed;

- Amount was paid in name of DDO of the department instead of the actual beneficiary due to which it cannot be ascertained that concerned beneficiary obtained full amount from DDO or not.
- Acknowledgement of payment from concerned beneficiary was not obtained.
- The payment was drawn in name of DDO and in most of the cases acknowledgment was obtained from members of selection committee, it was also doubtful that actual persons and families for whom the amount was drawn had received the amount or not.

The matter was reported to the management November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#11)

26.5.7 Un-justified retaining of public money in private bank account - Rs1.921 million

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

During audit of the office of Director Minorities Affairs Sindh, Hyderabad for the financial year 2017-18, it was observed that an amount of Rs4.630 million was realized on account of income tax (Form-78), and Rs0.075 million on Professional tax but at close of the year Rs2.784 million was credited into Govt account whereas the remaining amount of Rs1.921 million was retained with a Private bank account instead of depositing the same into the government account.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR# 20)**26.5.8 Irregular disbursement of public money – Rs152.319 million**

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

During audit of the office of Director Minorities Affairs, Hyderabad for the financial year 2017-18, it was observed that an amount of Rs152.319 million was disbursed to the poor in violation of above rule. Details are given as under;

(Rs. in million)

Sr. #	Name of office	Particulars	AIR Para #	Amount
1	Director Minorities Affairs, Hyderabad	Medical Treatment	08	59.669
2		Financial Assistance	06	55.060
3		Scholarships	10	18.750
4		Jahez/ Marriage	09	17.995
5		Aid to Poor	15	0.500
6		Jahez/ Marriage	07	0.345
			Total	152.319

Following irregularities were noticed:

- Different families were granted different amount, uniform rate was not approved and no eligibility criteria was formed.

- ii. Acknowledgement of payment was not available.
- iii. Some of the cases were approved without application.
- iv. Financial background of the beneficiary or any affidavit for eligibility of assistance was also not available.
- v. Some of the cases were 5 to 8 years old.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

26.5.9 Non-crediting of government revenue - Rs8.074 million

According to Rule 41(a) of Sindh Financial Rules, Volume-I, the Departmental Controlling Officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury. Read with Para 399 (iii) of CPWA Code, ‘‘the unclaimed balance of Public Works Deposits for more than three complete account years should be credited to Government as lapsed deposit,’’

During audit of the office of Director Minorities Affairs Sindh, Hyderabad, for the financial year 2017-18, it was observed that, an amount of Rs8.074 million was realized on account of income tax (Form-78), but the same was not deposited in government account as revenue and retained by the office in violation of rule.

(Rs. in million)

Sr.#	Head of Account	AIR Para #	Amount
01	Income Tax,	21, 02	7.998
02	Professional Tax	21	0.075
Total			8.073

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- The government revenue may immediately be deposited into government account.
- Matter may be investigated for fixation of responsibility against the person(s) at fault.

26.5.10 Non-imposition of penalty to the contractors on delayed work - Rs1.180 million

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

During audit of the office of Director Minorities Affairs Sindh, Hyderabad, for the financial year 2017-18, it was observed that, works awarded to various contractors were not completed within the stipulated time. Thus a cumulative penalty of Rs1.180 million was required to be imposed upon the contractors under clause-2 of agreement, which was not done. The details are given at **Annex-1** of Chapter-26.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.

- Penalty amount may be recovered.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR# 37)

26.5.11 Non-adjustment of advance paid to contractors - Rs1.294 million

According to Para-668 of Federal Treasury Rules, advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

During audit of the office of Director Minorities Affairs Sindh, Hyderabad, for the financial year 2017-18, it was observed that, an amount of Rs1.294 million was paid as advance to different contractors but the adjustment of the same was not made from the bills of contractors.

The matter was reported to the management in November, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Adjustment of advances may be made.
- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR# 17)

26.5.12 Irregular payments on account of Grant-in-Aid – Rs47.396 million

According to Rule 10 (I of G.F.R Rule V-I, every public officer is expected to exercise the same drawing vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect to of expenditure of his own money.

During audit of the office of Director Minorities, Hyderabad for the financial year 2017-18, it was observed that an amount of Rs47.396 million was paid to various payees on account of grant in aid. However, till the close of the financial year the utilization of the amount was not obtained. Moreover, acknowledgment of receipt of cheques was not obtained.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Utilization report along with acknowledgment may be produced to audit.
- Remedial measures may be taken to avoid recurrence of such practice in future.

(AIR#13&14)

26.5.13 Irregular expenditure on purchases under various heads of accounts - Rs1.479 million

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

During audit of office of the Secretary Minorities Affairs Department, Karachi for the financial year 2018-19, it was observed that an expenditure of Rs1.479 million was incurred on purchase of items under various heads of accounts.

(Rs. in million)

Sr.#	Head of Account	AIR Para #	Amount
1	Printing & Publication	03	0.537
2	Others “Misc.”	05	0.522
3	Stationery	06	0.420
Total			1.479

Following observations were noticed:

- i. Purchase orders were split up to avoid tender process.
- ii. Delivery challans were not available with record.
- iii. Articles were not accounted for in stock register.
- iv. Consumption account was not maintained.
- v. Acknowledgement receipt of payee was not obtained to verify the payment.
- vi. Joint inspection/Physical verification was not conducted.
- vii. Sales tax registration certificate was not available on the record.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Matter may be investigated for fixation of responsibility against the person(s) at fault.
- Remedial measures may be taken to avoid recurrence of such practice in future.

26.5.14 Irregular expenditure on conference, seminar & exhibition - Rs1.061 million

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

During audit of office of the Secretary Minorities Affairs Department, Karachi for the financial year 2018-19, it was observed that an expenditure of Rs1.061 million was incurred on account of seminar & exhibition.

(Rs. in million)

Sr.#	Head of Account	AIR Para #	Amount
1	Conference/Seminars	04	0.537
2	Exhibition	07	0.524
Total			1.061

Following irregularities were noticed:

- i. Approval of seminar from competent authority was not available.
- ii. Invitation/list of participants was not available on record.
- iii. Purpose /topic of Seminar was not defined.
- iv. Venue where seminar was held was not available on the record.
- v. Evidence of seminar was not attached with the bill i.e. photos, participants & venue.
- vi. Various purchases were made i.e. School bags, T-shirts, dairies, shield & gift items, but the same were not accounted for in stock register.
- vii. Tender was not called for purchase of school bags of Rs0.103 million.
- viii. Schools bags were shown purchased for distribution but neither was the schools' name mentioned nor was the evidence of distribution available.
- ix. Supplier Sales tax registration certificate was not available on record.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Recommendation:

- Evidence as mentioned may be provided to audit for verification.

CHAPTER –27

ORGAN OF STATE

27.1 Introduction

This is a consortium of Governor House Secretariat, Provincial Assembly and Provincial Ombudsman Department. Each one among these is separate public entity performing its own functions as defined in Sindh Rules of Business, 1986. Typically organs of state include following departments/wings (Excluding Law Department);

1. Governor House/Secretariat including Military Secretary Wing.
2. Provincial Assembly of Sindh.
3. Provincial Ombudsman.

Each department as mentioned above is allocated with separate budget and most of the activities of the departments are related to general administration and monitoring on the part of the government.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	5	2	3,222.784	-
2	Assignment Accounts (excluding FAP)	-	-		
3	Authorities/Autonomous Bodies etc under the PAO	-	-		
4	Foreign Aided Projects (FAP)	-	-		

27.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
310.000	42.096	155.569	(155.569)	(21.726)	330.370	330.368	(0.002)

27.3 Classified Summary of Audit Observations

Audit observations amounting to Rs2,980.420 million were raised as a result of this audit. This amount also includes recoverables of Rs45.291 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	8.218
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
<i>A</i>	<i>HR/Employees related irregularities</i>	42.867
<i>B</i>	<i>Procurement related irregularities</i>	18.314
<i>C</i>	<i>Management of Accounts with Commercial Banks</i>	3.068
4	Value for money and service delivery issues	-
5	Others	2,907.953

27.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Reports 2014-15 and 2016-17. The Reports have not yet been discussed in PAC.

27.5 Audit Paras

Military Secretary to Governor of Sindh

27.5.1 Irregular payment of adjustment of pay bills of CPLC – Rs13.986 million

Sindh Financial Rules, Volume-I, Rule-23, states that, “as a general rule, every payment including payment of money previously lodged with government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of office of the Military Secretary to Governor of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that Grant (A05213) of Rs13.986 million was given to Citizens Police Liaison Committee under the cost center KQ0002, for adjustment of pay bills and telephone bills. The following observations were recorded;

- i. Payment was made in cash instead of transfer to the bank accounts of the employees.
 - ii. Acknowledgement signatures of employee #105,111,172,202, Mr. Wajahat Ali (CO), Mr. Fayaz Hussain (CO) looked same for the month of July and August 2017.
 - iii. Acknowledgement signature of employee Mr. Waleed (Incharge) looked different in the month of July and August 2017.
 - iv. Acknowledgement signature of employee# 105,111 looked same for the month of September 2017.
 - v. Acknowledgement signature of various employees was not available on the bills submitted for the month of April and May 2018.
 - vi. Expenditure statement of CPLC was not obtained by the office.
- Details of payment are given as under;

(Rs. in million)

Cheque.#	Entry Date	Vendor Name	Amount	Month	Salary	Tele phone
2872453	17.11.2017	CHIEF CPLC	3.748	July-sept	3.450	0.298
2957783	13.02.2018	CHIEF CPLC	3.749	Oct-Dec	3.457	0.292
3102502	08.05.2018	CHIEF CPLC	3.749	Jan-Mar	3.491	0.257
3164782	26.06.2018	CHIEF CPLC	3.750	Mar-May	3.588	0.162
Total			14.996		13.986	1.009

The matter was reported to the management in March 2019. In reply management stated that CPLC meets its operating expenses through single line grant. Salaries of employees are paid directly through bank. Acknowledgement of employees getting salary was submitted for grant purpose. Detail and summary of CPLC expenditure was submitted to A.G Sindh. DAC in its meeting dated 26-09-2019 directed to produce all supplementary documents within one week time to audit for verification. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#03)

27.5.2 Non-obtaining of Performance Security Deposit – Rs3.351 million

As per Rule-39 of Sindh Public Procurement Rules 2010, “Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

During audit of office of the Military Secretary to Governor of Sindh, Karachi for the financial years 2016-17 to 2017-18, it was observed that works amounting to Rs41.112 million were awarded to various contractors without obtaining Security Deposit @ 8% amounting to Rs3.351 million. Details are given as under;

(Rs. in million)

Cheque.#	Entry Date	Vendor Name	Particulars	Amount	SD 8%
2741473	29.05.2017	M/S Sherjan Mosakhail & Sons	Repair/Renovation work of staff colony	18.076	1.446
2817042	22.06.2017	M/S Sherjan Mosakhail & Sons	Repair/Renovation work of Governor wing	14.803	1.184
2741474	29.05.2017	M/S Sherjan Mosakhail & Sons	Repair/Renovation work of Dispensary	3.239	0.259
2814568	21.06.2017	Wani International	Repair/Renovation work of Police Barracks	3.020	0.242
2742135	02.06.2017	Wani International	Repair/Renovation work of Rangers Barracks	2.750	0.220
Total				41.888	3.351

The matter was reported to the management in March 2019. In reply management stated that 5% of security deposit was deducted by the SAP system of A.G. Sindh and remains in Sindh Government account. In DAC meeting held on 26-09-2019, DAC directed to produce all supplementary documents to audit within one week time for verification. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#06)

27.5.3 Un-authorized retention of government money – Rs2.605 million

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

During audit of office the of Military Secretary to Governor of Sindh, Karachi for the financial years 2016-17 to 2017-18, it was observed that an amount of Rs2.605 million was drawn from government treasury and kept into DDO bank account till close of the financial year, which resulted into blockage of government money.

The matter was pointed out to the management in April 2019. In reply management stated that the mentioned amount written as opening balance was paid to the vendor as previous year’s payment 2015-16. In DAC meeting held on 26-09-2019, DAC directed that all relevant record may be verified from Audit within a week. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#01)

27.5.4 Non-imposition of penalty for delayed work – Rs19.572 million

According to the Clause-2 Liquidated Damages of agreement, the contractor shall pay liquidated damages to the Agency at the rate per day stated in the bidding data for each day that the completion date is later than the intended completion date; the amount of liquidated damage paid by the contractor to the agency shall not exceed

10 per cent of the contract price. Agency may deduct liquidated damages from payments due to the contractor. Payment of liquidated damages does not affect the contractor's liabilities.

During audit of the office of Military Secretary to Governor of Sindh, Karachi for the financial years 2016-17 & 2017-18, under the ADP scheme, "Construction of Multi Storied Flats Phase-I (48 flats.) & MT Shade at Governor House, Karachi", it was observed that works of Rs195.716 million were awarded to the contractor vide # 929 dated 17-10-2016 but the same was neither completed within stipulated time period nor penalty @ 10% was imposed amounting to Rs19.572 million.

The matter was reported to the management in March 2019. In reply management stated that the work was not completed in time due to non-release of funds timely. In DAC meeting held on 26-09-2019, DAC directed to produce all supplementary documents to audit within one week time for verification. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#09)

27.5.5 Irregular expenditure on account of uniform & protecting clothing – Rs3.240 million

As per Rule 113 of Sindh Financial Rules, "All materials received should be examined, counted and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Registers".

During audit of the office of Military Secretary to Governor of Sindh, Karachi for the financial year 2016-17 to 2017-18, it was observed that an amount Rs3.240 million was spent on account of Uniform and protective clothing.

(Rs in million)

Sr. #	AIR Para #	Amount
1	04	1.660
2	05	1.580
Total		3.240

The expenditure was kept under following observations:

- i. Agreement, delivery challans and inspection report were not available.
- ii. Earnest money/security deposit was not deducted (as per special conditions).
- iii. Acknowledgment of employees to whom uniform was issued was not available.
- iv. Uniform purchased was not accounted for in relevant register.
- v. Invoices were received dated 25-04-17, while completion certificate shows that uniform was received and distributed on 15-03-18, which indicates that payment was made in advance.
- vi. From completion certificate it was reflected that 50% material of uniform was received, while on the other hand 100% payment was made.
- vii. BER, Comparative statement, Agreement and minutes of meeting were not available in the record.

The matter was reported to the management in March 2019. In reply management stated that no advance payment was made, the delivery challans & inspection report copies also available. In DAC meeting held on 26-09-2019, DAC directed to resubmit revised reply in one weeks time. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

27.5.6 Loss to government on dismantling work - Rs7.163 million

Para-711 (Note-8) of Public Works Departmental Manual, Volume-I states that, “the officer competent to sanction tender can also accord sanction to the execution of extra item of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed the amount of the sanctioned estimate plus such excess as the officers concerned is competent to sanction”.

During audit of the office of Military Secretary to Governor of Sindh, Karachi for the financial years 2016-17 & 2017-18, under the ADP scheme, “Construction of Multi Storied Flats Phase-I (48 Nos.) & MT Shade at Governor House, Karachi”, it was observed that payment amounting to Rs7.163 million was made to the contractor on account of dismantling of work, which was kept under the following objections:

- i. Dismantling work and disposal of surplus material was shown & claimed in 2nd & 4th running bill. The question arises that how foundation work was started before dismantling work and disposal of surplus material.
- ii. Work was carried out unauthorisedly as extra item without approval of the competent authority.

The matter was reported to the management in March 2019. The management submitted irrelevant reply. In DAC meeting held on 26-09-2019, DAC directed to produce all supplementary documents to audit within one week time for verification. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#07)

Principal Secretary to Governor of Sindh

27.5.7 Irregular payment through DDO account –Rs1.427 million

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

During audit of the office of Principal Secretary to Governor of Sindh, Karachi for the financial years 2016-17 to 2017-18, it was observed that an amount of Rs1.427 million was paid to DDO account instead of actual payees in violation of the above rule.

The matter was pointed out to the management in April 2019. In reply management stated that the details of DDO account had been provided to audit with documentary support. In DAC meeting held on 19-09-2019, DAC directed that all relevant record may be verified from Audit within one week. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#01)

27.5.8 Irregular expenditure on repair of building – Rs5.336 million

As per rule of Business 1986, the function of Building Department is to carry the works of construction and repair of government buildings.

Further, as per Rule-23, 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 audit of the office of Principal Secretary to Governor of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that various works of repair of building amounting to Rs5.336 million were carried out by the office but neither work was carried out through Building Department nor any consultation was made with them. Furthermore, following irregularities were also noticed:

- i. Technical sanction/estimates were not prepared.
- ii. Site and name of was not mentioned.
- iii. Dates were not mentioned on the bills.
- iv. Bills were checked by the DDO instead of committee.
- v. Completion certificates were given by the DDO instead of committee.
- vi. MB's were not prepared.

Details of payment are given as under;

(Rs. in million)

Cheque #	Entry Date	Vendor Name	Amount	WO	Period
2757149	17.06.2017	M/S Shan General Order Supplier	0.083		
2816875	22.06.2017	M/S Sherjan Mosakhail & Sons	0.939	01.06.2017	10 days
2816897	22.06.2017	M/S Sherjan Mosakhail & Sons	0.976	01.06.2017	10 days
2816898	22.06.2017	M/S Sherjan Mosakhail & Sons	0.983	01.06.2017	10 days
2816899	22.06.2017	M/S Sherjan Mosakhail & Sons	0.891	01.06.2017	10 days
Sub-Total			3.872		

(Rs. in million)

Cheque #	Entry Date	Vendor Name	Amount	WO	Period
3171792	21.06.2018	Wani International	0.099		
3177886	28.06.2018	M/S Sherjan Mosakhail & Sons	0.795	26.04.2018	20 days
3177887	28.06.2018	M/S Sherjan Mosakhail & Sons	0.570	26.04.2018	20 days
Sub-Total			1.464		
Total			5.336		

The matter was pointed out to the management in April 2019. In reply management stated that all routine repair works were carried out by the secretariat after fulfilling all codal formalities. In DAC meeting held on 19-09-2019, DAC directed that all relevant record may be verified from Audit within one week. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#08)

27.5.9 Irregular expenditure on account of repair of vehicles – Rs1.748 million

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

During audit of the office of Principal Secretary to Governor of Sindh, Karachi, for the financial years 2016-17 & 2017-18, it was observed that expenditure of Rs1.748 million was incurred on repair of vehicles. Following irregularities were noted:

- i. The sanction was split up to avoid tender.
- ii. The requisition for repair was not available on record.
- iii. The repair registers were not maintained.
- iv. Acknowledgement receipt was not obtained.
- v. Satisfactory work completion certificate was not obtained.

The matter was pointed out to the management in April 2019. In reply management stated that the expenditure incurred on repair of vehicles after fulfilling all codal formalities. In DAC meeting held on 19-09-2019, DAC directed that all relevant record may be verified from Audit within one week. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#14)

27.5.10 Irregular expenditure through split up to avoid tenders –Rs3.030 million

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

During audit of the office of Principal Secretary to Governor of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that an expenditure of Rs3.030 million was incurred on procurement of various items under various heads of accounts but purchases were split up to avoid invitation of tender. Due to non-invitation of open tender the government was deprived of economic & competitive rates. Furthermore, items were not included in procurement plan.

(Rs. in million)

Object Code	Head of A/C	2016-17	2017-18	Total
A03901	Stationery	0.676	0.372	1.048
A03970	Other Miscellaneous	0.392	0.360	0.752
A09201	Hardware	0.115	0.163	0.278
A09601	Plant and Machinery	0.085	0.159	0.244
A09701	Furniture and fixtures	0.295	0.413	0.708
Total		1.563	1.467	3.030

The matter was pointed out to the management in April 2019. In reply management stated that expenditure was incurred from time to time on the basis of

need. In DAC meeting held on 19-09-2019, DAC directed that all relevant record may be verified from Audit within one week. However, no progress was made.

Audit requires compliance of DAC directives besides taking remedial measures.

(AIR#09)

Provincial Assembly of Sindh

27.5.11 Non-production of record

Section 14(2) & (3) of the Auditor General's (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, state that;

- (2) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During audit of the office of Secretary, Provincial Assembly of Sindh Karachi, for the financial year 2018-19, it was observed that following auditable record was not produced to audit despite various reminders.

Sr.#	Name of Office	Financial Year	AIR Para #	Particulars
1	Secretary, Provincial Assembly of Sindh Karachi	2018-19	11	Record of Cafeteria
		2018-19	16	Record of Contract Staff
		2018-19	28	Various Record

The matter was reported to the management during August-2019. In reply of AIR Para-11, the management stated that cafeteria was built to facilitate the honorable members of Provincial Assembly of Sindh and the relevant record was available. In response AIR Para-16, the management stated that the Accountant General Sindh wrongly punched the salaries in the head contractual staff. They added that the budget book was available. Reply of in respect of AIR Para-29 was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of the record for scrutiny besides fixing of responsibility on the person(s) at fault.

27.5.12 Unauthorized payment of price adjustment - Rs13.686 million

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

During audit of the office of Project Director, Sindh Parliamentarians Residencies, Karachi for the year 2017-18, it was observed that cost of price adjustment amounting to Rs13.686 million was allowed by the management without provision in modified PC-I in respect of the project, “Construction of Sindh Parliamentarians Residencies, Karachi”.

The matter was reported to the management in October, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#02)

27.5.13 Non-recovery of stamp duty from contractors - Rs1.017 million

According to Para-22-A of Stamp Act, “It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of office of the Project Director, Sindh Parliamentarians Residencies, Karachi for the financial year 2017-18, it was observed that stamp duty amounting to Rs1.017 million was not recovered against contract agreement with M/s. Paras Enterprises in respect of the work “Supply & Installation of Furniture in Sindh Parliamentarians Residences” at the cost of Rs290.725 million.

The matter was reported to the management in August and October, 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery, besides fixing responsibility against the person(s) at fault.

(AIR#03)

27.5.14 Irregular award of work - Rs2,261.00 million

As per Construction and Operation of Engineering Works Bye-Laws of Pakistan Engineering Council (PEC), 1987, “the contractor must be registered and possess valid license of specialized category “CE10” (General, Civil Engineering Works, Concrete repairs, General Buildings and maintenance, Water proofing, Landscaping, Reclamation works)”, also according to PEC, it is the responsibility of the employer to ensure that no professional engineering work shall be executed without employing adequate number of engineers duly registered with PEC. A copy of acceptance letter / work order must always be endorsed to PEC.

During audit of the office of Project Director, Sindh Parliamentarians Residencies, Karachi for the year 2017-18, it was observed that the work “Construction of Sindh Parliamentarians Residencies (Tower B), Karachi” costing Rs2,261.00 million was awarded to contractor without fulfillment of following necessary codal formalities as detailed below:

- i. Renewed / valid license of “CE-10” Category from Pakistan Engineering Council of the contractor was not available on record.
- ii. Copies of work order were not endorsed to Pakistan Engineering Council.
- iii. National Tax No. of contractor was not available.
- iv. Sales Tax Registration No. of contractor was not available.

The matter was reported to the management in October, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires provision of the relevant record besides taking remedial measures.

(AIR#04)

27.5.15 Expenditure incurred without laboratory test report - Rs534.118 million

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

During audit of the office of Project Director, Sindh Parliamentarians Residencies, Karachi for the year 2017-18, it was observed that an amount of Rs534.118 million was paid to the contractors without lab tests report from authorized laboratory.

(Rs. in million)			
Sr.#	Particulars	AIR Para #	Amount
01	Deformed steel reinforcement bars on IPC No.39th	10	14.105
02	Cement and concrete items (W/O No.142 / 02-12-14)	14	520.013
Total			534.118

The matter was reported to the management in October, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends complinace of rule and justification for not getting lab test.

27.5.16 Non-deduction of sales tax - Rs42.232 million

According to Notification issued to Sales Tax Department for Sales Tax Special Procedure (withholding) Rules, 2007 vide letter No.S.R.O.77 (i) 2008 dated 23-01-

2008 that withholding agent shall deduct as amount of equal to 1/5th of the total Sales Tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him. If sales tax invoice is not provided then 17% tax would be deducted. Read with according to Sales Tax Ruling / Instruction No. 27/2002 (C.No.4(47) STB/98(PT-II) Dated: 02-04-2002 on subject of “Registration of Contractors With Sales Tax Department”

- (v) All Government departments including defense organizations are required to purchase taxable goods only from registered persons on payment of sales tax, and against tax invoices.

During audit of the office of Project Director, Sindh Parliamentarians Residencies, Karachi for the year 2017-18, it was observed that that an amount of Rs42.232 million was paid to various suppliers but neither sales tax was deducted nor sales tax invoices were obtained from the concerned suppliers due to which government sustained a loss.

The matter was reported to the management in August and October, 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of tax besides taking remedial measures.

(AIR#12)

27.5.17 Irregular payment on difference of cost - Rs16.179 million

According to Para 6 Schedule of Rates, Volume-III (Part-II) 5th Edition, 04, if any National Building / Agency want to allow the difference in cost of materials such as cements, steel or brick, they have to refer the matter to the Standing Rates Committee, Sindh for consideration / approval.

During audit of the office of Project Director, Sindh Parliamentarians Residencies, Karachi for the year 2017-18, it was observed that the difference in cost of cement/steel/wood amounting to Rs16.179 million was paid to various contractors without provision in estimate and making escalation chart. Further, the payment of difference in cost was made without approval of the competent authority.

The matter was reported to the management in October, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#13)

27.5.18 Irregular Payment of “house rent allowance” despite house hiring – Rs23.528 million

As per Rule-23 of General Financial Rules Volume-I “Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”

During audit of the office of Secretary, Provincial Assembly of Sindh Karachi, for the financial year 2018-19, it was observed that payment of Rs23.528 million was allowed as “House Rent Allowance” to those employees who were availing the facility of House Hiring in violation of Government rules. This resulted in over payment of Rs23.528 million. Details are given at **Annex-1** of Chapter-27.

The matter was reported to management in August, 2019. In reply, the management stated that it was a general practice while making payment of self hiring, house rent allowance was deducted before making payment of self hiring. The reply was not tenable as both house rent allowance and facility of house hiring can not be allowed at the same time.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of house rent allowance paid during facility of house hiring under intimation of audit.

(AIR#01)

27.5.19 Non-deduction of Sindh Sales Tax – Rs2.042 million

As per Chief Minister Instructions vide letter No. DS (Staff)/CMS/12/01/2012 dated 29.11.2012 wherein all Administrative Secretaries and their respective DDOs/Officers of all institutions/departments to comply with provision of SST Special Procedure (Withholding Rule, 2011) which states that ‘the accounting office responsible for making payment shall deduct and withhold the tax amount and shall transfer the same amount, so deducted at source during a month to Sindh Government’s head of account “B-02384”---Sindh Sales Tax on Services”.

During audit of the office of Project Director, Sindh Parliamentarians Residency, Karachi for the financial year 2018-19, it was observed that an expenditure of Rs15.706 million was incurred on Consultancy services but Sindh Sales Tax (SST) on services amounting to Rs2.042 million was not deducted from the bills of M/s. Osmani & Company (Pvt.) Ltd. Details are given as under;

(Rs. in million)

Sr.#	Financial Year	Cost Center	Description	Vendor No	Cheque No	Posting Date	Amount
01	2018-19	KQ5001	Other Buildings	30408178	3225350	28.09.2018	2,612,946
02					3231591	18.10.2018	4,216,965
03					3310380	24.12.2018	2,156,610
04					3342863	20.02.2019	6,719,116
Total							15,705,637
Total (15,705,637*13%SST)							2.042

The matter was pointed out to the management in August, 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#27)

Provincial Ombudsman (Protection against Harassment of Women)

27.5.20 Non-production of record –Rs8.218 million

Section 14(2) & (3) of the Auditor General's (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, state that;

- (2) The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition.
- (3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women at the Work Place), Government of Sindh, Karachi for the financial year 2016-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs8.218 million remained unaudited.

(Rs. in million)

Sr. #	Particulars	Financial Year	AIR Para #	Amount
1	Various Record	2016-18	03	7.319
2	Record of Furniture Purchased	2018-19	21	0.474
3	Record of Plant & Machinery Purchased	2018-19	19	0.425
4	Various Record	2018-19	31	-
Total				8.218

The matter was reported to the management during February and August-2019. The management replied in case at Sl.#1 above stated that the record was burnt/lost in fire incident which took place in New Sindh Secretariat Building on 24th February 2018. The reply was not tenable, as construction of record was required with the help of relevant Account office. As regards observations at Sl.#2, 3 & 4 above, no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of the auditable record for verification, besides fixing responsibility on the person(s) at fault.

27.5.21 Un-justified expenditure on remuneration charges - Rs5.353 million

As per letter No FD/FS/64/2011 dated 10-03-2011 issued by the Finance Department Government of Sindh regarding appointment of staff on contingency basis states that appointment of contingent staff against un-sanctioned post is a vague practice and increase financial liability of the government and leads to the litigations against government should be stopped.

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women at the Work Place), Government of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that an amount of Rs5.353 million was paid on account of remuneration charges to various persons hired for office work under the head of account "Payment to other service rendered" without showing the post against which they were appointed. The following shortcomings were noticed:

- i. Approval of Finance Department was not obtained.
- ii. The list of persons hired and criteria of appointment not provided.
- iii. The sanctioned strength of regular and hired staff not provided.

The matter was reported to the management in February, 2019. The management replied that the expenditure was incurred on account of remuneration charges to various persons hired for office work. They added that the record was burnt/lost in fire incident which took place in New Sindh Secretariat Building on 24th February 2018. The reply of the management was not tenable as construction of record with help of the concerned Account office was possible.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires fixing justification for expenditure and reconstruction of record besides taking remedial measures.

(AIR#05)

27.5.22 Irregular payment of salaries in excess of the sanctioned strength

According to Rule 23 of General Financial Rule Volume-1, “Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women at the Work Place), Government of Sindh, Karachi for the financial years 2016-17 & 2017-18, it was observed that 27 employees were appointed in excess of the sanctioned strength.

The matter was reported to the management in February, 2019. The management replied that no appointment was made beyond the sanctioned strength of various posts, but no documentary evidence was provided in support of the reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter for fixation of responsibility besides taking remedial measures.

(AIR#10)

27.5.23 Irregular expenditure through split up to avoid tenders – Rs6.090 million

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

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women at the Work Place), Government of Sindh, Karachi for the financial years 2016-19, it was observed that an expenditure of Rs6.090 million was

incurred on procurement of various items under various heads of accounts but purchases were split up to avoid invitation of tender. Due to non-invitation of open tender the government was deprived of economic & competitive rates.

(Rs. in million)

Sr. #	Financial Year	AIR Para #	Amount
1	2016-18	08	3.475
2		09	0.964
3	2018-19	13	1.651
Total			6.090

The matter was reported to the management in April, 2019. The management replied, in case of Sl.#1 (AIR Para-8: Rs3.475 million), stated that the splitting of works was necessary. As regards observation at Sl.#2 (AIR Para-9: Rs0.964 million), the management replied that splitting was done due to urgent requirement of various items. Both replies are agreement to the contention. No reply was received for observation at Sl.#3.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

27.5.24 Irregular expenditure on conferences & seminars -Rs3.858 million

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

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women at the Work Place), Government of Sindh, Karachi for the financial year 2018-19, it was observed that Government funds Rs3.858 million were incurred on conference & seminars but complete details including guests/invitees, invitation cards, photographs etc were not provided to verify and authenticate the expenditure.

The matter was reported to the management in September, 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#18)

27.5.25 Irregular payments through DDO account –Rs1.641 million

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

During audit of the office of Provincial Ombudsman (Protection against Harassment of Women, at the Work Place), Government of Sindh, Karachi, it was observed that an amount of Rs1.641 million was paid through DDO account instead of direct payment to the suppliers concerned. Hence, authenticity of expenditure could not be ascertained.

(Rs. in million)

Sr. #	Financial Year	AIR Para #	Particulars	Amount
1	2016-17 & 2017-18	01	POL charges, Electricity charges, Stationery, Others etc.	1.441
2	2018-19	06	Gas charges, Others etc	0.200
Total				1.641

Audit is of the view that possibility of embezzlement can not be ruled out.

The matter was reported to the management in August, 2019. The management replied, in case of Sl. # 1, that the major record was burnt/lost in fire incident which took place in New Sindh Secretariat Building on 24th February 2018. The reply of the management was not tenable as construction of record with help of available record at

the concerned Account office was needed. As regards observation at Sl.#2, no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

CHAPTER –28

PLANNING AND DEVELOPMENT DEPARTMENT

28.1 Introduction

The Planning and Development Department, Government of Sindh is the principal planning organization at the provincial level. It coordinates and monitors development programs and activities of various departments of the provincial government.

The mandate of the planning & development department includes provision of technical support and coordination to various Government departments in their planning activities. The Planning & Development Department is also the main government agency working with foreign donors in the province.

The main objectives of the Planning and Development Department are:

- Assessment of the material and human resources of the province,
- Formulation of long and short term plans,
- Recommendations concerning prevailing economic conditions, economic policies or measures,
- Examination of such economic problems as may be referred to it for advice,
- Coordination of all economic activities in the provincial government.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	6	2	723.000	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	4	3	4,182.200	

28.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
3,877.128	0.000	1,253.424	(1,253.424)	(1,426.354)	2,450.774	2,320.840	(129.933)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs129.933 million was observed which was not surrendered in time.

28.3 Classified Summary of Audit Observations

Audit observations amounting to Rs2,031.807 million were raised as a result of this audit. This amount also includes recoverables of Rs5.933 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	661.935
2	Reported cases of fraud, embezzlement and misappropriation	176.883
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	18.529
B	<i>Procurement related irregularities</i>	31.967
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	1,142.493

28.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring

compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 5.3%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
2	1998-99	5	1	0	1	-	
3	1999-2000	17	8	0	8	-	
4	2001-02	19	8	0	8	-	
5	2004-05	2	2	1	1	-	
6	2005-06	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
7	2006-07	0	0	0	0	-	
8	2007-08	0	0	0	0	-	
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		43	19	1	18	5.3	

28.5 Audit Paras

28.5.1 Non-production of auditable record - Rs661.935 million

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

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

During audit of various offices of Planning & Development Department, Government of Sindh, Karachi for the year 2017-18, auditable record worth Rs661.935 million was not produced for audit scrutiny despite various reminders. The details are given at **Annex-1** of Chapter-28.

The matter was reported to the management in October 2018 to January 2019. Although the management at S#5 replied but did not provide any supporting evidence which is not tenable. The remaining offices did not provide any reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

28.5.2 Wasteful expenditure despite closure of project – Rs59.317 million

As per the order of the Suprem Court of Pakistan in petition of 38 of 2016 the function of NUSUSC were transferred to PHE Department for execution of the schemes.

During audit of office the PD Sindh Cities Improvement Program for the year 2017-18, it was observed that function of North Sindh Urban Services Corporation (NSUSC) was transferred to PHE Department on court order. Audit also observed that

SCIP incurred an expenditure of Rs59.317 million during the period NSUSC was not under its administrative control. The funds so spent were unjustified and wastful.

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR/#4.1.1)

28.5.3 Irregular appointment of Chief Economist & Project Director – Rs7.523 million

According to the Office Memorandum of Government of Sindh, Finance Department vide letter No: FD(SR-III)5-127/2017 dated 23.08.2017, In Perquisites/Facilities S.No.06 period of contract “as determined by the appointing authority but cannot exceed beyond two years”.

During audit of office following offices of Planning & Development Department, Government of Sindh, Karachi for the financial year 2017-18 & 2018-19, it was observed that payment of Rs7.523 million on account of salary and honorarium was paid to Chief Economist (MP-I) & Project Director appointed on contract basis without completing formalities.

(Rs. in million)

Sr. #	Name of Office	Particular	Financial Year	AIR Para #	Amount
01	Secretary, Planning & Development Karachi	Chief Economist (MP-1) Paid Salary and Honorarium for 12 months	2018-19	03	7.523
02	Project Director, Sindh Cities Improvement Program Karachi	PD was not recruited by selection committee	2017-18	4.1.5	-
Total					7.523

The following irregularities were noted:

- i. Age of candidate was 50 years as per medical certificate at the time of appointment, whereas the minimum age as per EOI published in newspapers 55 years was required as mention in advertisement.
- ii. Letter of acceptance was not found.
- iii. Contractual employee was assigned the extra charge of regular post of DG, Bureau of Statistics, P&D Department vide Notification No. No.SO(Admn-I) (P&D)2(89)/2017 dated 12-07-2018.

The matter was reported to the management in October, 2018 July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

28.5.4 Irregular procurement of various items – Rs9.292 million

According to Rule-49 of the Sindh Public Procurement Rules 2010, “the bidder with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be awarded the procurement contract, within the original or extended period of bid validity.

During audit of the office of the Programme Coordinator, Sindh Growth & Rural Revitalization Programme Planning & Development Department, Government of Sindh, Karachi for the year 2017-18, it was observed that an expenditure of Rs9.292 million was incurred on purchase of Machinery & Equipment/Hardware through a non-competitive tendering process as per datailes given below.

(Rs. in million)					
Sr. #	Name of Office	Particular	Financial Year	AIR Para #	Amount
1	Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development	Single bid was accepted without market survey.	2017-18	25	1.051
		Award of tender to 2nd lowest bidder on account of purchase of machinery equipment.	2017-18	28	8.241
Total					9.292

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

28.5.5 Irregular expenditure without inviting tender – Rs6.855 million

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

During audit of the following offices of Planning & Development and Special Initiatives Department, Government of Sindh, for the financial year 2017-18, it was observed that an expenditure of Rs6.855 million was incurred on civil work & purchase of various items in office without inviting open tender.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Planning & Development and Special Initiatives Department	2017-18	04	0.206
2	Programme Coordinator, Sindh Growth & Rural Revitalization Programme Karachi	2017-18	27	6.649
Total				6.855

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

28.5.6 Non-recovery / less-recovery of various taxes – Rs4.577million

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

During the audit of the following offices of Planning & Development and Special Initiative Department Government of Sindh, Karachi for the financial year 2017-18 to 2018-19, it was observed that an amount of Rs4.577 million on account of government taxes / revenue was not/less recovered. As a result government was deprived of its due revenue.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	Secretary planning & Development Karachi	Non recovery of SST on Purchase of Air Tickets	2018-19	09	0.215
2	Director General Directorate of urban policy & strategic planning	Less recovery of SST on services	2017-18	01	1.534
3		Less recovery of SST on rent of building	2017-18	03	0.301
4	Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development	Non Deduction income tax & Sales tax on rent of office building	2017-18	02	0.088
5	Sindh Municipal Services Delivery Program Karachi	Non Deduction of Sindh Sales tax	2017-18	4.2.3	0.030
6	Project Coordinator, Sindh Accelerated Action Plan (AAP) for Sindh	Non deduction of SST on consultancy Services	2017-18	4.2.6	1.213
7	Enhancing Response to Reduce Stunting Project (Population Sector) Karachi	Non/less Deduction income tax		4.2.7	1.196
Total					4.577

The matter was reported to the management in October, 2018. January 2019, The management at S#6&7 replied without any supporting evidence which is not tenable. Remaining offices did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

28.5.7 Non recovery of stamp duty – Rs1.356 million

As per Para 22-A of Stamps Act, “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of following offices of Planning & Development Department, Government of Sindh, Karachi, for the year 2017-18, it was observed that stamp duty of Rs1.356 million was not recovered from the contractors.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Karachi Neighborhood Improvement Project Karachi	2017-18	4.4.4	1.299
2	Sindh Municipal Services Delivery Program Karachi	2017-18	4.2.5	0.036
3			4.2.4	0.021
Total				1.356

The matter was reported to the management in October 2018, The management at S#1 replied without any supporting evidence which is not tenable. Remaining office did not reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

28.5.8 Retention of government money - Rs535.922 million

According to World Bank letter for Disbursement of retention money, New Procedures, to obtain disbursement against an expenditure for retention money, the

borrower submits the withdrawal application to the Bank and (a) if full documentation is required for expenditures under the contract, also submits evidence of provisional acceptance and a copy of the bank guarantee in addition to the other standard supporting documentation; or (b) if the contract is disbursed on the basis of Statements of Expenditure (SOEs) or Project Management Reports (PMRs), or Financial Management Reports (FMRs), retains such documentation and makes it available for review by auditors and the Bank upon request. Upon completion of the Defects Liability Period, the borrower retains a copy of the project manager's certification that the contractor has corrected all defects about which it was notified; in accordance with standard policy, the borrower refunds to the Bank any amount withdrawn that exceeds the amount of eligible expenditure.

During audit of the Project Director, Sindh Enhancing Response to Reduce Stunting Project (Task Force) Karachi, for the year 2017-18, it was observed that an amount of Rs535.922 million was retained but neither the amount was refunded to the World Bank exceeding the amount of eligible expenditure nor provision of Statements of Expenditure (SOEs), Project Management Reports (PMRs), Financial Management Reports (FMRs) and certification by project manager were submitted as required.

The matter was reported to the management in October 2018, The management replied without any supporting evidence which is not tenable.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#4.6.1)

28.5.9 Non-refund of unutilized funds by SRSO – Rs383.931 million

As per Para – 11 of G.F.R. Volume – I each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations, both by his own office and by sub-ordinate disbursing officer.

During audit of the office of the Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development Department, Government

of Sindh, Karachi for the year 2017-18, it was observed that an amount of Rs386.00 million was released in 2016-17 by the SG&RRP to SRSO for the scheme UCBPRP. The unutilized amount of Rs383.931 million was not refunded / surrendered and carried over to the next financial year 2017-18, whereas the funds were provided for one specific year. The retention of funds after closing of financial year stands unauthorized.

(Rs. in million)			
Year	Funds released	Expenditure	Balance
2016-17	386.00	2.069	383.931
Total			383.931

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#19)

28.5.10 Non/Short obtaining of performance security from consultant firm – Rs15.820 million

According to Rule-39 (i) of Sindh Public Procurement Rules, 2010, “the Procuring Agency shall, in all procurements of goods, works & services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

During audit of office of the Director General, Directorate of Urban Policy & Strategic Planning, Planning & Development Department, Government of Sindh, for the financial year 2017-18, it was observed that performance security @ 10% amounting to Rs15.820 million was not obtained against the contract value of Rs158.200 million.

The matter was reported to the department in January 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#02)

28.5.11 Unauthorized approval of charging interest on revolving funds of Community and Village Organizations (COs/VOs) – Rs181.773 million

According to the Terms of Reference (Appendix A of the Contract agreement “Page 14/16”) “SRSO shall report to the PMU, SG&RRP/UCBPRP and shall be responsible for carrying out the following tasks: Provide each Community Organization through Village Organizations with seed capital as Community Investment Fund (CIF) on revolving fund basis for providing interest free loans to the CO members (0-18 PSC Categories) for productive and income generating activities. This revolving Fund will be periodically and vigorously monitored and its utilization shall be reported to the Client on quarterly basis/as and when required each year.

During audit of office of the Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development Department, Government of Sindh, Karachi for the year 2017-18, it was observed that an amount of Rs181.773 million was disbursed as CIF to the COs through VO. The funds were disbursed on revolving basis for productive and income generating activities. However, during 4th Steering Committee meeting, the CEO of SRSO informed the chair that COs are collecting 8 to 10% markup on individual loans to beneficiaries and proposed to be officially allowed to levy this mark up. The steering committee approved charge of interest without change in the terms of reference and revision of PC-I. Further, according to the contract, the fund was to be monitored and its utilization report was to be submitted to the Government. No such monitoring/utilization report was available for review.

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#10)

28.5.12 Unjustified payment of sales tax on services and stamp duty on behalf of contractor – Rs117.566 million

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

During audit of the office of the Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development Department, Government of Sindh, Karachi for the year 2017-18, it was observed that an expenditure of Rs117.206 million was incurred on account of payment of sales tax and stamp duty. The payments were made after funds were received from Finance department under cost center KQ-5110. The funds were demanded from Finance department as a result of observation raised by the audit during 2016-17. The sales tax and stamp duty was required to be deposited by SRSO/contractor. The above error/mistake created double impact; on the one side, expenditure was incurred from the government exchequer and on the other, the recovery from SRSO remained un-affected.

(Rs. in million)

Sr. #	Cheque No.	Head of Account	Account Code	Paid Amount
1	259496 13-06-18	Sales Tax	A-03407	50.180
2	235010 29-06-18	Sales Tax	A-03407	50.180
3	259497 13-06-18	Stamp Duty	A-03407	17.206
Total				117.566

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#16)

28.5.13 Excess expenditure over approved allocation by SRSO – Rs23.029 million

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

During audit of the office of the Programme Coordinator, Sindh Growth & Rural Revitalization Programme, Planning & Development Department, Government of Sindh, Karachi for the year 2017-18, it was observed that an amount of Rs23.512 million was allocated under various heads against which expenditure of Rs46.541 million was incurred resulting in excess expenditure of Rs23.029 million. The excess expenditure was also pointed out by the Director PMU UCBPRP vide letter # PMU/UCBPRP/P&D/UCBPRP/MIS/17-18/6349 dated 01-08-2018 but no corrective measures were taken.

(Rs. in million)

Sr. #	Activity	Allocation up to June 18	Expenditure up to June 18	Excess
1	MIS and dashboard development and maintenance	7.956	18.417	10.461
2	Sectorial Training for Project Staff	0.350	0.470	0.120
3	Provincial UCBPRP Programme Launching workshop	1.350	3.282	1.932
4	Salaries PIU	0	9.024	9.024
5	Recurring Operational Costs – PIU	0	1.347	1.347
6	Capital Cost 6 District Offices	13.856	14	0.144
Total		23.512	46.541	23.029

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#12)

28.5.14 Irregular expenditure without execution of contract agreement- Rs16.520 million

According to Rule 159 (a) of S.F.R V-I, in the case of work or supply costing not less than Rs.100/- a contract should be made on written agreement, duly stamped and registered, so on that it can be maintained in the Court of Law in the event of dispute.

During audit of Director General, Monitoring & Evaluation Cell, Planning & Development Department, Government of Sindh, Karachi for the financial year 2017-18, it was observed that contract was awarded & payment amounting to Rs16.520 million was paid for provision of internet facility and procurement of POL as per details given below. However, no formal contract agreement in this regard was framed to safeguard government interest.

(Rs. in million)

Sr. #	Name of Office	Particulars	Financial Year	AIR Para #	Amount
1	Director General, Monitoring & Evaluation Cell, P&D Department	Installation of internet facility with M/s Cyber net without agreement	2017-18	13	1.447
2		Payment made to various service stations on account of POL without contract agreement	2018-19	06	15.073
				Total	16.520

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

28.5.15 Irregular payment of house rent allowance – Rs11.006 million

According to the Office Memorandum of Ministry of Housing and Works vide No. F2(3)/ 2003- policy dated 31-07-2004, “the hiring of residential accommodation shall be available to the employees as per their rental ceiling specification and covered

area of house. No house rent allowance will be admissible to such employees, and to those not entitled for house hiring shall draw only house rent allowance.

During audit of the office of Secretary, Planning & Development Department, Government of Sindh, Karachi for the financial year 2018-19, it was observed that an amount of Rs11.006 million was incurred on account of house rent allowance to the officers and officials who were also availing self / private hiring facility at the same time. Thus an excess amount was paid on account of house rent allowance to employees.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#05)

28.5.16 Irregular withdrawal by DDO instead of vendor – Rs1.318 million

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

During audit of the Project Coordinator, Sindh Accelerated Action Plan (AAP) for Sindh Enhancing Response to Reduce Stunting Project (Population Sector) Karachi, for the year 2017-18, it was observed that expenditure of Rs1.318 million was incurred under various heads of accounts but the payment was made through DDO account instead of cross cheque in favour of the actual payee/vendor account. The details are given at **Annex-3** of Chapter-28.

The matter was reported to the management in October 2018, The management replied without any supporting evidence which is not tenable.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#4.2.5)

CHAPTER – 29

POPULATION WELFARE DEPARTMENT

29.1 Introduction

This department is basically meant for the socio-economic development by emphasizing on:

- Small family norms
- Reducing population growth rate
- Reducing infant mortality
- Maternal mortality and;
- Fertility level

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	36	23	3,043.000	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

29.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
5,161.243	75.639	1,102.243	(1,102.243)	(623.718)	4,613.164	4,253.266	(359.899)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs359.899 million was observed which was not surrendered in time.

29.3 Classified Summary of Audit Observations

Audit observations amounting to Rs716.830 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	112.802
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	65.919
B	<i>Procurement related irregularities</i>	121.891
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	416.218

29.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	5	5	0	5	0	
2	1998-99	9	1	0	1	0	
3	1999-2000	0	0	0	0	0	No audit para pertaining to this department was printed in these Audit Reports
4	2001-02	0	0	0	0	0	
5	2004-05	0	0	0	0	0	

6	2005-06	3	0	0	0	0	
7	2006-07	6	0	0	0	0	
8	2007-08	6	0	0	0	0	
9	2008-09	6	2	0	2	0	
10	2009-10	10	2	0	2	-	
11	2010-11	6	3	0	3	-	
12	2014-15	2	0	0	0	-	
13	2016-17	0	0	0	0	-	Audit report not yet discussed
Total		53	13	0	13	0	

29.5 Audit Paras

29.5.1 Non-production of record – Rs112.802 million

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

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

During the audit of various offices of Population Welfare Department for the financial years 2017-18 to 2018-19, it was observed that expenditure of Rs112.802 million was incurred on various heads but relevant auditable record was not produced for audit scrutiny despite various reminders. The details are given at **Annex-1** of Chapter-29.

The matter was reported to the management during April 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for verification besides fixing responsibility on the person(s) at fault.

29.5.2 Irregular expenditure under the head conference / seminars - Rs8.051 million

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

During audit of various offices of the Population Welfare Department, for the financial year 2014-15 to 2018-19, it was observed that an expenditure of Rs8.051 million was incurred under the head “A03903-Conferecne/ seminar”. The details are given at **Annex-2** of Chapter-29. Following irregularities were noticed:

- i. Detail of event was not available on record.
- ii. No. of participants who attended conferences/seminars etc. were not mentioned.
- iii. Purpose of seminar/workshop/conference was not shown to audit.
- iv. Any catalogue or pictures or other material was not shown to audit as evidence.
- v. Invitation letter to participants and guests was not attached with the bill.
- vi. Reports of exhibitions fairs and other national celebrations were not found.
- vii. Date and venue was not mentioned.
- viii. Spilt up of the expenditure to avoid calling of tender.
- ix. Office orders for seminars/orientation programs were not available.
- x. Distribution list of gifts distributed was not available.
- xi. Advertisement for conferences/ seminars in regional& national newspapers were neither advertised nor produced.
- xii. Payments vouchers were not stamped as “paid & cancelled”.

The matter was reported to the management during December 2018 to October 2019. The DAC meeting in respect of audit observation against office at Sr.#09 of Annex-2 (Principal, Regional Training, Larkana) was held on 18th October 2019. The reply of the management was not found satisfactory by the DAC. Therefore, on the request of the management, the DAC directed the management to resubmit the reply for verification to audit, which was awaited. As regards remaining offices, no reply was received and no DAC meeting was held.

Audit recommends that DAC directives may be complied and fixing of responsibility on the person(s) at fault.

29.5.3 Irregular payment of inadmissible allowances - Rs9.210 million

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

As per Finance Division Notification No.F.1 (1)/83 18th August 1983, “Non-practicing allowance shall be admissible in all cases where a doctor is not allowed to practice”.

During audit of various offices of Population Welfare Department for the financial years 2017-18 to 2018-19, it was observed that, an amount of Rs9.210 million was being paid to various employees on account of various allowances which were not admissible to them. The details are given at **Annex-3** of Chapter-29.

The matter was reported to the management during April 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.4 Irregular expenditure without quotations - Rs1.767 million

As per Rule 18 (e) of SPPR, 2010, procuring agencies may provide for petty purchases, where the object of the procurement is below the financial limit of twenty-five thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices.

During audit of following offices of Population Welfare Department for the financial year 2017-18 and 2018-19, it was observed that an expenditure of Rs1.767 million was incurred on account of purchase of various items but quotations from three suppliers were not obtained in order to achieve economical rates.

(Rs. in million)

Sr. #	Name of Formation	Financial Year	AIR Para #	Particulars	Amount
01	District Population Welfare Office, Mirpurkhas, including RHS ‘A’ Centers	2017-18	01	Other Misc.	0.364
			02	Various articles	0.585
			04	Various articles	0.185
02	District Population Welfare Office, Hyderabad	2018-19	09	Other Misc.	0.447
03	District Population Welfare Office, Hyderabad	2017-18	02	Repair heads	0.186
Total					1.767

The matter was reported to the management during October 2018 to October 2019. The DAC meeting in respect of audit observations against office at Sr.# 03 (DPWO Hyderabad) above was held on 18th October 2019. The reply of the DPWO, Hyderabad was not satisfactory, therefore, on the request of management, the DAC directed them to resubmit the reply for verification to audit which was awaited. As regards remaining offices, no reply was received and no DAC meeting was held.

Audit recommends that DAC directives may be complied and fixing of responsibility on the person(s) at fault regards remaining offices.

29.5.5 Irregular payment on account of rent of building – Rs53.816 million

As per Rule 88 of Sindh Financial Rules “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of various offices of Population Welfare Department for the financial years 2017-18 to 2018-19, it was observed that an amount of Rs53.816 million was paid as rent of various office buildings. The details are given at **Annex-4** of Chapter-29. Following irregularities were noticed;

- i. Tax deduction was not made.
- ii. Rent agreement with owner was not available on record.
- iii. Rent agreement was not renewed with the owner.
- iv. Acknowledgement receipt from owner was not obtained.
- v. Rent assessment certificate was not available.
- vi. Fair market value report was not available.
- vii. Lease/sub-lease documents were not available.
- viii. Rate analysis report from building department and CNICs of owners & witnesses were not available.
- ix. Agreements were found without details i.e. covered area, structure and address to assess the rent prevailing in the market.

The matter was reported to the management during February 2019 to October 2019. The DAC meeting in respect of audit observations against office at Sr.# 22 of Annex-7 (District Population Welfare Office, Hyderabad) was held on 18th October

2019. The management produced the agreement of rent. The DAC directed the management to produce the evidence for payment of stamp duty & sales tax @ 7.5% and agreement of the rent for the year 2017-18 for verification, however, the submission of same record was awaited. As regards remaining offices, no reply was received and no DAC meeting was held.

Audit recommends that DAC directives may be complied and investigation of the matter may be carried out besides taking remedial measures.

29.5.6 Irregular payments through DDO account – Rs336.144 million

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

During audit of various offices of Population Welfare Department for the financial years 2017-18 to 2018-19, it was observed though SAP data that cheques amounting to Rs336.144 million were issued in favour of DDOs instead of vendors. The details are given at **Annex-5** of Chapter-29.

The matter was reported to the management during January 2019 to October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.7 Irregular expenditure by splitting up purchases to avoid tender - Rs28.907 million

As per Rule 146 of General Financial Rule Volume-I, “Purchase order should not be split-up to avoid the necessity for obtaining the sanction orders of higher competent authority with reference to the total amount of the orders”

During audit of various offices of Population Welfare Department for the financial years 2017-18 to 2018-19, it was observed that an expenditure of Rs28.907 million was incurred on purchase and repair of various heads through splitting up of the purchases to avoid open tenders. The details are given at **Annex-6** of Chapter-29.

The matter was reported to the management during April 2018 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.8 Irregular payments to male mobilizers - Rs56.709 million

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

During audit of various offices of Population Welfare Department for the financial years 2017-18 and 2018-19, it was observed that expenditure of Rs56.709 million was incurred on account of payments to Male Mobilizers. The details are given at **Annex-7** of Chapter-29. Following irregularities were noted;

- i. Agreements with Male mobilizers were not renewed.
- ii. Progress Report of male mobilizers was not available.
- iii. TORs of appointment were not provided to audit.

Audit is of the view that in the absence of above record possibility for pilferage of public money can not be ruled out.

The matter was reported to the management during April 2019 to November 2019. The DAC meeting in respect of audit observations against offices at Sr.# 14 & Sr.No.15 of Annex-11 (District Population Welfare Offices of Hyderabad and KhairpurMirs) was held on 18th October 2019. The management clarified that Social

Male Mobilizers were appointed on contract basis on fixed amount of remuneration and the renewal of contract has been made regular. The DAC directed the management to produce (a) Approval of competent authority for renewal of contract, (b) Evidence of procedure adopted for contract renewal of employees & (c) order of renewal of contract. However, the submission of record for verification was awaited. As regards remaining offices, no reply was received and no DAC meeting was held.

Audit recommends that DAC directives may be complied with and matter may be investigated under intimation to audit.

29.5.9 Irregular expenditure on hotel charges - Rs3.930 million

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

During audit of the office of Principal Population Welfare Training Institute, Karachi for the financial years 2018-19, it was observed that an expenditure of Rs3.930 million was incurred on account of hotel charges of trainees. Following irregularities were noticed:

- i. Schedule of training approved from competent authority was not available.
- ii. Nomination criteria was not available.
- iii. Detail of trainees and trainers were not not available.

Audit is of the view that in the absence of details of trainings, the expenditure as hotel charges may not be termed as transparent and amounts to mis use of funds.

The matter was reported to the management in February 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#01)

29.5.10 Irregular payments on account of purchases - Rs91.217 million

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

During audit of the office of the Secretary, Population Welfare Department, Government of Sindh, Karachi for the financial years 2018-19, it was observed that expenditure of Rs91.217 million was incurred on various purchases. Details are given as under;

(Rs. in million)			
Sr.#	Particulars	AIRPara #	Amount
1	Purchase of plant & machinery	03	48.197
2	Purchase of medicines without inspection	04	43.020
Total			91.217

Following irregularities were noticed:

- i. Payment was allowed without obtaining Inspection Committee Report.
- ii. Stamp duty was not recovered.
- iii. Authorization of the company for supply of plant & machinery items was not available.
- iv. Integrity pact was not signed between the procuring agency and supplier
- v. Performance security was obtained at the rate 2.5% instead of 10%.

The matter was reported to the management in July 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.11 Irregular payment on account of uniform & liveries - Rs3.959 million

As per Rule 88 of Sindh Financial Rules, “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public

money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of the following offices of Population Welfare Department for the financial years 2017-18 to 2018-19 it was observed that an expenditure of Rs3.959 million was incurred on purchase of uniform & liveries. The details are given at **Annex-8** of Chapter-29. Following irregularities were noticed;

- i. Acknowledgement receipt was not obtained.
- ii. Articles were not accounted for in relevant stock register.
- iii. Quotations were not obtained.
- iv. Neither contract agreement was executed nor was stamp duty recovered.
- v. Requisitions from concerned quarters for purchase of uniform & liveries were also not available.
- vi. Dealer names were not mentioned on the invoice.
- vii. Delivery of the uniforms / protecting clothing was not available.

The matter was reported to the management during April 2019 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.12 Irregular expenditure on account of entertainment & gifts – Rs3.381 million

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

During audit of following offices of Population Welfare Department for the financial year 2018-19, it was observed that an expenditure of Rs3.381 million was incurred on purchase of various gift items which were distributed during various events and exhibitions.

(Rs. in million)

Sr.#	Name of Office	AIR Para #	Amount
01	District Welfare Population Officer, Hyderabad	07	0.399
02	District Population Welfare Office, Jamshoro	11	0.699
03	District Population Welfare Office, Kambar @ Shahdadt	04	0.141
04	District Population Welfare Office, Malir, Karachi	12	0.580
05	District Population Welfare Office, Sanghar	07	0.553
06	District Population Welfare Office, Shikarpur	06	0.270
07	District Population Welfare Office, Badin	10	0.401
08	District Population Welfare Office, KhairpurMirs	18	0.338
Total			3.381

Following irregularities were noticed:

- i. Approval for purchase of gift items was not available on the record.
- ii. Details of persons receiving the gifts were not available on record.
- iii. Quotations were not obtained / different quotations with same addresses were kept on record.
- iv. Acknowledgment receipts were not obtained from different dealers.

The matter was pointed out to the management during September 2019 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

29.5.13 Irregular expenditure on account of feeding charges – Rs5.473 million

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

During audit of following offices of Population Welfare Department for the financial year 2018-19, it was observed that expenditure of Rs5.473 was incurred on account of purchase of dietary & nutritious products under the head “A03963-Feeding Diet Food Charges”.

(Rs. in million)

Sr.#	Name of Office	AIRPara #	Amount
01	District Population Welfare Office, Jamshoro	12	1.098
02	District Population Welfare Office, Malir, Karachi	10	1.088
03	District Population Welfare Office, Mirpurkhas	06	0.348
04	District Population Welfare Office, Sanghar	11	0.584
05	District Population Welfare Office, Shikarpur	04	0.356
06	District Population Welfare Office, Tando Muhammad Khan	07	1.999
Total			5.473

Following irregularities were noticed;

- i. Nutritional baby milk powder items were purchased but their utilization report was not maintained.
- ii. The record of persons covered under the above feeding program was not made available to audit.
- iii. Menu of items listed for meals was not attached with the bills.
- iv. Delivery challans of the procured feeding items were not made available to audit.
- v. Acknowledgement was not obtained.
- vi. Supply order was not issued to the vendors.

The matter was pointed out to the management during September 2019 to November 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires provision of necessary record for verification besides taking remedial measures.

29.5.14 Irregular payment on account of training to general order suppliers – Rs1.464 million

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

During audit of the office of the District Population Welfare Officer, Kashmore at Kandhkot, (Including RHS ‘A’ Centers) for the financial year 2018-19, it was observed that an expenditure of Rs1.464 million was incurred on account of training which included payments on account of refreshment items plus stationary / banners. However, it was noticed that all of the payments were made to two general order suppliers, viz. M/s Bismillah General order supplier, Kandhkot and M/s Ghulam Farooq Sanjrani. The payments on account of trainer fee/ trainees made to both general order suppliers were beyond comprehension.

Moreover, it was also observed that a total amount of Rs.0.893 million was paid to another firm, M/s Masha Allah General order supplier during the year 2018-19 under the head, Advertising & Publicity (in connection with trainings) by splitting up purchases in the range of Rs10,000 to Rs76,100. Thus economy was not achieved on government spending.

It was also observed that trainers were also paid through the general order supplier out of the head others.

(Rs. in million)

Sr.#	Head of account	AIR Para #	Amount
01	Advertisement charges	05	0.893
02	Other (Trainings)	07	0.571
Total			1.464

The matter was pointed out to the management during October 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

CHAPTER – 30

SERVICES GENERAL ADMINISTRATION & COORDINATION DEPARTMENT

30.1 Introduction

Services Wing

Services Wing of SGA & CD deals with the establishment matters of the officials of the Government of Sindh including the federal government officials who are on deputation with the Government of Sindh.

The service areas taken up by the Services Wing include: transfer and posting of the government officials, promotion cases of the officials, matters relating to retirement, pension GP Fund, Ex-Pakistan leave, absorption of the employees of the surplus pool, study leave, capacity building of the officers, etc. The cases of the recruitment on son quota are scrutinized in the Services Wing of the SGA&CD. Hiring consultants for various technical assignments and framing their terms of hiring is the clear jurisdiction of the Services Wing. This wing ascertain the vacancy position against which the recruitment has to be made by sending requisition to the Sindh Public Service Commission (SPSC).

General Administration & Coordination Wing

General Administration and Coordination (GA&C) Wing of the Government of Sindh is responsible for the general administration and coordinating with the administrative departments of the Government of Sindh. As a regulatory wing, it deals with the framing of rules, regulation and offering opinion in various service matters of critical nature. Financial management of Government Employees Benevolent Fund is the eminent function of the GA&C Wing. Coordination function of Government of Sindh deals with the execution of directives relating to the office of the President, Prime Minister, Governor, Chief Minister and Secretaries Committees meeting, etc.

Development schemes of SGA&CD including housing, foundations and authorities are taken up in the general administration wing of the Government of Sindh.

Estate Office is pivotal in matters of Government accommodations to the government employees. Issues like self-hiring, allotment and vacation of Government accommodations, recovery of rent, dues and utility liabilities and court matters are the domain of the estate office.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	7	1	275.980	-
2	Assignment Accounts (excluding FAP)	1	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

30.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
10,486.395	881.553	2,535.568	(2,535.568)	(2,354.521)	9,013.427	7,815.266	(1,198.161)

The department was unable to spend the allocated budget in time. As a result, savings of an amount Rs1,198.161 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
172.500	172.000	79.189	- 92.811

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs92.811 million was observed.

30.3 Classified Summary of Audit Observations

Audit observations amounting to Rs158.447 million were raised as a result of this audit. This amount also includes recoverables of Rs101.513 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	5.451
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	1.497
B	<i>Procurement related irregularities</i>	22.598
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	128.901

30.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	4	0	0	0	-	
2	1998-99	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
3	1999-	16	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
	2000						
4	2001-02	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
5	2004-05	5	2	0	2	-	
6	2005-06	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
7	2006-07	10	8	0	8	-	
8	2007-08	8	1	0	1	-	
9	2008-09	3	0	0	0	-	
10	2009-10	0	0	0	0	-	No audit para pertaining to this department was printed in this Audit Report
11	2010-11	0	0	0	0	-	Audit Report not yet discussed
12	2014-15	0	0	0	0	-	
13	2016-17	0	0	0	0	-	
Total		46	11	0	11	-	

30.5 Audit Paras

30.5.1 Non-production of record - Rs5.451 million

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

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

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18& 2018-19, it was observed that various auditable record of Rs5.451million was not provided to audit for scrutiny despite various reminders.

(Rs. in million)					
Sr. #	Name of Office	Detail	Financial Year	AIR Para #	Amount
1	Director General Sindh Civil Services Academy Karachi	Delivery challans	2017-18	05	3.378
2	Director Anti-Corruption Establishment Sindh Karachi	Supporting vouchers if electricity charges	2017-18	03	1.248
3	Secretary, Sindh Public Service Commission, Hyderabad	Complete details of electronic communication	2017-18	22	0.825
4	Secretary, Sindh Public Service Commission, Hyderabad	Revenue/ receipts record	2017-18	03	-
5	Secretary, Sindh Public Service Commission, Hyderabad	Recruitment record	2018-19	30	-
Total					5.451

The matter was reported to the management during January to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

30.5.2 Irregular payment of pay & allowance without sanctioned posts - Rs1.497 million

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

During audit of accounts record of office of the Secretary, Sindh Public Service Commission. Hyderabad for the financial year 2018-19, it was noticed that an amount of Rs1.497 million was paid to employees from the posts which were not approved/ sanctioned under the cost center HB0001.

(Rs. in million)

Posts	Pay Drawn
Deputy Secretary	1.489
Additional Collector	0.008
Total	1.497

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

30.5.3 Non-invitation of tenders - Rs14.327 million

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

three widely circulated and leading daily newspapers of English, Urdu and Sindhi language.

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs14.327 million was incurred on various purchases without inviting open tender.

(Rs. in million)

Sr. #	Name of Office	Details	Financial Year	AIR Para #	Amount
1	Secretary, Sindh Public Service Commission, Hyderabad	Procurement of physical assets and other items	2018-19	09	13.054
		Printing items	2018-19	20	0.781
2	Director Anti-Corruption Establishment Sind Karachi	Printing Publications & stationery articles	2017-18	02	0.492
Total					14.327

The matter was reported to the management during May 2019 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

30.5.4 Non-constitution of procurement committee - Rs3.932 million

According to Rule 07 of Sindh Public Procurement Rules, 2010, “Constitution of a Procurement Committee - The procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of persons and headed by a gazette officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency.”

During audit of office of the Director General Sindh Civil Services Academy Karachi for the financial year 2017-18, it was observed that an expenditure of Rs3.932

million was incurred on purchase of machinery and equipment without constitution of procurement committee.

(Rs. in million)

Cost Center	Doc. No./ Date	G/L Descp	G/L	Particulars	Vendor Name	Cheque #	Amount
KQ2049	5100038622/ 06.06.2018	Plant and Machinery	A09601	Purchase of Desktops and Generators	Shaheer Traders	3175558	1.911
KQ2049	5100038619/ 06.06.2018				M.M Corporation	3175556	1.467
KQ2049	5100038621/ 06.06.2018				International Business Products	3175555	0.554
Total							3.932

The matter was reported to the management in January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02)

30.5.5 Irregular expenditure on repair of transport - Rs2.978 million

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

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs2.978 million was incurred on repair of transport.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
01	Secretary, Sindh Public Service Commission, Hyderabad	2018-19	26	1.049
		2017-18	17	1.200
02	MD, SPPRA	2017-18	06	0.605
03	Director Anti-Corruption Establishment Sind Karachi	2017-18	06	0.124
Total				2.978

Following observations were made:

- i. As per record, Secretary, Sindh Public Service Commission, Hyderabad paid an amount of Rs788,407 of annual insurance premium during the financial year 2018-19 for government vehicles, despite that the repair expenditure was incurred by the office without claiming from insurance company which resulted financial loss to public exchequer. As the terms and condition / agreement with insurance companies was not furnished to audit therefore it could not be authenticated.
- ii. History sheet in form B for government vehicles was not maintained therefore it could not be ascertained that whether the vehicle was got repaired or not
- iii. Indents/requisitions from concerned drivers for required repair were not available.
- iv. Quotations were not obtained to get competitive rates from market.
- v. An amount of Rs205,092 was drawn by Secretary, Sindh Public Service Commission, Hyderabad which was doubtful.
- vi. Acknowledgement receipts in support of payments to vendors were obtained.
- vii. Repairs register was not maintained / Obsolete material was not accounted for.

The matter was reported to the management during February 2019 & October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

30.5.6 Non-imposition of liquidated damages for the delayed work - Rs78.802 million

As per Clause-2 of the contract Agreement provides that the quantity of the works is to be done within particular time limit as specified within the proportion of time limit, such as $\frac{1}{4}$ of the work in $\frac{1}{4}$ of the time, in the event of contractor failing to comply this condition he shall be liable to pay as compensation and amount equal to one percent, or such smaller amount as the superintending engineer may decide of the

said estimate cost of whole work for every day that the due quantity for work remains incomplete. Provided that the total amount of compensation to be paid under the provision of this clause shall not exceed 10% of the work as shown in the tender.

During audit of office of the Project Director, Shaheed Mohtarma Benazir Bhutto Town Ship, Karachi for the financial year 2017-18, it was observed that following works awarded to two contractors worth Rs78.802million were required to be completed within the stipulated period but contractors failed to complete the works in time. However, due liquidated damages of Rs7.879 million was not imposed, which tantamount to extending undue favor to the contractors.

(Rs. in million)

R.A Bill	Name of work	Name of Contractor	D. o. Start	St. dt. of Completion	A. Dt. of Completion	Contract Amount	Penalty @ 10%
8th	Construction of internal development block -V, Roads water supply, sewerage Hyderabad	M/s Pearl construction company	25-02-2013	24-08-2013	W.I.P. upto 25-08-2017	42.738	4.273
8th	construction of internal development works at Benazir Town Sujawal	M/s Qasim Khan & Co.	26-02-2013	25-08-2013	W.I.P. upto 25-08-2017	36.064	3.606
Total							7.879

The matter was reported to the management in September 2018, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

30.5.7 Non-deduction of Sindh Sales Tax - Rs21.103 million

As per Chief Minister Instructions vide letter No. DS (Staff)/CMS/12/01/2012 dated 29.11.2012 wherein all Administrative Secretaries and their respective DDOs/Officers of all institutions/departments to comply with provision of SST Special Procedure (Withholding Rule, 2011) which states that 'the accounting office

responsible for making payment shall deduct and withhold the tax amount and shall transfer the same amount, so deducted at source during a month to Sindh Government's head of account "B-02384"-Sindh Sales Tax on Services".

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18 & 2018-19, it was observed that payment was made to consultant and supplier but SST was not deducted while making payment which resulted loss of Rs21.103 million.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Project Director, ShaheedMohtarma Benazir Bhutto Town Ship, Karachi	2017-18	11	20.575
2	Secretary, Sindh Public Service Commission, Hyderabad	2018-19	06	0.528
Total				21.103

The matter was reported to the management during September 2018 & October 2019, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of the taxes, besides taking remedial measures.

30.5.8 Non-deduction of income tax - Rs1.608 million

According to Section 153(1) of Income Tax Ordinance 2001, as amended time to time, it is the duty of the paying authority to deduct income tax at source, as revised from time to time. Furthermore, as per Para 153(1)(a) sale of goods (other than companies), income tax rules, withholding tax at the rate 7.75% be deducted from the non-filler suppliers

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs1.608 million was not deducted as income tax from contractors / suppliers.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
01	Secretary, Sindh Public Service Commission, Hyderabad	2018-19	07	1.069
02	Project Director, ShaheedMohtarma Benazir Bhutto Town Ship, Karachi	2017-18	06	0.539
Total				1.608

The matter was reported to the management during September 2018 & October 2019, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of the taxes, besides taking remedial measures, besides taking remedial measures.

30.5.9 Loss due to theft of official vehicles

According to Rule-23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of office of Secretary, Sindh Public Service Commission, Hyderabad for the financial year 2017-18, it was observed that three vehicles bearing No. GS-0168, GS-0166 & Gs-0176 were stolen. However, no further details about make, model and departmental inquiry was available as required.

The matter was reported to the management during February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of the vehicles, besides taking remedial measures, besides taking remedial measures.

(AIR# 19)

30.5.10 Irregular award of work to the contractors not registered with PEC - Rs64.002 million

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “No engineering works shall be constructed except by constructor or operated licensed as such by the council (PEC).” All consulting engineering services in Pakistan shall be entrusted only a consulting engineering dully registered as such with the council (PEC).

During audit of office of the Project Director, Shaheed Mohtarma Benazir Bhutto Town Ship, Karachi for the financial year 2017-18, it was observed that the works costing Rs64.002 million were awarded to the contractors not registered with Pakistan Engineering Council in violation of above mentioned directives.

(Rs. in million)

Sr. #	W.o. #/ Date	Name of work	Name of contractor	Valid PEC dated	Contract amount
1	103/ 04-07-2016	Construction of internal development works SMBBT Town Khairpur block –IV	M/s Abdul Sattar & Sons	31-12-2016	46.131
2	64/ 15-08-2016	Development of infrastructure of park play ground at ST-01,02,05,09& 10 block 10 Dehmandiari Karachi.	M/s M.A Construction Company	31-12-2016	17.871
Total					64.002

The matter was reported to the management during September 2018, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#07)

30.5.11 Irregular payments through DDO account – Rs26.412 million

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

suppliers may be issued through crossed cheques in the name of firms concerned. This will avoid un-necessary delays and risk involved in the drawl and disbursement of cash.”

During audit of office of Secretary, Sindh Public Service Commission, Hyderabad for the financial year 2017-18 & 2018-19, it was observed though SAP data that cheques amounting to Rs26.412 million were issued in favor of DDOs instead of vendors.

(Rs. in million)					
Sr. #	Name of Office	Head of A/c.	Financial Year	AIR Para #	Amount
1	Secretary, Sindh Public Service Commission, Hyderabad	Others, Transport, Machinery, Payment to other service rendered, furniture, POL stationery etc.	2017-18	02	7.960
2		Others, Transport, Machinery, Payment to other service rendered, furniture, Printing, POL stationery etc.	2018-19	04	18.452
Total					26.412

The matter was reported to the management during February 2019 & October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

30.5.12 Irregular expenditure under the head other services rendered - Rs23.559 million

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

During audit of office of Secretary, Sindh Public Service Commission, Hyderabad for the financial year 2017-18 & 2018-19, it was observed that an expenditure of Rs23.559 million was incurred on account of payment under the head others for services rendered. The following irregularities were noticed:

- i. The payment was being made to in charges of institutions where the examination was held. There was no mechanism of obtaining acknowledgments from the actual payee who performed duty.
- ii. There was no practice of deduction of income tax
- iii. Sanction orders were split up and kept under Rs100,000 each to avoid getting approval from higher authorities.
- iv. An amount of Rs6.775 million was drawn by DDO instead of direct payment to beneficiaries and further disbursement details were not provided.
- v. Details of payees were not available with the record.
- vi. An amount of Rs0.100 million was paid to DG, NIM but purpose of the payment was not known.
- vii. Payment acknowledgement receipts from beneficiaries were not obtained.

The matter was reported to the management during February 2019 & October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#06&18)

30.5.13 Excess execution of items of work - Rs7.335 million

According to Clause 38 of the standard Contract Agreement, the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of office of the Project Director, Shaheed Mohtarma Benazir Bhutto Town Ship, Karachi for the financial year 2017-18, it was observed that excess quantities of works of Rs7.335million were allowed than the permissible limit of 30% of the estimated cost, without prior approval of competent authority.

(Rs. in million)

Bill #	W.O./ Date	Name of work	Name of contractor	Name of item	Executed Qty	B.O.Q Qty	Excess qty	Rate	Excess amount	%
4th RA	170/ 4.8.2016	Construction of link road from SMBBT ... TM Khan Mullah Katiar Road TM khan	M/s S.Zaman & Bros	Formation of embankment from borrow excavation in common material	1218178	483912	734266	9.99 cft	7.335	152%
Total									7.335	

The matter was reported to the management during September 2018, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

30.5.14 Irregular retention of public funds - Rs4.615 million

According to Rule-290 of Central Treasury Rules Volume-I, “No money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant.” Read with Para-289 of C.T.R Volume-I that “All charges actually incurred must be paid and drawn at once, and under no circumstances may they be allowed to stand over to be paid from the grant of another year”

During audit of following offices of Services General Administration & Coordination Department for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs4.615 million was retained by the DDO at the end of financial year in violation to the government rules.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Secretary, Sindh Public Service Commission, Hyderabad	2018-19	05	2.475
		2017-18	16	0.355
2	Project Director, Shaheed Mohtarma Benazir Bhutto Town Ship, Karachi	2017-18	12	1.785
Total				4.615

The matter was reported to the management during February 2019 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#16&05)

30.5.15 Non/Short-obtaining of performance guarantee - Rs4.339 million

According to Rule-39 of SPPR,2010(1) procuring agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of the contract price.

During audit of office of the Project Director, Shaheed Mohtarma Benazir Bhutto Town Ship, Karachi for the financial year 2017-18, it was observed that various works costing to Rs123.989 million were awarded to contractors but performance guarantee of Rs8.366 million was obtained less.

(Rs. in million)

Name of work	Name of contractor	Work order / date	Amount	P. guar: @ 10%	P. guar: Paid 5%	Non/Short recovery of P. guarantee
Construction of internal development works... Benazir Town Dehmarri	M/s Gul Muhammad Khan Sherani	No.EE(D&M/99 dated 14-07-2016	43.391	4.339	-	4.339
Development/ Infrastructure of Park playground ... block-18, SMBBT, DehMandiari Karachi	M/s Sindh Pipe Induterie	No.66 dated 15-08-2016	9.943	0.994	0.500	0.494
Construction of internal development works... SMBB Town Khairpur BIK-1, SMBBT	M/s Haji Sirajuddin & Brothers	No.EE(D&M)/S MBBT/KHP/INF-001/96 dated 04-07-2016	70.655	7.066	3.533	3.533
Total						8.366

The matter was reported to the management during September 2018, but no reply has been received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#02&10)

CHAPTER – 31

SINDH REVENUE BOARD

31.1 Introduction

Consequent upon the 18th Constitutional Amendment (specifically in relation to item No. 49 of Part A of the Fourth Schedule thereof) and pursuant to Articles 8 and 9(2) of the 7th NFC Award, notified in 2010, the Government of Sindh (GOS) enacted the Sindh Revenue Board Act, 2010 (Sindh Act No.XI of 2010), to regulate the matters relating to the fiscal and related economic policies; administration, management; imposition, levy and collection of taxes, duties, cess and other levies, by creating an organization (SRB) capable of enforcing the tax system through application of modern techniques of information and developing automated system of collection and assessment of tax and the matters ancillary thereto in the Province of Sindh.

GoS enacted the Sindh Sales Tax on Service Act, 2011 (Sindh Act No.XII of 2011), for the levy and collection of Sindh Sales Tax (SST) on the services provided or rendered. This Act became effective from July 01, 2011, and SRB was made responsible for the administration, collection and enforcement levied of SST under the said Act. SRB is also responsible for the overall tax policy, taxpayers' education, taxpayers' facilitation and tax administration. SRB is headed by Chairman who is assisted by 4 Members, one each for Taxation (previously known as 'Operations'), Tax Policy, Audit and Support Services

The Board meeting of SRB is held every month which is attended by the Chairman and the Members. The Secretary, SRB, acts as the Secretary of the Board. SRB is also assisted by a strong IT team and a state of the art Data Centre, capable enough to absorb, assimilate and store the data of all the provincial taxes in Sindh, is also operational in SRB. All registration, enrolment, tax payment and return-filing are on-line and done electronically. The database is used for assessment, audit, tax monitoring, tax coordination, and verifications.

SRB is envisaged to be the primary source and resource for provision of assistance and monitoring of all the tax revenue functions in Sindh.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	01	-		
2	Assignment Accounts (excluding FAP)	-			
3	Authorities/Autonomous Bodies etc under the PAO	-			
4	Foreign Aided Projects (FAP)	-			

31.2 Comments on Budget and Accounts (Variance analysis)

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
1,270.000	8,188.328	280.328	(280.328)	(491.250)	8,967.078	8,891.943	(75.135)

The department was unable to spend the allocated budget in time. As a result, savings of Rs75.135 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
120,000.000	120,000.000	99,491.583	- 20,508.417

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs20,508.417 million was observed.

31.3 Classified Summary of Audit Observations

Audit observations amounting to Rs25,654.631 million were raised as a result of this audit. This amount also includes recoverables of Rs25,241.990 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	1.720
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
<i>A</i>	<i>HR/Employees related irregularities</i>	-
<i>B</i>	<i>Procurement related irregularities</i>	
<i>C</i>	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	25,403.864

31.4 Comments on the Status of Compliance with PAC Directives

This SRB came into existence through SRB Act, 2010. Therefore, it was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Report 2016-17. The Report has not yet been discussed in PAC.

31.5 Audit Para

31.5.1 Non-production of auditable record – Rs1.720 million

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

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

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, the following record was not produced to audit for scrutiny despite various reminders. In the absence of relevant record, authenticity of expenditure/revenue could not be ascertained by audit.

- i. Details of sales tax received from withholding agents
- ii. Annual Audit Plan
- iii. List of de-registration cases, cases referred for special audit, cases presented before special judge, cases of tax fraud detected
- iv. Details of penalties imposed on tax evaders
- v. Minutes of the board meetings
- vi. Bank Statement of SRB Staff Welfare Foundation account
- vii. Personal files of staff (including new appointments 2017-18)
- viii. Appointment process /selection process files
- ix. Details/ list of appointments made during the period under audit.
- x. Sample of returns
- xi. Bills of remuneration of Board members along with guiding rules & regulations for such payment for Rs1.720 million

The matter was reported to the management in April 2019. The management replied that the record under observation (Sl. # i-x) was provided through email dated 21-05-2019 & 22-06-2019 and through letter dated 04-11-2019. The management admitted that the record was provided after completion of audit. However, no record was produced with the reply. For record at Sl. # xi, the management replied that

remuneration was approved from board of SRB in meeting # 12 of 2016 and in support provided a copy of the resolution. However, the original auditable record was required for audit scrutiny in support of the reply.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of requisitioned record for audit scrutiny besides fixing responsibility on the person(s) at fault.

(AIR#01&14)

31.5.2 Excess payment of honorarium – Rs250.329 million

According to the Government of Sindh Finance Department (Regulation Wing) vide his letter No.FD(SR-VII) 20/37/95 dated 15-05-1995, the following decisions regarding grant of honorarium to Government servants have been taken by the Government:

- (i) Not more than one honorarium shall be granted to any official and shall not exceed one month's pay.
- (ii) Recommendations by the Ministers/Departments etc shall be examined strictly in accordance with the rules by the Finance Department and approval will be given in cases which fulfil all conditions laid down for grant of honoraria. This condition shall also apply to the personal staff of Ministers/Advisors/Special Assistants and Secretaries.

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

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, it was observed that an amount of Rs250.329 million was paid on account of honorarium to all officers/officials without considering extra work and performance report of the concerned staff. Most of the staff was allowed payment ranging from 03 to 36 monthly basic pays which was in violation of the cannons of financial propriety. Moreover, the Bonus committee of the organization vide minutes

of meeting dated 5th June 2018 recommended honorarium of Rs19.186 million for the Chairman, SRB, Karachi.

The matter was reported to the management in April 2019. The management replied that, as per clause(f) of sub-section (1) of Section 4 read with clause (j) of sub-section (1) of Section 5 of SRB Act 2010, the Board/Chairman of the Board is empowered to fix the honorarium for the SRB staff on account of their performance, regularity, punctuality and discipline and also on the recommendation of the Honorarium/Bonus committee. Further, they added that record of honorarium was not provided to audit as it was confidential. The reply was not relevant as the observations raised were not responded.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends detailed investigation by third party besides taking remedial measures.

(AIR#09)

31.5.3 Unjustified operation of assignment account

According to paragraph 17.2.3.2 of Accounting Policies & Procedure Manual, “Because both assignment accounts and personal ledger accounts by-pass a significant number of key controls specified in Chapter 4 of this Manual, their establishment and use shall be strictly limited to those situations where prompt payment is a necessary requirement of the entity.” Further, paragraph 17.2.3.3 provides “Each application for assignment account or PLA shall be considered on a case by case basis, although such accounts are typically established for development projects.”

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, it was observed that the management was operating assignment account # 1202-6 in National Bank of Pakistan, Income Tax Building branch. The release of funds under one line grant by Finance Department Govt. of Sindh was being credited in the same assignment account. Audit was of the view that Sindh Revenue Board is not a project and the expenditure being incurred by SRB was not a development expenditure. Hence, the maintenance of assignment account for this type of entity was un-justified as it was revolving account meant for projects only.

The matter was reported to the management in April 2019. The management replied that the opening of assignment account was under the C.M directives and, the Finance department recommended that the continuation of use of assignment account shall be reviewed every year by the Finance Department and lapsable assignment account was allowed till FY 2017-18. However, no documentary evidence was provided that the Finance department has allowed use of assignment account till 2017-18.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends stoppage of operation of assignment account by SRB as the board was not a project which require time bound revolving fund account.

(AIR#07)

31.5.4 Non/Less recovery of government taxes/duties – Rs25,241.994 million

According to Section 153 & 233 of Income Tax Ordinance 2001, as amended from time to time “any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contract (???) with government or local authorities, etc., shall deduct advance tax at the time of making payments at the rate of 4.5% for filers & 6.5% for non-filers on supply/purchases and at the rate of 10% for filers & 15% for non-filers on services rendered of gross amount”.

As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 13%

According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, it was observed that an amount of Rs25,241.994 million on account of Income Tax/Sindh sales tax & General sales tax and stamp duty was not deducted as per applicable rates while making payments to vendors which resulted in loss to the government. The details are given at **Annex-1** of Chapter-31.

The matter was reported to the management in April 2019. The reply of the management (AIR Para-wise) is given in the Annex-1.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires expeditious recovery of taxes and dues after reconciliation besides fixing responsibility on the person(s) at fault.

31.5.5 Irregular payment of refund by Finance Department – Rs160.588 million

According to Section-15 of Sindh Sales Tax Act 2011 “the Board may, by notification in the Official Gazette, and subject to such conditions and restrictions as it may prescribe allow registered persons to claim adjustments or deductions, including refunds arising as a result thereof, in respect of the sale tax paid on or in respect of any taxable services or class of taxable departmental controlling officer should see that all sums due to government are regularly received and checked against demand and that they are paid into the Treasury”.

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, it was observed that additional fund amounting to Rs160.588 million was released from the Finance Department and paid to Nazir High Court Sindh in litigation case against SRB. The amount had been recovered from the petitioner through attachment of their bank account for recovery of SST. Although, the Sindh Sales Tax on Services Act 2011 provides that cases of refunds will be dealt by SRB. Thus, the burden of payment was shifted to the government exchequer instead of payment from the resources of SRB in compliance to the court orders.

The matter was reported to the management in April 2019. The management replied that the payment was made under the time limit order (three days) of the Honorable High Court of Sindh and with the approval of competent authority. The reply was not tenable as there was no such arrangement in place which binds Finance Department to pay refund on behalf of SRB.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides recovery of the amount from SRB as paid by Finance Department.

(AIR#08)

31.5.6 Allotment of additional vehicles beyond entitlement

According to letter No. CTC(S&GAD)-6(227)/87 dated: 05-04-1997 on the subject of “Entitlement of vehicles to government functionaries” issued from S, GA&CD, government of Sindh. The following entitlement criteria of various categories of officers have been worked out approved by the Competent Authority:

- 1) Additional Chief Secretary, Sr. Member Board of Revenue, and Secretaries of the Administrative Departments, Member Board of Revenue, **Divisional Commissioners**, I.G of Police, Add: I.G. Police, DIG of Police, Head of Autonomous Bodies / Corporations in BPS-20 and above should be allowed to use 1300 cc locally manufactured cars.
- 2) All officers in BPS-19 and 20 like Heads of attached Departments / Regional Heads or equivalent in Autonomous Bodies / Corporations and DCs to use 1000 cc locally manufactured cars, and
- 3) Additional Secretaries to Government of Sindh shall use 800 cc Cars

During audit of Sindh Revenue Board, Karachi, Government of Sindh, for the financial year 2017-18, it was observed that vehicles were allotted to officers beyond their entitlement and without considering the above prescribed criteria for allotment of vehicles. The details are given as under;;

Sr. #	Vehicles allotted to	Vehicle type	No. of Vehicle	Year of purchase	Irregularity
1	Chairman, SRB	Toyota Land Cruiser GSC-620	01	2011	Two vehicles of higher cc allotted
		Toyota Rivo GSE-123	01	2016	
2	Sr.Member Audit	Toyota corolla GLI GS776B	01	2014	One vehicle of higher cc allotted
3	Sr.Member Legal	Toyota corolla GLI GS778B	01	2014	One vehicle of higher cc allotted

The matter was reported to the management in April, 2019. The management stated that the vehicles were allotted as per HR policy and provided a single page as

policy. The reply was not tenable as complete HR policy duly approved and vetted was required to assess the admissibility of the use of vehicles.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#12)

CHAPTER – 32

SOCIAL WELFARE DEPARTMENT

32.1 Introduction

The Social Welfare Department was created to organize voluntary Social Welfare Service through participation, organize rehabilitation programme for the destitute and under privileged women. The department also establishes service for the rehabilitation of handicapped and disabled children/adults, register, guide and supervise voluntary social welfare agencies to organize training programmes.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	22	6	578.636	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

32.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
2,152.019	-	374.945	(374.945)	(328.812)	1,823.207	1,704.299	(118.908)

The department was unable to spend the allocated budget in time. As a result, savings of Rs118.908 million was observed which was not surrendered in time.

32.3 Classified Summary of Audit Observations

Audit observations amounting to Rs855.849 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	824.250
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	9.734
B	<i>Procurement related irregularities</i>	3.373
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	18.492

32.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 50.0%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	9	0	0	0	-	
4	2001-02	0	0	0	0	-	
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	0	0	0	0	-	
8	2007-08	0	0	0	0	-	
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
11	2010-11	0	0	0	0	-	
12	2014-15	5	2	1	1		
13	2016-17	0	0	0	0	-	Audit Report not yet discussed
Total		14	2	1	1	50	

32.5 Audit Para

32.5.1 Non-production of auditable record – Rs824.250 million

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

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

During audit of various offices of Social Welfare Department, Government of Sindh for the financial year 2011-12 to 2018-19, it was observed that auditable record of Rs824.250 million was not produced to audit for audit scrutiny despite various reminders. The details are given at **Annex-1** of Chapter-32.

The matter was reported to the management during July & October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record for verification besides fixing of responsibility against person(s) at fault.

32.5.2 Irregular payment of salaries to staff working on detailment basis - Rs6.456 million

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, "the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis. Further as per directives of Honorable Court that there is a ban on detailment.

During audit of following offices of the Social Welfare Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that total 11 officers & staff were working on detailment basis and drawing their salary from different cost centers in violation of rules.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	No. of employees	Amount
01	Secretary Social Welfare Karachi	2018-19	08	10	5.976
02	Deputy Director Social Welfare Sukkur	2018-19	02	01	0.480
Total				11	6.456

The matter was reported to the management during July & October 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

32.5.3 Irregular payment of inadmissible allowances – Rs1.378 million

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

During audit of the following offices of Social Welfare Department, Government of Sindh for the year 2011-18, it was observed that an amount of Rs1.378 million was paid to the officials on account of inadmissible allowances.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Deputy Director, Social Welfare, Tharparkar @ Mithi	2011-18	06	Conveyance Allowance	0.515
2	Deputy Director, Social Welfare, Mirpurkhas (RCPH)	2017-18	20	Conveyance Allowance	0.285
3	Assistant Director, Social Welfare, Taulka Larkana	2015-18	01	Special Travelling Allowance	0.208

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
4	Director General , Social Welfare Department, Karachi	2017-18	15	Conveyance Allowance	0.095
			19	Conveyance Allowance	0.095
			16	Conveyance Allowance	0.060
			17	Conveyance Allowance	0.060
			18	Conveyance Allowance	0.060
Total					1.378

The matter was reported to the management during October 2018 to May 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

32.5.4 Irregular of expenditure by way of splitting up – Rs3.373 million

According to Rule 17(1) of SPPRA Rules 2010 “Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules”. Further according to Para 146 of GFR Volume-I “Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority”.

During audit of the following offices of Social Welfare Department, Government of Sindh, for the Financial Year 2015-16 to 2017-18, it was observed that expenditure of Rs3.373 million was incurred on account of purchase of various items by way of splitting up to avoid open tender.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
1	Deputy Director Social welfare Thatta	2017-18	19	Without inviting open tender	1.455
			05	repair of machinery and equipment	0.990
			20	Purchase of plant and machinery	0.195

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Particulars	Amount
2	Secretary, Social Welfare Department, Government of Sindh	2017-18	02	Without open tender	0.503
3	Deputy Director, Social Welfare, Shaheed Benazirabad	2015-18	09	Procurement of machinery	0.230
Total					3.373

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

32.5.5 Irregular payments through DDO account - Rs16.994 million

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

During audit of various offices of Social Welfare Department, Government of Sindh, Karachi for the year 2009-10 to 2018-19, it was observed that an amount of Rs16.994 million was paid through DDO account instead of direct payment to payees in violation of the above rule. The details are given at **Annex-2** of Chapter-32.

The matter was reported to the management during January 2018 to March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

32.5.6 Unjustified payment of honorarium to the employees not on the payroll - Rs1.900 million.

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

During audit of Secretary Social Welfare Karachi, for the financial year 2018-19, it was observed that an amount of Rs1.900 million was paid to those employees who were not on the payroll / strength of the office and pertaining to other cost center/offices. Adjustment/transfer were made for payment directly through their Personal Numbers/ID's without the approval from the Finance Department. Furthermore, the payment of honorarium amounting to Rs0.995 million was made in excess of one basic to 22 officers / staff.

Audit is of the view payment of honorarium to the employees who did not perform / work in the department was not justified.

The matter was reported to the management during July & September 2019, but no reply was received

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of honorarium besides taking remedial measures.

(AIR#5&6)

32.5.7 Irregular expenditure on Conference / Seminar/Fair Exhibition Rs1.498 million

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

During audit of following offices of the Social Welfare Department, Government of Sindh, Karachi for the financial year 2011-12 to 2017-18, it was

observed that an amount of Rs1.498 million was incurred on account of Conference/seminars”.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Deputy Director, Social Welfare, Shaheed Benazirabad	2015-16 to 2017-18	02	0.580
2	Deputy Director, Social Welfare, Tharparkar @ Mithi	2011-12 to 2017-18	11	0.425
3	Director General, Social Welfare Department, Karachi	2017-18	04	0.350
4	Additional Director Social Welfare, T.M Khan	2017-18	03	0.143
Total				1.498

Following irregularities were noticed:

- i. No. of participants who attended conferences/seminars etc. were not mentioned.
- ii. Purpose of seminar/workshop/conference was not shown to audit.
- iii. Spilt up of the expenditure to avoid calling of tender was observed
- iv. Office orders for seminars/orientation programs was not available.
- v. Payment vouchers were not stamped as “paid & cancelled”.

The matter was reported to the management during January 2018 to January 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

CHAPTER – 33

SPECIAL EDUCATION / DEPARTMENT OF EMPOWERMENT OF PERSONS WITH DISABILITIES

33.1 Introduction

The Department of Empowerment of Persons with Disabilities (DEPD) is governed by the newly promulgated ‘Sindh Empowerment of Persons with Disabilities Act 2018’. The Act is in-sync with guidelines as envisaged in United Nations Convention on Rights of Persons with Disabilities (UNCRPD). The Department deals with all issues pertaining to the PWDs such as protection of their fundamentals rights like education, health, registration, employment, skill development, rehabilitation, mobility & accessibility, transport, culture and sports etc. Additionally, Sindh Disabled Persons Protection of Rights Authority is under-going its formation which will be responsible for vigilant implementation of provisions of this Act.

Core functions of the department include:

1. Education of handicapped children, specially deaf, dumb and blind
2. Grant of scholarships

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	6	1	129.174	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

33.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
1,417.175	392.968	452.068	(452.068)	(403.870)	1,406.273	1,202.888	(203.385)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs203.385 million was observed which was not surrendered in time.

33.3 Classified Summary of Audit Observations

Audit observations amounting to Rs82.544 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	35.851
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	18.470
B	<i>Procurement related irregularities</i>	2.347
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	25.876

33.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11) discussed by the PAC. However, the department has been included in Audit Reports 2014-15 and 2016-17. The Reports have not yet been discussed in PAC.

33.5 Audit Paras

33.5.1 Non-production of record

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

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

During audit of the following offices of Special Education Department, Government of Sindh for the financial year(s) 2012-13 to 2018-19, it was observed that auditable record was not produced to audit for scrutiny despite various reminders. Details are given as under,

Sr.#	Name of office	Financial year	AIR Para#	Particulars
1	Director, Special Education and Rehabilitation Complex Karachi	2012-13 to 2017-18	1	Bank Statement, Work distribution, List of accomadotion given to staff, Detail of grantd other than regular grant
2	Secretary Special Education Karachi	2018-19	11	Departmental enquiries, promotion, seniority list, MOUs contracts between NGOs and performance report

The matter was reported to the management during July 2019 to October 2019. The DAC meeting was held on 20th January 2020. The management clarified that requisite record is available for verification. The DAC directed the management to produce relevant record within one week to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

33.5.2 Unauthorized establishing of Private Limited Company - Rs35.851 million

As per APPM 4.12.1.4. Before approval of a grant, the delegated authority must obtain an audited financial statement from the recipient body, to justify the requirement

for the grant and to ensure any previous grants have been spent for the purpose intended. 4.12.1.5 Once approved by the delegated authority, a claim for payment, accompanied by the relevant documentation (e.g. grant agreement, financial clearance/vouchers) shall be submitted to the DAO/AG/AGPR office for certification, authorization and payment.

During audit of office of the Secretary, Special Education Department, Government of Sindh Karachi for the financial year 2018-19, it was observed that an amount of Rs110.000 million was allocated under the head “to others” Grant-in-Aid for Centre of Autism Rehabilitation and Training Centre in Sindh but an amount of Rs35.851 million was paid to Chief Executive Officer (CEO) Centre of Autism Rehabilitation and Training Centre in Sindh, which was kept under following observations:

- i. Private Limited Company was established without approval of Cabinet.
- ii. The accounts of center were not got audited from AGP since its inception
- iii. Advice on accounting procedure for new scheme, programs or activities undertaken by the government concerned was also not obtained from CGA.

(Rs. in million)

Sr. #	G/L Descp	Cheque#	Dated	Vendor	Amount
01	To Others	3401899	10.04.2019	Center for Autism Rehabilitation & Training Centre in Sindh	27.900
02	To Others	3504139	28.06.2019		7.951
Total					35.851

The matter was pointed out to the management in July 2019. The DAC meeting was held on 20th January 2020. The DAC found the reply of the management as unsatisfactory and directed to submit revised reply. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

33.5.3 Irregular appointment of staff - Rs18.470 million

As per Para 11 summary approved by the Chief Minister on subject “Establishment of ‘Center for Autism Rehabilitation and Training, Sindh (C-ARTS)’ by Government of Sindh” that “The ‘Board of Directors’ will hire the necessary staff for the Center, including the CEO from the market on competitive remuneration/salary under contractual arrangement and they will not be government servants.”

&

As per clause (9) of the memorandum and articles of association of company act 2017 “The company shall not appoint any person as director or chief executive unless he meets the fit and proper criteria as specified by the commission from time to time.”

During audit of office of the Secretary, Special Education Department, Government of Sindh Karachi for the financial year 2018-19, it was observed that an amount of Rs18.470 million was incurred by Chief Executive Officer (CEO), Centre for Autism Rehabilitation Centre Karachi against the appointments on different posts without approval of Sanction of New Expenditure from the Board of Company or from the Sponsor of the Grant-in -Aid. That was kept under following observations:

- i. Posts were not advertised
- ii. Test and other measures which are necessary to be obtained prior to making appointments was not obtained
- iii. Selection Committee for appointment was not framed
- iv. Approval from Board was not obtained
- v. Appointment of Directors and Chief Executive Officer (CEO) was made against clause (9) of the memorandum and articles of association of company act 2017.

The irregularity was pointed out to the management in July 2019. The DAC meeting was held on 20th January 2020. The management clarified that appointments of staff at C-ARTS were made after fulfilling all codal formalities including advertisement. The DAC directed the management to produce relevant record within one week to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

33.5.4 Non-invitation of open tenders – Rs2.347 million

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

During audit of office of the Secretary, Special Education Department, Government of Sindh Karachi for the financial year 2018-19, it was observed that an expenditure of Rs2.347 million was incurred on purchase of furniture fixtures from M/s Play Furniture by Chief Executive Officer (CEO), Centre for Autism Rehabilitation Centre Karachi without calling open tenders.

(Rs. in million)

Sr. #	Description	Invoice No.	Dated	Amount
01	Supply of furniture for pediatric	10000003	27-06-2018	0.908
02	Supply of furniture for Adolescent	10000003	27-06-2018	0.903
03	Supply of furniture for Autism Unit	10000003	27-06-2018	0.536
Total				2.347

The matter was pointed out to the management in July 2019. The DAC meeting was held on 20th January 2020. The management clarified that required items are of proprietary nature (obtainable only from one source) and requisite record is available for verification. The DAC directed the management to produce relevant record within one week to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

33.5.5 Irregular retention of government money - Rs25.876 million

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

During audit of office of the Secretary, Special Education Department, Government of Sindh Karachi for the financial year 2018-19, it was observed that an amount of Rs25.876 million was shown as balance into the bank account of Chief Executive Officer (CEO), Centre for Autism Rehabilitation Centre Karachi on close of financial year. Amount pertained to regular yearly Grant- in-Aid and was liable to lapse after close of financial year. But, the same was neither utilized nor surrendered as savings.

The irregularity was pointed out to the management in July 2019. The DAC meeting was held on 20th January 2020. The DAC found the reply of the management

as unsatisfactory and directed to submit revised reply. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

33.5.6 Non conducting disciplinary proceeding

Under rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of office of the Secretary, Special Education Department, Government of Sindh Karachi for the financial year 2018-19, it was observed that as per judgment against the Appeal No.761/2015-16, before Sindh Services Tribunal at Karachi, Mr. Syed Muhammad Ali Shah, Ex- Secretary, Special Education was held responsible for mis-use of his powers and made appointments, which were to be made by the Service and General Administration and Coordination Department. Audit is of the view that the administrative department as well as controlling authority in accordance with the judgement of Sindh Services Tribunal must initiate departmental proceeding under E&D rules against Mr. Syed Muhammad Ali

The matter was pointed out to the management in July 2019. The DAC meeting was held on 20th January 2020. The management clarified that all appointments that were made during financial year 2012-13, are under investigation with NAB. The DAC directed the management that progress in matter maybe furnished to audit. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

CHAPTER – 34

SPORTS & YOUTH AFFAIRS DEPARTMENT

34.1 Introduction

The major functions of the department are:

- To deal with Physical Culture
- To deal with Youth Affairs including Scouts
- To maintain/protect buildings under Heritage Act

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	2	2	1,257.401	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

34.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
2,380.785	0.001	231.473	(231.473)	(788.985)	1,591.801	1,457.294	(134.507)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs134.507 million was observed which was not surrendered in time.

34.3 Classified Summary of Audit Observations

Audit observations amounting to Rs648.958 million were raised as a result of this audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	101.110
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	64.200
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	-
5	Others	483.648

34.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	0	0	0	0	-	
4	2001-02	0	0	0	0	-	
5	2004-05	2	2	0	2	-	
6	2005-06	0	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
7	2006-07	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
8	2007-08	0	0	0	0	-	
9	2008-09	5	5	0	5	-	No audit para pertaining to this department was printed in this Audit Report
10	2009-10	0	0	0	0	-	
11	2010-11	0	0	0	0	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		7	7	0	7		

34.5 Audit Paras

34.5.1 Non-production of auditable record - Rs101.110 million

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

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

During audit of the office of Secretary, Sports & Youth Affairs Department, Karachi for the year 2017-18, it was observed that following auditable record of Rs101.110 million was not produced to audit for scrutiny despite various reminders.

(Rs. in million)

Sr. #	Financial Year	AIR Para #	Particulars	Amount
1	2017-18	01	Detail adjustment record, budget estimates and financial statements	100.000
2	2018-19	07	Detail of difference of pay & allowances	1.110
Total				101.11

The matter was pointed out to the management in October 2018 & August 2019. The DAC meeting was held on 23 January 2020. Management clarified for Sr. # 01, that the payment of Rs100.000 million was made to Pakistan Hokey Federation vide cross cheque # 20925198 dated 11-02-2017. Whereas at Sr. # 02, replied that record of pay & allowances are available. The DAC directed the management to produce detailed adjustment account against grant-in-aid to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

34.5.2 Loss to government due to acceptance of highest bids - Rs64.200 million

According to clause (i) of sub-rule (2) of Rule 46 of Sindh Public Procurement (SPP) Rules, 2010, "bid found to be the lowest evaluated or best evaluated bid shall accepted".

According to clause (v) read with (hh) of sub-rule (1) of Rule 2 of SPP Rules, 2010, Lowest Evaluated Bid means a bid for goods, works and services having the lowest evaluated cost among the substantially responsive bids (i.e., the bid that contains no material differences or deviations from, or reservations to, the terms, conditions and specifications given in the bidding documents)”.

During audit of the office of Secretary Sports & Youth Affairs Department Sindh for the year 2018-19, it was observed that government sustained a loss of Rs64.200 million due to acceptance of highest bids (shown as lowest in minutes of financial proposal committee meeting) despite availability of lowest bids, which were already found substantially responsive and accepted for financial opening during technical evaluation. The details are given at **Annex-1** of Chapter-34.

The matter was pointed out to the management in August 2019. The DAC meeting was held on 23 January 2020. Management stated in its reply against ADP # 1684 that the work was awarded to M/s Sindh College Science & Commerce recommended by Procurement Committee instead of Lowest bidder M/s Sky Tech as per criteria of technical evaluation the firm obtained lowest points and as per financial evaluation the bids were below the estimate. Further, for ADP # 1688 it was stated that the work was single stage procurement and awarded to M/s Sukkur Institute of Science & Technology recommended by Procurement Committee instead of Lowest bidder M/s Techno Trends (Pvt) Ltd. as per criteria of financially evaluation the bids were below the estimate. DAC directed the management to produce the relevant record including the PC-I and bidding documents for further verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#11)

34.5.3 Irregular payment through DDO – Rs242.250 million

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

During audit of the office of Secretary Sports & Youth Affairs Department, Karachi for the year 2017-18 & 2018-19, it was observed that a cumulative expenditure of Rs242.250 million was incurred, but the payment was made through DDO account instead of cross-cheque in favour of the actual payee/vendor account.

(Rs. in million)

Sr. #	Financial Year	AIR Para #	Amount
1	2017-18	08	0.275
2	2018-19	05	241.975
Total			242.250

The matter was pointed out to the management in October 2018 and August 2019. The DAC meeting was held on 23 January 2020. Management replied for Sr. # 01, that an amount of Rs0.275 million was made to various Officers/Officials on account of petty cash expenses through cross cheques during 2017-18. Whereas, at Sr. 02, replied that an amount of Rs241.975 million under grant-in-aid was booked against Secretary, Sports & Youth Affairs Department by AG Sindh, however same were transferred to the concerned accounts. DAC directed the management to produce requisite record i.e copy of cross cheque paid to concerned against amount of Rs0.275 million and Bank statement of account against Grant-in-aid amounting to Rs241.975 million showing the transfer entry of amount to concern to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

34.5.4 Irregular payment of Grant-in-Aid - Rs122.742 million

According to sub rule (3) of Rule 207 of GFR, “before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended”.

During the audit office of the Secretary Sports & Youth Affairs Sindh for the financial year 2018-19, it was observed that amount of Rs122.742 million was paid as Grant-in-Aid to following federations/associations/departments without obtaining audited statement of the accounts to authenticate justification of grant in light of financial position of the grantee and utilization of previous grant for the purpose for which it was granted.

(Rs. in million)					
Sr.#	Cheque No	Date	Paid to	O.M.#	Amount
1	22964551	19-11-2018	Pakistan Hockey Federation	02	100.00
2	(16 cheques)	Various	Director Sports Karachi	14	10.502
3	(24 cheques)	Various	Various Government Deptt	13	6.840
4	13394578-80	04-09-2018	Various departments for celebration of Quaid-e-Azam and Defense Day	16	3.400
5	24655030	19-12-2018		03	2.000
	22964601	29-06-2019			
Total					122.742

The matter was pointed out to the management in August 2019. The DAC meeting was held on 23 January 2020. Management replied that audited statement of accounts and utilization reports of payments made against Grant-in-Aid are available for verification. DAC directed the management to produce requisite record i.e detailed adjustment account against payments made as Grant-in-aid to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#02)

34.5.5 Un-authorized retention of government money – Rs102.516 million

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

During audit of the office of Secretary, Sports & Youth Affairs Department, Government of Sindh for the financial year 2017-18 & 2018-19, it was observed that an amount of Rs102.516 million was drawn from the government account on account of payment for various activities, but the same was not utilized and was retained for more than six months in violation of Treasury rules. Furthermore, the same was surrendered after closing of the financial year. The details are given at **Annex-2** of Chapter-34.

(Rs. in million)			
Sr. #	Financial Year	AIR Para #	Amount
1	2017-18	03	82.370
2	2018-19	08	20.146
Total			102.516

The matter was pointed out to the management in October 2018 and August 2019. The DAC meeting was held on 23 January 2020. Management informed for Sr. # 01, that activities could not be held due to holy month of Ramzan, funds of Rs82.370 million were not utilized and the same were surrendered. Whereas, against Sr.# 02, replied that cheque of Rs20.000 million was received from AG Sindh, out of which an amount of Rs4.860 million was disbursed to the beneficiaries through cross cheques, an amount of Rs5.800 million was decided by Endowment Fund Committee to disbursed to the beneficiaries and remaining balance of Rs9.340 million was also decided to invest in Sindh Bank. DAC directed the management to produce the details of disbursement record along-with bank statement and copy of decision of committee for investment. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

34.5.6 Non-investment of Endowment Fund - Rs15.140 million

According to Sr # 01 & 08 of Terms of Reference (TORs) of “Endowment Funds for Sportspersons/Ex-Sportspersons suffering from diseases/family members of deceased sportspersons suffering diseases” notified vide Sports & Youth Affairs Department vide Notification No.SO(Sports)/S&YAD/2017 dated 09-11-2017:

- 1 The Committee meeting shall preferably be called after every six weeks.
- 8 The expenditure of the fund shall be governed as under:
 - a) 50% of Current year’s receipts can be utilized as grant of Sportspersons/Ex-Sportspersons and their families.
 - b) Remaining 50% (or whatever higher portion is un-utilized in a financial year) shall form part of the endowment fund and may be invested.
 - c) Any amount earned/accumulated as profit by the endowment fund may be used towards the grants of Sportspersons/Ex-Sportspersons and their families

During audit of the office of Secretary Sports & Youth Affairs Sindh for the year 2018-19, it was observed that an amount of Rs20.000 million was released by Finance Department on 20-02-2019 as “Endowment Funds for Sportspersons/Ex-Sportspersons suffering from diseases/family members of deceased sportspersons suffering diseases” but department could only disburse 24.30% and failed to invest

remaining unutilized amount of Rs15.140 million in violation of above TORs. It was also observed that:

1. Endowment Fund Committee could only meet once throughout whole financial year 2018-19 on 26-03-2019 instead of after every 06 weeks.
2. Chief Investment Specialist of Finance Department, GoS (who is also member of the Committee) vide his letter No.FD(FMH)246(1)/2017-18/2993 dated 17-06-2019 also invited the attention of the Department for utilization of 50% share on assistance of Sportspersons and investment of remaining immediately as another Rs20.00 million were being allocated for endowment for the year 2019-20.
3. The department also released an amount of Rs10.00 million during the year 2017-18 but it could only utilize Rs2.60 million (26%) whereas remaining amount of Rs7.40 million was surrendered to Finance Department instead of investing the same.

The matter was pointed out to the management in August 2019. The DAC meeting was held on 23 January 2020. Management clarified that that an amount of Rs20.000 million was released on 20-02-2019, out of which an amount of Rs4.860 million was disbursed to the beneficiaries through cross cheques. Whereas, an amount of Rs5.800 million was decided by Endowment Fund Committee to disbursed to the beneficiaries and remaining balance of Rs9.340 million was also decided to invest in Sindh Bank. DAC directed the management to produce the details of disbursement record along-with bank statement and copy of decision of committee for investment. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#03)

34.5.7 Irregular payment to Sindh Softball Association - Rs1.000 million

According to sub rule (3) of Rule 207 of GFR, “before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended”.

During audit of the office of Secretary Sports & Youth Affairs Department Sindh for the year 2018-19, it was observed that while sanctioning Grant-in-Aid to

Sindh Softball Association amounting to Rs2.00 million, the department obtained audited statement of the accounts of Sindh Softball Association for the year 2017-18. On examination of above audited statement of accounts and Utilization Certificates furnished by Sports & Youth Affairs Department to Finance Department and Sindh Softball Association to Sports & Youth Affairs Department with reference to Grant-in-Aid for the financial year 2017-18, it was observed that Sports & Youth Affairs Department paid an amount of Rs1.00 million to Sindh Softball Association as Grant-in-Aid vide Cheque No.2296454 dated 05-07-2018 during the financial year 2017-18 but the same was not shown received or utilized by the association in its audited accounts. The details are as under:

- i. As per audited statement of accounts of Sindh Softball Association for the financial year 2017-18, the Grant-in-Aid of Rs1.00 million referred above was not shown in Receipts and Payments Account and Statement of Cash flows for the year ended June 30, 2018. It is added that association showed total receipts of Rs0.281 million on receipt side under the head 'Event Sponsorship and others' whereas nil amount was shown under 'Annual Grant-in-Aid'.
- ii. The association showed total expenditure of Rs0.485 million and deficit of Rs0.203 million. This depicts that above amount was not utilized.
- iii. It could not be ascertained, in which account this amount of Rs1.00 million was transferred as association's audited accounts were not showing the same as received.
- iv. Audited statement of accounts depicts weak financial position of the association. For example, the total worth of the association was just Rs0.156 million. It had no fixed assets (i.e., property, furniture, computer & equipment) except softball equipment of Rs0.133 million. Its liquidity position was also very weak as net cash inflows during the whole year were in negative i.e., Rs (208,878).
- v. Though, the association mentioned its official address "4, Business Center, Ground Floor, Mumtaz Hasan, Off. I.I. Chundrigar Road, Karachi " but the same could not be verified from audited accounts as neither it showed any owned property in balance sheet nor payment of any rent and utility charges (in case of rented property) during the year in receipt and payment account.
- vi. The association had no employees as evident from receipt and payment account, which shows nil salary expense.

The matter was pointed out to the management in August 2019. The DAC meeting was held on 23 January 2020. Management replied that cheque of Rs1.000 million as Grant-in-aid to Softball Association was issued at last working days of FY 2017-18 and same was utilized and credited in the account of Sindh Softball Association during 2018-19. DAC directed the management to produce requisite record including audited statement of accounts FY 2018-19 against payments made to Sindh Softball Association to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#04)

CHAPTER – 35

TRANSPORT AND MASS TRANSIT DEPARTMENT

35.1 Introduction

The Transport and Mass Transit Department is responsible for the overall discipline of the transport and mass transit services of the Province. Preparation of annual provincial budget, formulation of plans and maintenance of an effective and efficient transport system are the major assignments of this Department.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	3	1	412.349	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	1	310.447	

35.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
7,314.208	0.000	27.650	(27.650)	(6,118.278)	1,195.930	666.427	(529.503)

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs529.503 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
292.068	292.000	169.417	- 122.583

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs122.583 million was observed.

35.3 Classified Summary of Audit Observations

Audit observations amounting to Rs115.669 million were raised as a result of this audit. This amount also includes recoverables of Rs9.713 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	6.673
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	8.400
B	<i>Procurement related irregularities</i>	11.440
C	<i>Management of Accounts with Commercial Banks</i>	3.316
4	Value for money and service delivery issues	-
5	Others	85.840

35.4 Comments on the Status of Compliance with PAC Directives

This department was not included in the audit reports (1992-93 to 2010-11 and 2016-17) discussed by the PAC. However, the department has been included in Audit Report 2014-15 and yet to be discussed in PAC.

35.5 Audit Paras

35.5.1 Non-production of record - Rs6.673 million

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

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

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial years 2017-18 and 2018-19, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs6.673 million remained unaudited.

(Rs. in million)

Sr. #	Particular of record	Financial Year	AIR Para #	Amount
01	Record of Grant-in-Aid and Medical Charges	2018-19	01	3.673
02	Pay Order of Performance Guarantee & Bank Statement	2017-18	08	3.000
03	i. Cash Book ii Bank Statement of DDO Account KQ-0556 iii Dead Stock Register	2017-18	13	-
Total				6.673

The non-production of record was reported to the management in July 2018 and September 2019. The DAC meeting was held on 27 January 2020. The management clarified that the record pointed out in the audit observation was available. The DAC directed the management to produce the record to audit. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

35.5.2 Irregular appointment of contractual staff - Rs8.400 million

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

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an expenditure of Rs8.400 million was incurred on the pay of contract staff. Following irregularities were noticed:

- i. No Departmental Selection Committee was formed to recommend the selection of staff;
- ii. Posts / vacancies were not advertised in the leading newspapers;
- iii. Required Educational Qualification and Experience criteria was not fulfilled;
- iv. Police verification for character of the contract staff appointed was not done;
- v. Verification of the credentials, degrees, domicile, and PRC was not done from the concerned issuing universities / offices; and
- vi. There was no SNE for appointment of consultants.

The matter was reported to the management in September, 2019. The DAC meeting was held on 27 January 2020. The management clarified that compliance in respect of each of the point in audit observation has already been made while appointing the contractual staff. The DAC directed the management to produce the record to audit. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#04)

35.5.3 Irregular expenditure by splitting up to avoid tender – Rs6.040 million

As per Rule 12(1) of SPPRA 2010, all proposed procurements for each financial year shall be planned and procuring agencies shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan. Rule 17 (1) ibid provides that Procurements over

one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial years 2017-18 and 2018-19, it was observed that an expenditure amounting Rs6.040 million was incurred on purchase of various articles under different head of accounts through splitting up of sanction order to avoid tender process and approval of Competent Authority.

(Rs. in million)

Sr. #	Particulars	Financial Year	AIR Para #	Amount
01	Hardware	2017-18	14	1.181
02	Hardware & Furniture	2017-18	03	1.123
03	Stationery	2018-19	08	1.022
04	Machinery & Equipment and Furniture	2017-18	04	0.640
05	Furniture	2018-19	09	0.799
06	Printing Material	2018-19	10	0.509
07	Machinery & Equipment	2018-19	11	0.468
08	Air Conditioners	2018-19	13	0.298
Total				6.040

The matter was reported to the management in July, 2018 and September, 2019. The DAC meeting was held on 27 January 2020. The management clarified that in view of releases of fund, the procurement was made at different times on need basis. The management added that there were different committees for procurement of varying nature items. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

35.5.4 Excess payment to the contractor against provision of PC-I - Rs3.115 million

According to Rule '1' Appendix 18-A of Sindh Financial Rule Vol-I, "Every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence

on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an amount of Rs3.115 million was paid in excess on account of work against “Up-gradation of traffic signals in Hyderabad, Sukkur, Larkana and Mirpurkhas” for which rates were allowed in contravention of provision in PC-I. Moreover, rate analysis was also not made available to audit. The details are given at **Annex-1** of Chapter-35.

The matter was reported to the management in September, 2019. The DAC meeting was held on 27 January 2020. The management clarified that each of the item pointed out in audit observation was below the admissible of variation limit of 30%; hence it cannot be termed as excess payment. They added that overall increase in cost of works was within the admissible limit of variation 15%. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#22)

35.5.5 Non-invitation of tender - Rs2.285 million

Rule 17 of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s websites and in print media in the manner and format prescribed in these rules.

During audit of the Project, “Karachi Bus Rapid Transit Project - Project Design Advance (PDA), Karachi” under Transport and Mass Transit Department, Government of Sindh, Karachi, for the financial year 2017-18, it was observed that an expenditure of Rs2.285 million was incurred on account of purchase of machinery & equipment, IT equipment, office furniture, stationary and other miscellaneous articles but tenders were not invited.

The matter was reported to the management in October, 2018. The DAC meeting was held on 27 January 2020. The management clarified that the funds for the project under component of Government of Sindh were released late in May 2018;

hence sufficient time was not available to invite tenders. They added that procurement was made on competitive rates by inviting quotations. The management further clarified that the suppliers were registered with SRB. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(ML#4.2.2 & 4.2.3)

35.5.6 Non recovery of sales tax on services - Rs9.713 million

According to Sindh Sales Tax on Services Act 2011 “Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through pipeline or conduit is taxable and services provided or rendered by professionals and consultants is taxable and as per Working Tariff issued by Sindh Revenue Board, Government of Sindh dated: 01-09-2016, the rate of sales tax mentioned at Tariff No. 9836.0000 and 9815.4000 is 13% respectively.

During audit of the following offices of Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial years 2017-18 & 2018-19, it was observed that an amount of Rs81.405 million was paid on account of consultancy and transportation charges but Sindh Sales Tax on services @ 13% amounting Rs9.713 million was not deducted. Detail is as under:

(Rs in million)

Sr. #	Name of Office	SST not deducted on account of	Financial Year	AIR Para #	Amount
01	Secretary, Transport & Mass Transit Department	Transportation charges	2018-19	03	6.686
02	Project - Karachi Bus Rapid Transit Project- Project Design Advance, Karachi	Consultancy charges	2017-18	4.1.2	3.027
Total					9.713

The matter was reported to the management in October, 2018 and September, 2019. The DAC meeting was held on 27 January 2020. The management of office at Sr. No. 1 (Secretary, Transport & Mass Transit Deptt.) clarified that the deduction of sales tax on service is the job of Accounts Office i.e. AG Sindh. Audit pointed out that the observations have been raised due to non-deduction of Sindh Sales Tax against the

bills of vendor. The DAC directed the management to resolve the matter in consultation with SRB and AG Sindh for the recovery of the due Sindh Seles Tax and intimate the progress to the Audit for verification within two weeks. As regards the management of office at S. No.2, Project Director, Karachi Rapid Buss Transit Project Karachi, the management clarified that the Sindh Sales Tax on consultancy charges was not applicable as the Consultant were paid fixed monthly salary and due income tax as chargeable for salaried persons has already been deducted. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

35.5.7 Irregular payment on account of increase of cost and taxes - Rs17.986 million

According to clause12.3of bidding document “The bid price submitted by the contractor shall include all rates and prices including the taxes. All duties, taxes and other levies payable by the contractor under the contract, or for any other cause during the currency of the execution of the work or otherwise specified in the contract as on the date seven days prior to the deadline for submission of bids”.

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed in Orange Line Bus Rapid Transit System that an amount of Rs17.986 million was paid to the contractor on account of increase in rates and taxes, increase in dollar rate against Pakistani Rupee, increase in overheads and contractor profit which was not allowed as per above mentioned clauses of bidding document.

(Rs. in million)

Cheque #	Date	Name of contractor	Description	Amount
168685	21.01.2019	M/s MS Engg. Pvt. Ltd	Dollar, profit &CNF-IPC-13	17.986

The matter was reported to the management in September, 2019. The DAC meeting was held on 27 January 2020. The management clarified that the increase in the cost of work was due to change in the design after award of contract as per policy decision taken at the level of Chief Secretary, Sindh. They added that the variation cost in view of change of design was within admissible limit of 15% of the contract cost. Upon query by Audit about increase in cost due to exchange rate pointed out in the audit observation, the management clarified that it had occurred due to opening of letter of credit in foreign exchange. The DAC directed the management to produce

record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#19)

35.5.8 Irregular expenditure on hiring of transport - Rs58.141 million

According to Rule ‘1’ Appendix 18-A of Sindh Financial Rule Vol-I, “Every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial year 2018-19, it was observed that an amount of Rs58.141 million was paid to the M/s Deen Muhammad & Sons Transport Company on account of transportation charges. Following irregularities were noticed:

- i. Tender was published in two Newspapers Daily Kawish and Daily Dawn instead of three leading Newspapers;
- ii. Tender was neither hoisted on SPPRA’s website nor on Department website;
- iii. Bid evaluation, technical report, Comparative statement were not hoisted on the SPPRA website;
- iv. Detail of travelling along with distance of Points/Buses deputed was not given;
- v. Stamp duty was not recovered from the contractor;
- vi. Payment on account of increase in diesel cost is not supported by vouchers;
- vii. As per Clause 13 of bidding documents the firm must have valid license holder for relevant business which was not provided;
- viii. As per Clause 20 of bidding documents the registration number of buses along with owners name will be provided with each offer and buses must be produced for inspection to transport department before final agreement is signed which was not provided; and
- ix. Expenditure was misclassified by charging to Others instead hiring of transport.

The matter was reported to the management in September, 2019. The DAC meeting was held on 27 January 2020. The management clarified that each of the point raised in audit observation has been complied with. The DAC directed the management to produce record to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#02)

35.5.9 Un-authorized retention of government money - Rs3.316 million

According to Rule 290 of Central Treasury Rules, Volume-I, "no money shall be drawn from Govt. Treasury until and unless it is required for immediate disbursement or need."

During audit of the office of Secretary, Transport & Mass Transit Department, Government of Sindh, Karachi, for the financial year 2017-18, it was observed that an amount of Rs3.316 million was lying deposited into DDO bank account as per bank statement; whereas the funds not required should have been timely surrendered for use in other departments where needed.

The matter was reported to the management in July, 2018. The management clarified that the bank account pointed out in audit observation is not a DDO account but pertains to Sindh Mass Transit Cell wherein the retention money of the contractor are lying deposited. The DAC directed the management to provide the historical data of the same deposit showing the details of contracts for which the amount was retained and present status to audit for verification. However, progress was awaited till finalization of this report.

Audit recommends complinace with DAC directives.

(AIR#15)

CHAPTER – 36

UNIVERSITIES & BOARDS

36.1 Introduction

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

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	10	3	2,087.322	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	20	6	2,454.386	-
4	Foreign Aided Projects (FAP)	0	0		

36.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
12,744.196	0	89.373	-89.373	0	12,744.196	6,942.293	-5801.903

N.B Universities and boards are self financed entities, therefore, generate revenue and make spendings therefrom.

The department was unable to spend the allocated budget in time. As a result, saving of an amount Rs8,801.903 million was observed which was not surrendered in time.

36.3 Classified Summary of Audit Observations

Audit observations amounting to Rs20,827.558 million were raised as a result of this audit. This amount also includes recoverables of Rs411.794 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	9,189.733
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	-
A	<i>HR/Employees related irregularities</i>	855.011
B	<i>Procurement related irregularities</i>	186.114
C	<i>Management of Accounts with Commercial Banks</i>	2,081.340
4	Value for money and service delivery issues	-
5	Others	8,515.360

36.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 7.40%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	14	10	0	10	-	
2	1998-99	37	11	8	3	72.72	
3	1999-2000	40	0	0	0	-	
4	2001-02*	12	5	0	5	-	
5	2004-05*	33	27	0	27	-	
6	2005-06	23	6	0	6	-	
7	2006-07	16	14	0	14	-	
8	2007-08	18	8	0	8	-	
9	2008-09	19	14	0	14	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
10	2009-10	27	16	0	16	-	
11	2010-11	15	15	0	15	-	
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17	36	36	4	32	11.11	
Total		290	162	12	150	0	

36.5 Audit Paras

36.5.1 Non-production of auditable record – Rs9,189.733 million

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

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

During audit of various institutions under the administrative control of Secretary, Universities/ Boards, Government of Sindh for the financial years 2016-17, 2017-18 & 2018-19 the auditable record worth Rs9,189.733million was not produced to audit despite various reminders. The details are given at **Annex-1** of Chapter-36.

The matter was reported to the management during August 2017 to February 2019.

The management of the office of the Secretary, Boards & Universities (Sr#01 of the Annex-1) replied that the record was available. Moreover, the management of the university at Sr # 10 of the Annex-1 (Shaheed Zulfiqar Ali Bhutto University of Law, Karachi) also replied that the record was available. Reply from the remaining institutions was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.2 Irregular payment on account of various allowances - Rs770.469 million

As per Para-11 of G.F.R. Volume-I each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for

observance of all relevant financial rules and regulations, both by his own office and by sub-ordinate disbursing officer.

During audit of various institutions under administrative control of Secretary, Universities/Boards, for the financial year 2017-18, it was observed that an amount of Rs770.469 million was paid to the officers and staff on account of various allowances against prevalent government rules/without approval of Finance Department, Government of Sindh. The details are given at **Annex-2** of Chapter-36.

The matter was reported to the management during November 2017 to February 2019. The management of the office of the Secretary, Boards and Universities (serial#07 of Annex-2) replied that allowances were paid as per rules and after approval of Finance Department, which required verification. Reply from remaining institutions was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.3 Irregular payment of pension commutation and leave encashment - Rs84.542 million

As per Rule 18-A ii (amended, 2A&2B) of Revised Leave Rules 1980, encashment of leave preparatory to retirement (LPR) not exceeding 365 days to retiring employees shall be effective from the first day of July 2012, and shall for the entire period of leave refused or opted for encashment.

During audit of following institutions under administrative control of Secretary, Universities/ Boards, for the financial year 2017-18, it was observed that expenditure of Rs84.542 million was incurred on payments to employees on account of pension commutation, annual encashment of not availed leave (LFP) and encashment of casual leave.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Irregularity	Amount
1	NED University Karachi	2017-18	30	Excess payment of commutation on the basis 50% of gross pension instead of admissible 35%	30.822
2	BISE Larkana	2017-18	10	Payment of annual leave encashment for earned leave without approval of Finance Department.	17.932
			11	Payment of encashment of casual leave without approval of Finance Department.	8.528
3	Mehran University of Engineering & Technology, Jamshoro	2017-18	27	Payment of annual leave encashment for earned leave without approval of Finance Department	10.026
4	Shaheed Muhtarma Benazir Bhutto Medical University Larkana	2017-18	150		17.234
Total					84.542

The matter was reported to the management in November 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.4 Irregular appointments/promotions/additional charge

As per HEC/PM&DC criteria for the post of Professor is Ph.D. in relevant field, with 15-years teaching/research experience in HEC recognized University or a post-graduate Institution or professional experience in the relevant field in a National or International organization. 10-years post-Ph.D. teaching/research experience in a recognized University or a post-graduate Institution or professional experience in the relevant field in a National or International organization. The Candidate must have 15 research publications with at least 5 publications in the last 5 years in HEC recognized journals.

During audit of various institutions under the administrative control of Secretary, Universities/ Boards, for the financial year 2017-18, it was observed that appointments/promotions/additional charge were irregularly allowed. The details are given at **Annex-3** of Chapter-36.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.5 Irregular assignment of charge of Resident Auditor to a Procurement Officer

According to Services and General Administration Department letter No.SO-1/S&GAD/92 dated 26th May 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of the Quaid-e-Awam, University of Engineering, Science & Technology, Shaheed Benazirabad for the financial year 2017-18, it was observed that additional charge of Resident Auditor of BS-18 was given to a Procurement Officer, who was not eligible to conduct audit functions.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#112)

36.5.6 Irregular working of staff above the sanctioned strength

According to rule 73 (iv) (2) of GFR, when consolidating the detail estimates in respect of pay of officers and pay of establishments the number of posts must be carefully checked and in case of variation in numbers or the amounts of the provisions compared to those in the current years budget an explanation should be included in the estimates. If the increase is based on specific Government sanction, a copy of the sanction should be enclosed with the estimates.

During audit of the Director, Applied Economics Research Centre, University of Karachi under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that 10 employees were working in excess of sanctioned strength as tabulated below.

S. No	BPS	Sanctioned posts	Working	Excess
1	17	8	9	1
2	15	2	3	1
3	13	2	3	1
4	9	2	3	1
5	7	9	11	2
6	5	4	6	2
7	1	2	4	2
Total		29	39	10

The matter was reported to the management in April 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#3)

36.5.7 Irregular procurement of various items - Rs114.093 million

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

During audit of various institutions under the administrative control of Secretary, Universities/Boards, for the financial year 2017-18, it was observed that an expenditure of Rs114.093 million was incurred on purchases for various items without observing codal formalities. The details are given at **Annex-4** of Chapter-36.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.8 Irregular expenditure without inviting open tenders - Rs50.570 million

As per Rule 17(1) of SPPR 2010, procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

During audit of various institutions under administrative control of Secretary, Universities / Boards, for the financial years 2016-17 to 2018-19 it was observed that an expenditure of Rs50.570 million was incurred on procurement of various items without inviting open tenders. The details are given at **Annex-5** of Chapter-36.

The matter was reported to the management during August 2017 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.9 Splitting up of expenditure– Rs21.451 million

As per Rule 12(1) of SPPR 2010, save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan.

During audit of following institutions under administrative control of Secretary, Universities / Boards, for the financial year 2017-18, it was observed that an expenditure of Rs21.451 million was incurred for procurement of various goods and services by splitting up of expenditure to avoid open tenders.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Amount
1	Mehran University of Engineering & Technology, Jamshoro	12	2017-18	2.665
2	Peoples University of Medical & Health Sciences, for Women, Benazirabad	03	2017-18	1.006
3	Secretary, Universities & Boards, Karachi	14,16,19	2017-18	1.277
4	Sindh Madressatul Islam University, Karachi	08, 10	2017-18	0.682
5	Shaheed Benazir Bhutto University of Veterinary and Animal Sciences, Sakrand	08	2017-18	2.477
6	Shaheed Muhtarma Benazir Bhutto Medical University Larkana	152	2017-18	5.092
7	NED University of Engineering & Technology	13	2017-18	8.252
Total				21.451

The matter was reported to the management during October, 2018 to February 2019. The management at serial#3 (Secretary, Universities & Boards, Karachi) replied that stock register was maintained, which may be verified at any time. The reply of the management was not convincing as the objection was raised on splitting up of expenditure. The reply from remaining institutions was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.10 Deficiencies in funds management - Rs1,524.684 million

As per generally accepted principles, the available funds needs to be utilized / invested with prudence.

During audit of various institutions under administrative control of Secretary, Universities / Boards, for the financial year 2016-17 & 2017-18, it was observed that the funds of Rs1,524.684 million were available; however, various deficiencies in the management of the same funds were noticed. The details are given at **Annex-6** of Chapter-36.

The matter was reported to the management during August 2017 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.11 Un-authorized maintenance of bank accounts in private banks - Rs398.077 million

As per directives of the Chief Minister Sindh to Heads of all Govt. departments including of Vice Chancellors of Public Sector Universities in Sindh vide No. SO(Coord)/CMS/30 dated 03.04.2014 by referring to Finance Department letter No.FD.SO(Res-IV/7(9) 2011-12 dated 20-03-2014 that all the Govt. related accounts including Joint Accounts, other than Assignment Accounts would be maintained in Sindh Bank Limited. Read with Government of Sindh through Finance Department issued instructions vide No. FD-SO (RES-IV) Misc/2011-12 dated 30th March 2012 & letter No. FD-SO (RES-IV) 2 (72)/2011 (Prov.) dated 5th December, 2013 that all

kind of funds under DDO Account would be maintained in Sindh Bank Limited instead of maintaining it in other commercial banks.

During audit of following institutions under administrative control of Secretary, Universities/Boards, for the financial years 2017-18 & 2018-19, it was observed that funds of Rs398.077 million were kept in banks other than Sindh Bank in violation of directive of Chief Ministers Sindh.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
01	Shaheed Muhtarma Benazir Bhutto Medical University Larkana	2017-18	157	349.077
02	Dawood University of Engineering & Technology Karachi	2017-18	03	49.00
Total				398.077

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.12 Un-authorized transfer of funds from Lapsable Assignment Account- Rs158.579 million

According to Rule-290 of Central Treasury Rules, Volume-I, no money shall be drawn from the treasury unless it is not required for immediate disbursement. Further, it is not permissible to draw money from the treasury in anticipation of demand, or to prevent lapses of budget grant.

During audit of the Quaid-e-Awam University of Engineering, Science and Technology, Shaheed Benazirabad for the financial year 2017-18, it was observed that funds amounting to Rs158.579 million were transferred from Assignment Accounts of various schemes to University accounts to avoid lapse of funds.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#21,23,24 &108)

36.5.13 Excess execution of extra items of works - Rs1,316.174 million

“The quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate”, as per clause-38 of the standard Contract Agreement. As per Para 528 of Public Works Department Manual, “No material alteration is sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Competent Authority. Should any alteration of importance, involving any additional expenses, be considered necessary, a revised or supplementary estimate should be submitted for sanction”,

During audit of various institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that excess payments of Rs1,316.174 million were made to the contractors on account of execution of extra items of work without approval of the competent authority. The details are given at **Annex-7** of Chapter-36.

The matter was reported to the management in October & November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.14 Irregularities in award of various civil works - Rs1,145.125 million

As per Para 7 of Schedule of Rates for finished items of work, Volume-III, Part-II of 2012, “All works shall be executed adopting Composite Rates and all material shall be procured by the contractor on their own expenses.”

During audit of various institutions under administrative control of Secretary, Universities / Boards, for the financial year 2017-18, it was observed that an expenditure of Rs1,145.125 million was incurred on various works. The irregularities as noticed are given **Annex-8** of Chapter-36.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.15 Undue favor to the contractors - Rs1,044.535 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I “Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial years 2017-18, it was observed that various works of Rs1,044.535 million were awarded to the contractors. Irregularities noticed are detailed as follows.

(Rs. in million)

Sr. #	Name of Institutes'	AIR Para #	Financial Year	Particulars	Amount
01	Shah Abdul Latif University Khairpur	02	2017-18	As per bid evaluation report 2 other participating bidders (who quoted lower amount) were declared non-responsive, but details of rejection were not recorded in the same report.	271.625
02	Shaheed Benazir Bhutto Medical University Larkana	116	2017-18	Work was awarded among the enlisted prequalified firms but the record of competitive selection through open tender for the same prequalification was not available on record.	767.965
03	BISE Larkana	04	2017-18	13 days were allowed for bid opening instead of mandatory 15 days	4.945
Total					1,044.535

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.16 Irregular expenditure on account of non-scheduled items - Rs1,021.962 million

As per Para 5 of the Introduction to the Schedule of Rates (Composite) for the Finished Items of Works 2012, In case of works of specialization nature costing more than Rs2.50 million, the head of the department concerned shall have the option to decide to follow the Schedule & Specification as approved by the Standing Rates Committee or alternatively draw out their specification for particular job and to decide the rates on competitive bids/quotations.

During audit of following institutions under administrative control of Secretary, Universities / Boards, for the financial year 2017-18, it was observed that excess payment of Rs1,021.962 million was made on execution of non-scheduled items without approval from Standing Rates Committee.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
01	Shah Abdul Latif University Khairpur	2017-18	15	47.433
02	SMBB Medical University Larkana	2017-18	111	855.746
			67	2.651
			142	9.178
03	NED University Karachi	2017-18	12	28.151
04	QUEST, Benazirabad	2017-18	10	18.942
			53	1.464
			15	22.827
05	Mehran University of Engineering, Science & Technology, Jamshoro	2017-18	06	34.748
06	BISE Larkana	2017-18	07	0.822
Total				1,021.962

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.17 Award of contract without obtaining performance security - Rs802.406 million

According to Rule 39 (1) of Sindh Public Procurement Rules 2010 Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price;

During audit of the following Universities/Boards, for the financial year 2017-18, it was observed that various contracts were awarded to various contractors, but the performance security @ 10% amounting to Rs802.406 million was not obtained. Details are as follows.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Detail of Record	Amount
01	Shah Abdul Latif University Khairpur	2017-18	06	Performance security was not obtained	51.024
02	Sindh Madressatul Islam Karachi	2017-18	02	Performance security was not obtained	0.864
03	SZABUL University Karachi	2017-18	10	Performance security was obtained in the shape of insurance bond instead of bank guarantee	645.371
04	QUEST Nawabshah	2017-18	48	Performance security was obtained in the shape of insurance bond instead of bank guarantee	53.748
05	BBSHR Research & Development Board Karachi	2017-18	03	Performance security was not obtained	31.318
06	BBSYDP Karachi	2017-18	4.3.1	Performance security was not obtained	17.580
07	BISE Sukkur	2017-18	11	performance security was not obtained	2.501
Total					802.406

The matter was reported to the management during October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.18 Non-utilization of Research & Development funds - Rs463.72 million

As per directives by the Governor House, Self Finance funds by the universities shall be utilized in following proportion:

- (1) 50% to University Endowment Fund
- (2) 25.% Recurring Account
- (3) 12.5% UDWP Account
- (4) 12.5% University Research Account

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that research & development funds amounting to Rs463.72 million were not utilized.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Financial Year	Particulars	Amount
1	Dawood University of Engineering & Technology, Karachi	10	2017-18	Fixed development funds of HEC	415.000
2	QUEST, Benazirabad	40	2017-18	Less utilization of research & development	23.347
		35		Development fund	17.500
		39		Less utilization of research fund	7.873
		Total			

The matter was reported to the management during November 2018 to February 2019. The management at Serial#01 replied that funds were provided by HEC and utilization of the same was submitted to HEC, which required verification. The reply from the remaining institutions was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.19 Award of work without information to NAB - Rs363.955 million

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

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial years 2017-18, it was observed that various works valuing Rs363.955 million were awarded to various contractors, but the

prescribed information regarding the same works were not furnished to the NAB authorities.

(Rs. in million)

Sr. #	Name of Institutes	AIR Para #	Financial Year	Amount
01	Shaheed Benazir Bhutto University of Veterinary and Animal Sciences, Sakrand	13	2017-18	295.973
02	Shaheed Benazir Bhutto Medical University of Larkana	135	2017-18	67.982
Total				363.955

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.20 Non-recovery of outstanding dues - Rs362.973 million

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

During audit of various institutions under administrative control of Secretary, Universities/Boards, for the Financial Years 2017-18 to 2018-19, it was observed that various dues amounting to Rs362.973 million were not collected by the management from employees/students. The details are given at **Annex-9** of Chapter-36.

The matter was reported to the management in August 2018 and October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.21 Maintenance of bank account in other than Sindh bank - Rs256.819 million

As per directives of the Chief Minister Sindh to heads of all Govt. departments including of Vice Chancellors of Public sector universities in Sindh vide No. SO(Coord)/CMS/30 dated 03.04.2014 by referring to finance department letter NO.FD.SO(Res-IV/7(9) 2011-12 dated 20-03-2014 that all the Govt. related accounts including Joint Accounts, other than Assignment Accounts would be maintained in Sindh Bank Limited.

During audit of QUEST University Benazirabad, for the Financial Year 2017-18, it was observed that the university maintained bank accounts with deposits of Rs256.819 million in various banks instead of Sindh Bank Limited in violation of the notified guidelines.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#113)

36.5.22 Irregular expenditure without soil testing report - Rs244.742 million

As per ASTM (American Society for Testing and Materials) A615/ A615M-12 Standard specification for Deformed and Plain Carbon-steel bars for Concrete Reinforcement, the steel bars used in the reinforcement of concrete has to be tested and should be up to the standards.

During the audit of Shaheed Zulfiqar Ali Bhutto, University of Law, Karachi for the financial year 2017-18. It was observed that expenditure of Rs244.742 million was incurred on various construction works by the University without soil testing report.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#12)

36.5.23 Irregular cash payments through DDO account - Rs237.117 million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy”.

During audit of following institutions under administrative control of Secretary, Universities / Boards, for the financial years 2016-17 to 2018-19, it was observed that payments of Rs237.117 million under various heads of account were made to payees through open cheques facilitating cash withdrawal from the DDO bank account.

(Rupees in million)				
Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	Board of Secondary Education, Karachi	2014-15 to 2016-17	05 & 11	111.941
2	QUEST, Benazirabad	2017-18	103	2.227
3	Director, Applied Economics Research Center, University of Karachi	2017-18	10	1.358
4	Shaheed Muhtarma Benazir Bhutto Medical University Larkana	2018-19	54	10.372
5	NED University Karachi	2017-18	09	111.219
Total				237.117

Moreover, it was also observed that the management of office at Sr. No. 4 above (Shaheed Muhtarma Benazir Bhutto Medical University Larkana) issued the cheques (amount under observation Rs10.372 million) to heads of various institutions under its administrative control for further disbursement to the actual payees instead of direct payment to the beneficiaries.

The matter was reported to the management during August 2017 to December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.24 Irregular payment to un-registered contractors - Rs196.799 million

As per PEC letter # PEC/ Consult/ ES/ 1900017 dated 01-09-2005, “Non-engineering works shall be constructed except by constructor or operated excepted by operator licensed as such by the council (PEC). All consulting engineering services in Pakistan shall be entrusted only a consulting engineering dully registered as such with the council (PEC). Further as per Planning & Development Department, Government of Pakistan’s letter # 1(63-A) PP & H/ PD/ 2005 dated 14-09-2005, “all respective provincial departments, city/ district government, TMA’s UC Administrations, housing, water supply and sanitation agencies must ensure compliance of the instructions given in Pakistan Engineering Council byelaws 1986 & 1987 are fully implemented in all engineering contracts and procurement of engineering services and works in order to restrain from pre-qualification of all such local and foreign firms, which do not abide by PEC laws and rules.

During audit of the following institutions under the administrative control of Secretary Universities/Boards for the Financial Year 2017-18, it was observed that an amount of Rs196.799 million was paid to various contractors on account of works without registration with PEC. Details are as follows.

(Rs. in million)

Sr. #	Name of Office	AIR Para#	Financial Year	Particulars	Amount
01	Shaheed Mohtarma Benazir Bhutto Medical University Larkana	97	2017-18	Award of construction work to a firm	88.227
		98		Award of electrification work to a firm	62.672
		100		Award of construction work to a firm	22.800
02	Dow University of Health Science Karachi	12	2017-18	Award of construction work to a firm	23.100
Total					196.799

The matter was reported to the management in October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.25 Non-utilization of machinery and equipment - Rs154.381 million

According to Appendix-18-A, Section-I of Sindh Financial Rules, Volume-II, “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of Mehran University of Engineering and Technology Jamshoro for the Financial Year 2017-18, it was observed that expenditure of Rs154.381 was incurred on purchase of various laboratory equipments. However, the same were neither inspected / installed nor utilized resulting in blockage of funds.

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#03)

36.5.26 Non-imposition of penalty for delayed work - Rs154.274 million

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 audit of following institutions under administrative control of Secretary, Universities / Boards, for the financial year 2017-18, it was observed that various works awarded to the contractors, which were required to be completed within the stipulated time period. The contractors failed to complete the works in time but the penalty of Rs154.274 million at the rate of 10% of the contract value was not imposed by the management.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	NED University of Engineering & Technology	2017-18	37	0.871
2	Sindh Madressatul Islam University	2017-18	08	0.585
3	Shaheed Muhtarman Benazir Bhutto Medical University Larkana	2017-18	134	8.394
4	QUEST, Benazirabad	2017-18	49	60.205
5	Shah Abdul Latif University, Khairpur	2017-18	07	46.216
6	Shaheed Zulifqar Ali Bhutto University of law, Karachi	2017-18	09	24.309
7	Mehran University of Engineering & Technology, Jamshoro	2017-18	24	13.694
Total				154.274

The matter was reported to the management in October, 2018 & February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.27 Un-authorized award of Scholarships - Rs115.772 million

As per P.C.I of "Faculty Development & Other Immediate Needs of QUEST N/Shah" PhD Scholarships were provisioned to faculty members: (i) in relevant field

of study, (ii) in specific countries; and (iii) the cost of Phd was fixed Rs6.5 to Rupees 7.00 million each.

During audit of QUEST Nawabshah under administrative control of Secretary, Universities/Boards for the financial years 2017-18, it was observed that scholarships amounting to Rs115.772 million were allowed to faculty members in contravention of provision of PC-I.

(Rs. in million)

Sr.#	AIR Para #	Particulars	Amount
1	29	Scholarship for country other than approved one (Malaysia)	68.304
	33	Cost of scholarship was over and above PC-I	22.399
	30	Scholarship for master's degree instead of Phd	17.774
	28	Scholarship for irrelevant subject	7.295
Total			115.772

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.28 Non-recovery of outstanding dues against scholarships – Rs109.439 million

As per Rule 41 (a) of Sindh Financial Rules, “The Department Controlling Officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury”.

During audit of following institutions under administrative control of Secretary, Universities/Boards, for the Financial Year 2017-18, it was observed that the Ph.D. scholarships amounting to Rs109.439 million were awarded to various faculty members. However, the same members neither returned back to serve the university nor completed the degree. The management did not recover the amount spent on scholarships from the defaulters.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	NED University of Engineering and Technology Karachi	29	2016-17 2017-18	65.928
2	QUEST, Shaheed Benazirabad	41	2017-18	43.511
Total				109.439

The matter was reported to the management in November 2018 and March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.29 Excess transfer of funds from self-finance account - Rs85.125 million

As per directives of the Governor of Sindh, Self Finance funds will be distributed as follows:

- 1) 50% to University Endowment Fund
- 2) 25.00% Recurring Account
- 3) 12.5% UDWP Account
- 4) 12.5% University Research Account

During audit of Quaid-e-Awam, University of Engineering, Science & Technology, Shaheed Benazirabad for the financial year 2017-18, it was observed that excess amount of Rs85.125 million was transferred to recurring account in violation of above directives/orders as detailed below:

(Rs. in million)

Sr. #	Nature of Account/Fund	Opening Balance as ASA	Income for 2017-18	Total	25% for Recurring A/c
1	Self- Finance Account	43.165	51.192	94.357	23.347
Amount Transferred to Recurring A/c					108.472
Excess transfer					85.125

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#38)

36.5.30 Non-adjustment of advances paid to employees - Rs72.616 million

According to Rule-668 of Central Treasury Rules, Volume-I, “Advances granted under the special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary”.

During audit of various institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that an amount of Rs72.616 million was paid to employees of the institutions as advances for various purposes, but the same were not adjusted/recovered. The details are given at **Annex-10** of Chapter-36.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustment/ recovery of the outstanding advances, besides taking remedial measures.

36.5.31 Unauthorized running of affiliated dental college resulting in penalty - Rs62.484 million

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

During audit of Shaheed Mohtarma Benazir Bhutto Medical University Larkana for the Financial Year 2017-18, it was observed that an amount of Rs62.484 million was paid to Pakistan Medical & Dental Council Islamabad as penalty for non-registration of Bibi Asfa Dental College. The affiliation of an un-registered institution by the university and subsequent penalty was a loss to the institution.

The matter was reported to the management in December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#71)

36.5.32 Irregular payment on account of stipend to trainees - Rs57.204 million

According to Guidelines (Version-IX) of Human Resource Research and Development Board, Benazir Bhutto Shaheed Youth Development Program under clause-5. Attendance and Stipend of Trainees.

- 5.1 Trainees having 85% attendance or more would be eligible for full stipend and dislocation allowance (DA) as admissible. However, in case of attendance varying between 60% to below 85%, trainee would be eligible for 50% stipend and 50% dislocation allowance.
- 5.2 If attendance is below 60% no stipend and dislocation allowance will be paid. The trainee shall be given a written warning advising him/her to improve attendance by PSTP. The trainees having attendance below 60% during two consecutive months shall be expelled from the trainings by the training provider under intimation to PCU in writing.

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that an amount of Rs57.204 million was paid to the different trainees on account of stipend.

(Rs. in million)

Sr. #	Name of Institutes	AIR Para #	Amount
1	Secretary, Benazir Bhutto Shaheed Human Resource, Research & Development Board, Karachi	01	55.158
2	Project Director, PMU, JSMU-AIPH, Karachi	16	2.046
Total			57.204

Following irregularities were noted:

- (i) Selection criteria was not made available to audit
- (ii) Stipend was paid without obtaining attendance of the trainees.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.33 Non-deposit of taxes in government account - Rs41.121 million

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

During audit of following institutions under administrative control of Secretary, Universities/ Boards, for the financial years 2016-17 & 2017-18, it was observed that an amount of Rs41.121 million was collected on account of government receipts, but the same was not deposited into the government account.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Particulars	Amount
1	Provincial Coordinator BBSYDP (SSDP Component-I) Karachi	2016-17	4.2.3	Income Tax/Sales tax	25.656
2	Secretary, BBSHRRD Board Karachi	2017-18	6	Income tax/GST/SST	15.021
3	Director, Applied Economics Research Centre University of Karachi	2017-18	15	Income Tax/Sales tax	0.444
Total					41.121

The matter was reported to the management in November 2017 and November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires depositing of taxes, besides fixing of responsibility on the person(s) at fault.

36.5.34 Non-utilization of allocated funds for research work - Rs40.283 million

As per Self Finance Scheme rules, "Annual income comprising the profit from the invested SS Funds and 50% of the amount received through new admissions under Self-Financing Scheme may be utilized in the following manner as per the requirement of the University arises from time to time: i) 25% of the above amount shall be earmarked for research. ii) The remaining amount may be utilized for execution of development schemes and other operational needs. The development schemes shall comprise new facilities, strengthening of those already existing and developed under PSDP, or completion of; those in progress under PSDP in which case, the funds as and when received from the Government shall be returned to SS Funds.

During audit of Mehran University of Engineering and Technology Jamshoro for the Financial Year 2017-18, it was observed that an amount of Rs40.283 million was allocated for research work. However, the management did not carry out the required research work and the amount remained un-utilized.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

36.5.35 Non-recovery of government taxes - Rs22.390 million

According to the section 153 (1) (a) of the Income Tax Ordinance 2001, 4.5 % income tax is required to be deducted at source while making payment to suppliers / contractors.

As per Section 3(1) of the Sales Tax Act, 1990, “There shall be charged, levied and paid a tax known as sales tax @ 16% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) ibid “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

During audit of various institutions under administrative control of Secretary, Universities/Boards for the financial years 2016-17 & 2017-18, it was observed that an amount of Rs22.390 million was not recovered on account of Income Tax, GST and SST from the bills of contractors/suppliers at source. The details are given at **Annex-11** of Chapter-36.

The matter was reported to the management in August 2017, November 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.36 Un-authorized payment of mobilization advance - Rs19.610 million

As per Rule 220(c) of Sindh Financial Rules, in respect of works costing Rs2.5 million or above the contractor may be allowed by the authority competent to accept tender, a mobilization advance to be paid up to 10% of the tendered amount subject to the following conditions:

- i. The contractor shall before obtaining the advance furnish a guarantee in Form 20-A.
- ii. The contractor shall pay interest @ 10% per annum of the advance.

During audit of following institutions under administrative control of Secretary, Universities /Boards for the financial year 2017-18, it was observed that an amount Rs 19.610 million was paid as mobilization advance. Following irregularities were noticed:

- i. Excess mobilization advance was paid against approved limit.
- ii. Advance was remained un-adjusted.
- iii. Interest on mobilization was not recovered.

(Rs. in million)

Sr. #	Name of Institutes	Financial Year	AIR Para #	Particulars	Amount
1	Quaid-e- Awam University of Engineering Science Technology Shaheed Benazirabad	2017-18	12	i. Insurance guarantee obtained instead of bank guarantee. ii. Record of adjustment/recovery of the advance was not produced to audit	11.650
			16	Interest @ 10% on mobilization advance was not recovered from the contractors.	3.689
2	SMBB Medical University Larkana	2017-18	90	Outstanding advance	4.271
Total					19.610

The matter was reported to the management in August 2017, November 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustment/recovery of advances, besides fixing of responsibility on the persons at fault.

36.5.37 Irregular excess expenditure on POL - Rs18.774 million

As per Government of Sindh Notification No.FD-B1/16(15)/99-2000(POL), POL ceiling for officers of Government the maximum limit of the officer of head of attached department is list enclosed litres per month. As per sub-para 02 of No: FD-B1/16(15)/99-2000 (POL) dated: 12th January, 2000 Finance Department, Government of Sindh “10% of the POL budget may be expensed on lubricants and services of vehicles”.

During audit of various institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that an expenditure of Rs18.774 million was incurred on account of POL & repair of vehicles without codal formalities. The details are given at **Annex-12** of Chapter-36.

The matter was reported to the management in August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.38 Unjustified negative cash balance as per cash book - Rs17.783 million

According to Rule-290 of Central Treasury Rules, Volume-I, no money shall be drawn from the treasury unless it is not required for immediate disbursement.

During audit of the Dawood University of Engineering and Technology, Karachi for the year 2017-18, it was observed that various payments were made despite non-availability of funds in grant-in-aid account, hence negative balance of Rs17.783 million was shown in cash book on various dates which was unjustified as the cheques for payments cannot be issued in anticipation of receipt of funds.

(Amount in Rupees)

Date	Opening Balance	Payments	Closing Balance
21-12-2017	4,408,554	10,000,000	-5,591,445
15-02-2018	(5,730,119)	244,671	-5,974,790
29-03-2018	22,976,442	24,848,833	-1,872,390
30-03-2018	(1,872,390)	2,472,018	-4,344,408
Total			-17,783,033

The matter was reported to the management in October 2018, The management replied that the bank reconciliation reflect that the negative balance exist because of cheques issued but not presented, if the concerned parties had presented the cheques in bank the issuance of further cheques would have stopped. The reply was not convincing as recording of negative bank balance has not been clarified.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#04)

36.5.39 Non-recovery of secured advances - Rs15.973 million

According to Clause 14.5 (II) “Secured advance paid on non-perishable material to the contractor under the above provision shall be effected from the monthly payments on actual consumption basis, but not later than period specified the rule, not more than three months (even if un-utilized).”

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that an amount Rs15.973 million was paid as secured advance to the contractors, but the same were not adjusted/recovered.

(Rs. in million)

Sr. #	Name of Institutes	Financial Year	AIR Para#	Particulars	Amount
1	Quaid-e-Awam University Engineering Science & Technology, Shaheed Benazirabad	2017-18	01	Un-adjusted Secured Advance against a work, “Construction of boys hostel at QUEST”	4.00
2	NED University Karachi	2017-18	20	Unadjusted Secured Advance against an work.” Construction of boys hostel”	1.031
3	SBB University of Veterinary and Animal Science Sakrand	2017-18	15	un-adjusted secured advance against a contractor, M/s Mumtaz & Co.	9.812
4	MUET Jamshoro	2017-18	30	Excess secured advance on steel by including the cost of labor	1.130
Total					15.973

The matter was reported to the management in August 2017, November 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires adjustment/recovery of advances, besides fixing of responsibility on the persons at fault.

36.5.40 Un-justified difference payment against foreign LC for purchase of equipment - Rs10.210 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of NED University of Engineering and Technology, Karachi for the financial years 2016-17 & 2017-18, it was observed that the management of the

university paid an amount of Rs10.210 million (Rs6.408 million vide Cheque dated 18-12-2017 plus Rs3.802 million vide cheques dated 20-03-2018) to a private bank, Habib Metropolitan Bank Ltd on account of shortfall/difference in LCs (Letter of Credit). The same LCs (total four) were opened by the management for purchase of laboratory equipment at a total cost equivalent to Pak Rs906.704 as per voucher No 75 dated 07-03-2018. The justification for payment of the difference amount was not available on record.

The matter was reported to the management during October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#50)

36.5.41 Irregular payment on account of advertisement - Rs9.213 million

According to Para 6 of Advertising policy notification 01st July 2011, published in the Sindh Government Gazette on 19-09-2011, “all advertisements of Sindh governments departments, local bodies /councils and organizations under the control of Sindh government i.eAutonomous bodies,..... shall be routed to the daily news-papers/periodicals and electronic media through Sindh Information Department being custodian of Sindh government’s Public relation and Publicity”.

During audit of following institutions under administrative control of Secretary, Universities/ Boards, for the financial year 2017-18, it was observed that an expenditure of Rs9.213 million was incurred on advertisement charges and payment was made to private parties instead of making payment through the Director Information, Government of Sindh.

(Rs. in million)

Sr. #	Name of Institutions	AIR Para #	Financial Year	Amount
1	Mehran University of Engineering & Technology, Jamshoro	11	2017-18	5.202
2	Dawood University of Engineering & Technology, Karachi	11	2017-18	3.287
3	Quaid-e-Awan University of Engineering Science & Technology, Shaheed Benazirabad	109	2017-18	0.401
4	Director, Applied Economics Research Center, University of Karachi	09	2017-18	0.206
5	Shah Abdul Latif University, Khairpur	11	2017-18	0.117
Total				9.213

The matter was reported to the management in October 2018 to February 2019. The management at serial#02 (Dawood University of Engineering & Technology, Karachi) replied that amount was paid to advertisement agencies under recommendations of Information Department. Reply from remaining institutions was not received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.42 Irregular payments of stipend through postal money order - Rs7.972 million

According to Guideline version-V -selection and placement of trainees in public sector: Clause-3.17 PMU(s) will be responsible to collect/verify/provide complete required data/particulars/certificates/documents including “CNIC and Bank Account Number of the applicants before allowing them to join to further proceed to the training”.

During audit of office of the Project Director, PMU-BBSYDP (Livestock & Fisheries) Hyderabad for the year 2017-18, it was observed that an amount of Rs7.972 million was paid to the trainees on account of stipend through postal money orders instead of direct payment to the payees through bank accounts. Moreover, the acknowledgement receipt of payment was also not produced to audit.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#20)

36.5.43 Irregular payment to institute without appropriate trades/courses - Rs7.640 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I “Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During audit of office of the Secretary, Benazir Bhutto Shaheed Human Resource, Research & Development Board, Sindh Karachi for the financial year 2017-18, it was observed that the contracts worth Rs7.640 million were awarded to 20 private service providers who were not dealing with the assigned trades/courses. For example, the beautician courses were carried out from Institute of Science & Information Technology and stitching/sewing courses were done through computer/English language centers. The management only produced copy of advertisement instead of complete record to verify transparent selection.

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#05)

36.5.44 Irregular payment of detection charges on misuse of electricity connection - Rs7.494 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the office of the Vice Chancellor, Mehran University of Engineering & Technology Jamshoro for the financial year 2017-18, it was observed that payment of Rs22.987 million was made on account of electricity charges by including the detection charges. It was noted from the bill payment history that the detection of Rs7.494 million was imposed during the month of October 2016, since then the university management has been paying the detection amount in installment.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#10)

36.5.45 Irregular award of scholarship to an ineligible candidate - Rs7.112 million

According to Appendix 18-A of Sindh Financial Rules, Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of NED University of Engineering & Technology, Karachi for the Financial Year 2016-17 and 2017-18, it was observed that under Mega (M-III) Project, an amount of Rs7.112 million was spent against a scholarship awarded to Manager Sports instead of faculty member of university. The grant of scholarship to a non-teaching staff was also not covered in the PC-I of the same project. Further, he was allowed Ph.D. in Human Resource, topic: Motor Control (Neurology), which is a part of Bio Medical Mechanical Engineering which is irrelevant to his present job as a Sport Manager.

Furthermore, the officer was allowed loan of Euro 992,180 vide office order dated 24.10.2012 for completion of his masters. However, no evidence of repayment of loan was available on the record.

The matter was reported to the management in March 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#51)

36.5.46 Irregular payment without testing reports - Rs 6.492 million

According to Sindh Public Procurement Rules 57 (1) 'Except for defect liability or maintenance by supplier, consultant for contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the procuring agency to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and auditors to do substantial audit'

During audit of following institutions under administrative control of Secretary, Universities/ Boards, for the financial year 2017-18, it was observed that expenditure of Rs 6.492 million was incurred on various purchases, but the inspection committee was not constituted and inspection was not carried out.

(Rs. in million)

Sr. #	Name of office	AIR Para #	Amount
1	Peoples University of Medical & Health Sciences for Women, Shaheed Benazirabad	04, 06 & 08	5.764
2	QUEST, Benazirabad	83	0.728
Total			6.492

The matter was reported to the management during October 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.47 Non-recovery of stamp duty - Rs6.439 million

As per Para 22-A of Stamps Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit of following institutions under administrative control of Secretary, Universities/Boards for the financial years 2016-17 & 2017-18, it was observed that stamp duty amounting to Rs 6.439 million was not recovered through affixing the stamps on the various agreements executed with suppliers/contractors.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
1	Peoples University of Medical & Health Sciences for Women, Shaheed Benazirabad	02	2017-18	0.105
2	Provincial Coordinator, BBSYDP, (SSDP Component-I) Karachi	4.2.5	2016-17	0.807
3	Board of Secondary Education Karachi	25	2016-17	0.618
		12		0.088
4	SMBB Medical University of Larkana	133	2017-18	2.684
5	Shah Abdul Latif University, Khairpur	03	2017-18	0.168
6	QUEST, Shaheed Benazirabad	65	2017-18	0.144
7	Director, Applied Economics Research Center, University of Karachi	20	2017-18	0.048

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Amount
8	SMBB University Layari	16	2017-18	0.043
9	Shaheed Benazir Bhutto University of Veterinary & Animal Science, Sakrand	09	2017-18	1.734
Total				6.439

The matter was reported to the management in November 2017 and November 2018 to February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.48 Outstanding recovery against fraudulent medical reimbursement - Rs4.019 million

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

During audit of Mehran University of Engineering and Technology Jamshoro for the Financial Year 2017-18, it was observed from an inquiry conducted by the university against fraudulent payments on account of medical reimbursement to employees that in connivance with officials of university an amount of Rs14.407 was drawn through total 48 fake bills of Agha Khan University Hospital. The management suspended the Account Officer and recovered Rs9.612 million leaving outstanding recovery of Rs4.019 million. Audit observed that Medical Re-imbursement Committee of the university assigned with job of scrutiny of medical re-imbursement claim of 1300 employees had no expert assistance of medical professional. Hence, the possibility of passing of claim involving undue expenses could not be ruled out apart from the above referred fraudulent case.

The matter was reported to the management in February 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of outstanding amount, besides fixing of responsibility on the person(s) at fault

(AIR#23)

36.5.49 Irregular payments to officials for incurring various expenditure - Rs1.985 million

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

During audit of Shaheed Benazir Bhutto University of Veterinary and Animal Sciences, Sakrand, for the financial year 2017-18, it was observed that expenditure of Rs1.985 million was incurred on various heads of accounts, i.e., Advertisement & Publicity, Animal / Fodder, Civil Works, Entertainment, National Celebration, Electrification, Repair / Maintenance of Transport, Building and Machinery / Equipment, etc. However, instead of direct payment to vendors, the management made payments to employees of the University as reimbursement of the expenditure incurred. Due to involving employees for contingent expenditure, the misuse of funds could not be ruled out.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#01)

36.5.50 Non-payment of Monitoring Charges to P&D Department - Rs1.736 million

Finance Department, Government of Sindh vide letter No.FD(IT)/2011-12 dated 7th January 2012 issued directives “Project Directors or executing agency of ADP schemes, who may be made responsible to deposit 1% TMP Charges through cheques in favor of Deputy Director (MEC) P&D Department for monitoring purpose under intimation to this department.

During audit of Quaid-e Awam University Nawabshah under administrative control of Secretary, Universities/Boards for the financial years 2017-18, it was observed that various works were executed and the expenditure was incurred thereon, but the Monitoring Charges @ 1% of the total funds released, amounting to Rs 1.736 million was not paid to P&D Department in violation of above directives as detailed below:

(Rs. in million)					
Sr. #	Name of Office	AIR Para #	Particulars	Funds released	Amount
1	Quaid-e Awam University Nawabshah	20	Rehabilitation of damages caused to QUEST N/Shah	13.566	0.136
			Establishment of Sindh College of Arts and Design at Sukkur	115.000	1.150
			Establishment of 02 new departments	45.000	0.450
Total				1.736	

The matter was reported to the management in November 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

36.5.51 Excess consumption of steel - Rs1.492 million

“No material alteration is sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Competent Authority, should any alteration of importance, involving any additional expenses, be

considered necessary, a revised or supplementary estimate should be submitted for sanction”, as per Rule-528 of Public Works Department Manual.

During audit of Shah Abdul Latif University Khairpur for the financial year 2017-18, it was observed that an amount of Rs1.492 million was paid to the contractor on account of excess consumption of steel over and above the actual quantity provided in the technical estimates, without any change in design and specification.

(Rs. in million)								
Cv# dt	W/o# dt	Name of work	Contractor	Quantity allowed	Quantity executed	Excess Quantity	Rate	Excess Amount
287 5-4-18	56 12-4-17	Constt: of main entrance gate with boundary wall along with National highway	Soomra Khan Mahar	11	22.48	11.48	130,000 per ton	1.492

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#09)

36.5.52 Illegal encroachment over university 45 acres land

“Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety”, as per Rule 10 of GFR volume-I. “Improper expenditure or waste of public money or stores is against the financial propriety.

During audit of Shah Abdul Latif University Khairpur under administrative control of Secretary, Universities/Boards for the financial year 2017-18, it was observed that 45 acres of agriculture land of the university was occupied illegally by the villagers and houses/poultry farms were constructed thereon. Utility connections electricity, gas etc were also obtained by the occupants for the illegally constructed

properties. The record did not indicate action taken by the management against the illegal occupants for retrieving the occupied land including the efforts, if any, made to disconnect their illegal utility connections.

The matter was reported to the management in October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

CHAPTER –37

WOMEN DEVELOPMENT DEPARTMENT

37.1 Introduction

Women constitute more than 50% population of Pakistan. Women Development Department being the sole government agency has to play the vital role of catalyst, lobbyist and influencer to attain the prime objective of women empowerment through gender mainstreaming in the project programmes, providing gender equality and equity.

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	1	1	161.389	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	0	0		

37.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
661.485	0.000	27.616	(27.616)	(443.712)	217.773	154.796	(62.977)

The department was unable to spend the allocated budget in time. As a result savings of an amount Rs62.977 million was observed which was not surrendered in time.

37.3 Classified Summary of Audit Observations

Audit observations amounting to Rs398.139 million were raised as a result of this audit. This amount also includes recoverables of Rs3.375 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	18.750
2	Reported cases of fraud, embezzlement and misappropriation	
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	371.146
C	<i>Management of Accounts with Commercial Banks</i>	
4	Value for money and service delivery issues	
5	Others	8.243

37.4 Comments on the Status of Compliance with PAC Directives

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

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	0	0	0	0	-	No audit para pertaining to this department was printed in these Audit Reports
2	1998-99	0	0	0	0	-	
3	1999-2000	0	0	0	0	-	
4	2001-02	0	0	0	0	-	
5	2004-05	0	0	0	0	-	
6	2005-06	0	0	0	0	-	
7	2006-07	0	0	0	0	-	
8	2007-08	0	0	0	0	-	

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
9	2008-09	0	0	0	0	-	
10	2009-10	0	0	0	0	-	
11	2010-11						
12	2014-15	0	0	0	0	-	Audit Report not yet discussed
13	2016-17						
Total		0	0	0	0	-	

37.5 Audit Paras

37.5.1 Non-production of record – Rs18.750 million

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

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

During audit of the following offices of Women Development Department, Government of Sindh for the financial years 2017-18 and 2018-19, the auditable record of Rs18.750 million (incurred in favor of Committee for the Welfare of Prisoners; Legal Aid Office, Karachi) was not provided for audit scrutiny despite various reminders. In absence of authenticity of expenditure could not be ascertained by audit.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Director, Women Development Department, Karachi	01	2017-18	1. List of all on-going / completed schemes. 2. Sanctioned and working strength of all schemes. 3. Modified PC-I and PC-IV of completed schemes. 4. List of institutes / centers established for welfare of needy women and children. 5. List of officers in-charge posted in various districts. 6. Monthly and yearly progress reports of all schemes. 7. Annual procurement / work plan. 8. Cheque Register / Tender Register etc.	-
2	Secretary, Women Development, Karachi	01	2018-19	1. Agreement executed between the committee and Women Welfare Department. 2. Memorandum of Understanding (MoU). 3. Assessment /performance report duly endorsed by WDD. 4. Minutes of welfare committee meeting.	18.750
Total					18.750

The matter was reported to department in November, 2018 and July, 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides fixing responsibility against the person(s) at fault.

37.5.2 Irregular project operations without approval of competent authority - Rs273.455 million

As per Rule 11 of General Financial Rules, Volume-I, “each head of department is responsible for enforcing financial order and strict economy at every step. He is also observance of all relevant financial rules and regulation, both by his own office and by sub-ordinate disbursing officer.

During audit of the office of Director, Women Development department, Govt. of Sindh, Karachi for the financial year 2017-18, it was observed that projects costing Rs273.455 million were operating under the control of the Directorate for a significant time period. The projects had crossed their sanctioned costs and completion period but to date no approval was obtained from competent authority. Thus the expenditure incurred without approval was irregular and unauthorized. Details are as under;

(Rs in million)

Sr. #	Name of Project / Scheme	Period	Cost
01	Establishment of working women hostel at SBA	2011-12 to 2014-15	13.762
02	Advocacy for Women Development in Sindh	2011-12 to 2014-15	49.386
03	Women Development complex at Sukkur	2011-12 to 2014-15	210.307
Total			273.455

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends immediate inquiry at higher level for fixation of responsibility.

(AIR#2)

37.5.3 Un-justified expenditure - Rs83.607 million

As per Appendix-II of Sindh Financial Rules Volume-I and appendix 18-A of Sindh Financial Rules Volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other Government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of the office of Secretary Women Development Department, Government of Sindh, Karachi for the year 2018-19, it was observed that ADP scheme (Gender Reform Action Plan) was initiated with an estimated cost of Rs542.440 million as per revised PC-I. The actual expenditure incurred up to June-2018 was Rs83.607 million (15% of estimated cost) for which following observations were noticed:

1. As per initial PC-I scheme costing Rs308.876 million was to be executed from May 2006 to 30.06.2010.
2. The PC-1 was revised with execution period 01.07.2010 to 30.06.2014 and revised costing of Rs542.440 million.
3. Project was executed from 2014-15 to 2017-18 without further revision of PC-1.
4. After lapse of considerable time (14 years), project was closed in 2018-19 without any justification.

Audit is of the view that poor planning and execution resulted in time and cost over run causing wastage of funds and non-achievement of target within stipulated time.

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#2)

37.5.4 Irregular award of contract - Rs11.094 million

As per Rule 11 of General Financial Rules, Volume-I, “each head of department is responsible for enforcing financial order and strict economy at every step. He is also observance of all relevant financial rules and regulation, both by his own office and by sub-ordinate disbursing officer.

During audit of the office of Director, Women Development department, Govt. of Sindh, Karachi for the financial year 2017-18, it was observed that an amount of Rs11.094 million was paid to M/s. HANDS. The award of contracts of the scheme “Advocacy for Women empowerment in Sindh” stands irregular and unjustified on following grounds:

- i. Tender was advertised in one newspaper only.
- ii. 05 lowest bidders were rejected on technical grounds but documents of technical evaluation were not provided to audit.
- iii. Proposal of financial bids of contractors were not produced.
- iv. Tender register, deposited challan of tender fees were also not produced.

Audit is of the view that due to violation of rules the contract was irregular.

The matter was reported to management in November, 2018 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#9)

37.5.5 Procurement without tendering – Rs2.990 million

Rule 17(1) of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority's websites and in print media in the manner and format prescribed in these rules.

During audit of the following offices of Women Development Department, Government of Sindh for the financial years 2017-18 and 2018-19, it was observed that an expenditure of Rs2.990 million was incurred without inviting open tenders. Thus, the government was deprived of competitive rates.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Director, Women Development Department, Karachi	12	2017-18	Conference & Seminars	0.892
2	Secretary, Women Development, Karachi	06	2018-19	Furniture, Hardware & Machinery	1.159
		07		Cost of other store	0.939
Total					2.990

The matter was reported to department in November, 2018 and July, 2019 but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

37.5.6 Un-authorized retention of government vehicles – Rs2.650 million

According to Para 40-B Appendix 18-A (1) of SFR volume-I “Means should be advised to ensure that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.”

During audit of the office of Secretary Women Development Department, Government of Sindh, Karachi for the financial year 2018-19, it was observed that 04 vehicles and 01 motorcycle of the office valuing Rs2.650 million were in custody of Ex-Ministers/Officers of Women Development Secretariat. The management did not take any steps for retrieval of those vehicles which resulted in loss of Rs2.650 million to the Government.

(Amount in Rupees)

Sr. #	Registration No	Approximate Value	To whom allotted	Name of Allotted	Date of Allotment
1	GS-9292 (Toyota Corolla 2009)	1,000,000	Ex-Minister for WDD:	Ms. Rubina Qaim Khani	2014
2	CD-70 (Motorcycle)	50,000			
3	GS-7370 (Toyota Corolla 2004)	600,000	Ex-Minister for WDD:	Ms. Tauqeer Fatima Bhutto	2008
4	GS-9496 (Suzuki Cultus VXR)	500,000	Ex-Secretary, WDD	Mr. Liaquat Ali Randhawa	28.02.2011
5	GS-6939 (Suzuki Cultus 2006)	500,000	Ex-Secretary, WDD	Mr. Badar Jamil Mendhro	07.02.2014
Total		2,650,000			

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#11)

37.5.7 Deviation from agreement - Rs2.218 million

As per Para 11 of the GFR volume-I “Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.”

During audit of the office of Director, Women Development Department, Government of Sindh, Karachi for the financial year 2017-18, it was observed that as per agreement, a separate account was required for the scheme “Advocacy for Women empowerment in Sindh” but the department failed to provide any proof of the bank account. Further an amount of Rs2.218 million was paid to a contractor against the work. Moreover, demand draft / bank guarantee against the contract was not obtained from M/s. HANDS.

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

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#10)

37.5.8 Non-deduction of government taxes – Rs3.375 million

According to Section 153 of income tax ordinance 2001 “Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person.

- (a) for the sale of goods;
- (b) for the rendering of or providing of services;

(c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing of services, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the First Schedule.

According to Rule 3(3) of Sindh Sales Tax Special Procedure (Withholding) Rules, 2014, “A withholding agent, other than a person or a recipient of the taxable services covered by clause (f) of sub-rule (2) of rule 1, shall deduct an amount equal to one-fifth of the total amount of sales tax shown in the sales tax invoice issued by a registered person and shall make payment of the balance amount to service provider.”

During audit of the office of Secretary Women Development Department, Government of Sindh, Karachi for the year 2018-19, it was observed that various taxes amounting to Rs3.375 million were not deducted at the prescribed rate.

(Rs. in million)

Sr. #	Name of Office	AIR Para #	Financial Year	Particulars	Amount
1	Secretary, Women Development, Karachi	04	2018-19	Income Tax	1.875
		05		Sindh Sales Tax	1.500
Total					3.375

The matter was reported to the management in July 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of government taxes under intimation to audit.

CHAPTER – 38

WORKS AND SERVICES DEPARTMENT

38.1 Introduction

Initially, there was one Department namely Public Works Department (PWD) which consisted of Irrigation Department, Building Department, Roads Department and Public Health Engineering Department. Before mid-sixties, Buildings and Roads Department (B&R) was one Department. Later on it was bifurcated in two Departments; each one was headed by Chief Engineer under Secretary, C&W Department. After devolution in 2001, Communication & Works Department was renamed as Works & Services Department. The Education Engineering Works, previously functioning under Education Department was transferred to Works & Services Department.

Before devolution, Communication & Works Department was responsible for execution and maintenance of Roads and Buildings Projects in the entire province except works which were executed by civic agencies and some other agencies.

After devolution, workload was partly transferred to District Governments. The Education Engineering works after re-structuring were devolved at District level and none of its functions were retained at Provincial level. The Foreign Aided Projects of Education Engineering Works under Project Director (Education Works) were dealt by Education Department at Provincial level.

Works & Services Department, Government of Sindh is responsible for providing services in the form of road network and building facilities for various departments of Government of Sindh. Its main activities are planning, designing, construction and maintenance of Roads/Highways and Buildings. The W & S Department offices are spread over the length and breadth of the province. Since devolution in 2001, the functions of W&SD were divided between Provincial and District Governments to facilitate the end users. The road network was devolved to the District Government but, some important inter-district roads were retained by the Works & Services Department.

The following functions are undertaken by the department:

- a) Implementation of Annual Development Program (ADP) in terms of construction, and improvement, of new and existing facilities. It also includes all domestic and Foreign Aided Projects.

- b) Implementation of the Annual Maintenance & Repair Programme.
- c) Preparation of feasibility reports of roads / projects.
- d) Designing of roads and buildings and preparing detailed estimates.
- e) Preparation of Architectural Design & Drawing of Residential and Non-Residential Buildings.
- f) Quality Assurance of projects.
- g) Training of officers and staff in technical/other relevant fields.
- h) Providing technical/execution assistance to other departments and agencies.

Presently, W&SD is providing technical assistance for construction of roads, etc., to Mines and Minerals Department and Sindh Coastal Development Authority. Moreover, the W&SD also constructs buildings for other departments.

Departments attached/subordinate to the W & S Department are;

- a) Highways Department
- b) Building Department

(Rs. in million)

Sr No.	Description	Total Nos	Audited	Expenditure audited FY 2018-19	Revenue / Receipts audited FY 2018-19
1	Formations	78	26	16,166.000	-
2	Assignment Accounts (excluding FAP)	0	0		
3	Authorities/Autonomous Bodies etc under the PAO	0	0		
4	Foreign Aided Projects (FAP)	1	1	4,276.209	

38.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2018-19 were audited on test check basis. Following is the position of budget, expenditure and receipt of the department:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
40,697.297	931.780	12,597.428	(12,597.428)	(8,740.133)	32,888.944	31,820.617	(1,068.326)

The department was unable to spend the allocated budget in time. As a result savings of Rs1,068.326 million was observed which was not surrendered in time.

(Rs. in million)

Revenue Estimates	Revised Revenue Estimates	Actual Receipts	Variation
550.000	500.000	264.681	- 235.319

The department was unable to collect the estimated receipts in time, as a result, shortfall of an amount Rs235.319 million was observed.

38.3 Classified Summary of Audit Observations

Audit observations amounting to Rs20,936.776 million were raised as a result of this audit. This amount also includes recoverables of Rs286.771 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

Sr. No.	Classification	Amount
1	Non production of record	8,944.931
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	<i>HR/Employees related irregularities</i>	-
B	<i>Procurement related irregularities</i>	2,141.547
C	<i>Management of Accounts with Commercial Banks</i>	-
4	Value for money and service delivery issues	
5	Others	9,850.298

38.4 Comments on the Status of Compliance with PAC Directives

The following Audit Reports have been discussed by PAC. The status of discussion of audit reports by the PAC with respect to the Audit Paras requiring compliance of the PAC directive and subsequent compliance by the department is tabulated as follows. The overall compliance by the department was 2.7%.

Sr. No	Audit Report	Total Paras discussed	No. of Paras requiring Compliance	Compliance of PAC directives made	Compliance of PAC directives not made	Percentage of Compliance	Remarks
1	1992-93	25	4	0	4	-	
2	1998-99	19	10	0	10	-	
3	1999-2000	25	1	0	1	-	
4	2001-02	25	5	0	5	-	
5	2004-05	28	22	2	20	9.1	
6	2005-06	13	8	0	8	-	
7	2006-07	5	2	0	2	-	
8	2007-08	18	5	0	5	-	
9	2008-09	15	4	0	4	-	
10	2009-10	21	1	0	1		
11	2010-11	25	12	0	12		
12	2014-15	0	0	0	0	-	Report not yet discussed
13	2016-17	0	0	0	0	-	
Total		219	74	2	72	2.7	

38.5 Audit Paras

38.5.1 Non-production of record – Rs8,944.931 million

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

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

During audit of the various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, the auditable record involving financial impact of Rs8,944.931 million was not produced to audit for scrutiny despite various reminders. In the absence of auditable record, the authenticity of expenditure could not be verified. The details are given at **Annex-1** of Chapter-38.

The matter was reported to the management during October 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

38.5.2 Non-obtaining of performance security – Rs479.026 million

As per Rule-39 of Sindh Public Procurement Rules 2010, “Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price”.

During audit of the following offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that the performance security amounting to Rs479.026 million was not obtained from contractors. Details are given as under:

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division Sukkur	2017-18	11	192.927
2	XEN Highway Division Sukkur	2017-18	15	123.401
3	XEN Highway Division, Jamshoro	2017-18	15	12.797
4	XEN Highways Division, Mirpurkhas	2017-18	09	12.001
5	XEN Highways Division, Khairpur	2017-18	13	31.45
6	XEN District Highway Division Tharparkar @ Mithi	2017-18	26	31.124
7	XEN Machinery Maintenance Division Digri @ Kotdiji	2017-18	37	28.573
8	XEN Building Division, Thatta	2018-19	20	6.091
9	XEN Building Division Sujawal	2018-19	4	3.340
10	XEN Building Division, Naushahro Feroze	2018-19	15	2.803
11	XEN Coastal Highway Division Hyderabad	2018-19	01	13.750
12	XEN District Building Division, Larkana	2018-19	09	20.769
Total				479.026

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for non-obtaining of performance security, besides fixing of responsibility on person(s) at fault.

38.5.3 Non-imposition of liquidated damages – Rs1,475.469million

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 audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that various works could not be completed by the contractors within stipulated time, and 10% penalty amounting to Rs1,475.469 million was not imposed. The details are given at **Annex-2** of Chapter-38.

The matter was reported to the management during September 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires recovery of penalty amount and copies of extensions duly approved by the competent authority be provided for verification, if any.

38.5.4 Irregular payment of mobilization advance – Rs36.973 million

As per rule-9.3(2b) of SPPRA Procurement Regulations Works, mobilization advance is to be paid upon furnishing of **irrevocable bank guarantee of amount equal to mobilization advance** in specified form from a scheduled bank in Pakistan in favor of the procuring agency.

During audit of the following offices of Works & Services Department, Government of Sindh for the year 2017-18, it was observed that mobilization advance of Rs36.973 million was paid to the contractors without obtaining of bank guarantees or security.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Machinery Maintenance Division Digri @ Kotdiji	2017-18	35	21.375
2	XEN Highways Division, Khairpur	2017-18	1	15.598
Total				36.973

The matter was reported to the management during December 2018 to January, 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding payment of mobilization advance without any guarantee or security.

38.5.5 Irregular award of work without open tender— Rs7.800 million

As per Rule 17(1) of SPPRA Rules 2010, procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules.

During audit of the following offices of Works & Services Department Government of Sindh, for the year 2018-19, it was observed that an expenditure of Rs7.800 million was incurred on repair and maintenance work without invitation of open tenders as per details below:

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Building Division, Kamber Shahdadkot	2018-19	01	6.104
2	XEN Building Division Dadu	2018-19	02	1.175
3	XEN Building Division Tando Allahyar	2018-19	15	0.521
Total				7.800

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding expenditure without invitation of open tender besides fixing of responsibility on persons(s) at fault.

38.5.6 Non-obtaining of extension in bank guarantee to secure the mobilization advance - Rs142.279 million

According to Rule-23, General Financial Rules, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by

government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit on the accounts of Project Director, Sindh Provincial Road Improvement Project, Hyderabad for the year 2017-18, it was observed that mobilization advance of Rs206 million was paid to M/S Metallurgical Corporation of China Ltd. (MMC)- M/s Umar Jan & Co. (JV) for the work ICB-SPRIP-01 “Construction of road from Thul to Kandhkot (44KM) against furnishing of bank guarantee #LG-08160227 valid up to November 30th 2017 (Askari bank Ltd Islamabad). However, after expiry of the validity period neither the same was got extended/revalidated nor outstanding amount of Rs142.279 million was recovered from the coming IPC#06 dated 28.12.2017 because bank stands absolved from its obligations under the said guarantee after expiry date.

The matter was reported to the management in the month of September 2018, but no reply was received.

Non-compliance of rules and regulations indicates improper watch and prevalence of weak internal control(s).

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation for fixing of responsibility on the person(s) at fault.
(AIR#04)

38.5.7 Non-recovery of government receipts - Rs203.853 million

According to Para 153 (1)(a),(b)&(c) of Division III of Part III of the First Schedule of Income Tax Ordinance, 2001, Income tax is required to be deducted at source while making payment to suppliers/contractors w-e-f 01-07-2015. As per section 3(1) of Sindh Sales Tax on Services Act-2011, service provided by person engaged in contractual execution of work or furnishing supplies is taxable @ 14%. According to Rule 2 (2) of S.R.O. 660(I)/2007 dated 30th June, 2007 issued by FBR, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the registered suppliers and make payment of the balance amount to him.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that various receipts (i.e., Income Tax, Sales Tax, SST and other recoveries) amounting to Rs203.853 million were not recovered from the contractors. The details are given at **Annex-3** of Chapter-38.

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

38.5.8 Non-recovery of shrinkage allowance – Rs43.325 million

According to Sr. No.8 item (2) (b) of Introduction to Schedule of Rates (Composite) for finished items of works 2012, “deduction for settlement (shrinkage) be made from the bank measurements when the earth work is done by machine (tractors and bulldozer) at the rate of 3 to 6%.”

During audit of the following offices of Works & Services Department, Government of Sindh, for the year 2017-18 & 2018-19, it was observed that an amount of Rs43.325 million was not recovered/ deducted from the bills of contractors on account of shrinkage allowance. The details are given at **Annex-4** of Chapter-38.

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

38.5.9 Non-recovery of stamp duty – Rs39.593 million

As per Para 22-A of Stamps Act, 1899 “It is the duty of the competent authority to recover the stamp duty and affix stamp @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost before execution of the agreement.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that stamp duty of Rs39.593 million was not recovered from the contractors. The details are given at **Annex-5** of Chapter-38.

Audit is of the view that, government was deprived of hefty amount due to non-recovery of stamp duty which indicates prevalence of poor financial discipline within the formation

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

38.5.10 Irregularities in execution of works - Rs5,172.340 million

According to Para-72 of CPWA Code “As a general rule, every payment including repayment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full particulars of the claim and all information necessary for its classification and identification in the accounts and be signed by the contractor and authorized officer”.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that payment of Rs5,172.340 million was made against various works. Various irregularities were noticed which are detailed at **Annex-6** of Chapter-38.

The matter was reported to the management during October 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires clarification of doubtful expenditure besides fixing of responsibility on person (s) at fault and also taking remedial measures.

38.5.11 Expenditure beyond operational jurisdiction – Rs802.901 million

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

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs802.901 million was incurred on execution of various works beyond the operational jurisdiction or without obtaining NOC from the respective department. The details are given at **Annex-7** of Chapter-38.

The matter was reported to the management during October 2018 to November 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding expenditure beyond operational jurisdiction.

38.5.12 Irregular expenditure on works by splitting up – Rs596.238 million

Rule 12 (1) of SPPR 2010 provides that all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan;

During audit of following offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that an

expenditure of Rs596.238 million was incurred on various works through splitting in order to avoid sanction of next higher authority.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division Dadu	2017-18	8	60.159
2	XEN Provincial Highway Division Sukkur	2017-18	14	41.349
3	XEN Highway Division Matiari	2017-18	03	18.160
4	XEN Highway Division Larkana	2017-18	3	1.569
5	XEN Machinery Maintenance Division Digri @ Kotdiji	2017-18	26	95.940
6	XEN Building Division, Naushahro Feroze	2018-19	3	49.8
			7	0.687
7	XEN Roads & Transport Division, Karachi	2017-18	03	39.819
8	XEN District Building Division Nawabshah	2018-19	28	39.53
9	XEN Highway Division Thatta	2017-18	4	36.847
10	XEN Provincial Buildings Division, Hyderabad	2018-19	1	2.372
11	XEN Road & Transport Division Karachi	2018-19	05 & 25	209.28
12	XEN Building Division Kamber Shahdadt	2018-19	12	0.400
13	XEN Roads & Transport Division Karachi	2018-19	06	0.326
			Total	596.238

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by competent authority.

38.5.13 Excess execution of items of work - Rs181.945 million

According to Clause 38 of the standard Contract Agreement, the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that expenditure of Rs181.945 million was incurred on excess execution of items of works against BOQ

of tender documents in violation of rules. The details are given at **Annex-8** of Chapter-38.

The matter was reported to the management during October 2018 to September 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation into excess execution of works besides taking remedial measures.

38.5.14 Irregular execution of extra items of works without sanction - Rs111.980 million

As per Para 711 of P.W.D Manual Volume-II appendix-8, the estimate of extra item is required to be sanctioned by the competent authority, who have sanctioned the main estimate of the work.

During audit of various offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that an expenditure of Rs111.980 million was incurred on extra items of various works without sanction of competent authority. The management did not exercise due care while preparing original estimates resulting in undue benefit to contractors by allowing execution of extra items of works.

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division Mirpurkhas	2017-18	03	13.610
2	XEN Highway Division Jamshoro	2017-18	29	4.403
3	XEN Highway Division Jamshoro	2017-18	33	2.798
4	XEN Building Division, Shahdadt Kot @ Kamber	2017-18	02	0.758
5	XEN Building Division, Naushahro Feroze	2018-19	5	0.402
6	XEN Highways Division, Hyderabad	2017-18	11	0.283
7	XEN Highway Division Sukkur	2018-19	20	19.849
8	Resident Engineer Sindh House Islamabad	2017-18	18	8.741
9	XEN Highway Division Jacobabad	2017-18	02	21.363
10	XEN Provincial Highway Division Sukkur	2017-18	16	16.505
11	XEN Highway Division Larkana	2017-18	08	13.163

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
12	XEN District Building Division-I Karachi	2017-18	1	5.981
13	XEN Provincial Highway Division Sanghar	2018-19	08	4.124
Total				111.98

The matter was reported to the management during November 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure by competent authority.

38.5.15 Execution of earth work through contractors instead of Mechanical Division – Rs857.167 million

Earth works are to be carried out through Mechanical Divisions as per Finance Department Circular No. B-IV -8/131/85 dated 9th April, 1987 read with circular # DAIFD/ID-EX/10/87/698 dated 27-04-1998.

During audit of the following offices of Works & Services Department, Government of Sindh for the year 2017-18, it was observed that earth work amounting to Rs857.167 million was carried out through local contractors instead of Mechanical Division. Details are as under;

(Rs. in million)

Sr. #	Name of office	Financial Year	AIR Para #	Amount
1	XEN District Highway Division Mirpurkhas	2017-18	07	530.009
2	XEN Provincial Highways Division Shaheed Benazirabad	2017-18	03	96.357
3	XEN Highway Division Jamshoro	2017-18	07	45.888
4	XEN Provincial Highways Division Sukkur	2017-18	23	37.696
5	XEN District Highway Division Mirpurkhas	2017-18	03	33.968
6	XEN Highways Division Shaheed Benazirabad	2017-18	03	10.203
7	XEN Highway Division Dadu	2017-18	04	9.426
8	XEN Highway Division, Jacobabad	2017-18	13	3.274
9	XEN Highways Division, Hyderabad	2017-18	6	61.847
10	XEN Highway Division Thatta	2017-18	16	15.141
11	XEN District Highway Division Tharparkar @ Mithi	2017-18	47	13.358
Total				857.167

The matter was reported to the management in the month of October 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for not getting works done from the Mechanical Division besides taking remedial measures.

38.5.16 Non-adjustment of advances – Rs307.049 million

According to Para-668 of Federal Treasury Rules, advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.

During audit of the following offices of Works & Services Department, Government of Sindh for the year 2017-18 & 2018-19, it was observed that advance of Rs307.049 million was made for the execution of work but subsequent adjustment of accounts were not made.

(Rs. in million)				
Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	XEN Provincial Highway Division Sukkur	2017-18	20	21.868
2	XEN Highway Division Larkana	2017-18	11	11.696
3	XEN Highway Division Sukkur	2017-18	19	0.999
4	XEN Building Division, Ghotki @ Mirpumathelo	2018-19	18	1.220
5	XEN Highway Division Sukkur	2018-19	27	196.421
6	XEN Building Division Dadu	2018-19	05 & 09	17.819
7	Comptroller Sindh House Islamabad	2017-18	26	0.400
8	Comptroller Sindh House Islamabad	2017-18	47	0.604
9	Resident Engineer Sindh House Islamabad	2017-18	08	56.022
Total				307.049

The matter was reported to the management during October 2018 to October 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

38.5.17 Irregular purchase of vehicle – Rs9.418 million

As per notification of Finance Department Govt. of Sindh Karachi vide No. FD/B&E-I/2(360)/BAN/2012-13 dated, 17-05-2013 and letter No. CTC(SGA&CD)13(27)09 dated, 29-03-2013 of Services General Administration and Coordination Department Government of Sindh Karachi:

- a) There shall be a complete ban on procurement of vehicles of all categories and luxury items like Air conditioners etc.
- b) There shall be a complete ban on procurement of furniture, computers etc from non-development budget.

The above ban shall only be relaxed by orders of the Chief Minister.

During audit of office of the Comptroller, Sindh House Islamabad for the years 2016-2017 & 2017-18, it was observed that an amount of Rs9.418 million was paid to M/s Indus Motor Company Limited for the procurement of 05 Toyota Corollas 1300CC Model 2018, details are as under:

(Rs. in million)

Chq.#	Date	Title	Particulars	Amount
6415189	07-06-2017	M/s Indus Motor Company Ltd Rs1,883,500 each	Purchase of 05 Toyota Corollas 1300CC Model 2018	9,417,500

Further shortcomings were noticed:

- i. Procurement of vehicle was made during ban period, in violation of above notification.
- ii. Permission from Chief Minister was not obtained.
- iii. Sales tax invoice was not attached with the bill.
- iv. Exemption certificate regarding not deduction of income tax was not available.
- v. As per quotation received from Toyota Islamabad Motors, cost of 05 Toyota Corollas was Rs9,042,500 for the model 2017 and payment was made amounting to Rs9,417,500 for the model 2018 but vehicles of 2017 model were delivered.

- vi. Excess payment amounting to Rs375,000 was still not recovered during the period of audit from M/s Indus Motor Company Ltd.
- vii. Status of registration plates were not known.
- viii. Quotation was received from Toyota Islamabad Motors, Islamabad but delivery was received from Toyota Point Motors, Hyderabad which creates doubts.

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

The matter was reported to the management during December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

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

(AIR#82)

38.5.18 Un-authorized cash withdrawal from DDO bank account - Rs2.189 million

As per Finance Department, Government of Sindh, Karachi letter No. FD(1-II)1(10)/2006 dated 12-09-2006 “Claims on account of purchases of material supplied and services rendered exceeding Rs 10,000 are payable through cheques to the suppliers in order to ascertain the transparency and accuracy ”

During audit of office of the Comptroller, Sindh House Islamabad for the years 2016-2017 & 2017-18, while scrutiny of DDO bank account statement revealed that various payments amounting to Rs2.189 million were made in cash instead of cross cheques which creates doubts regarding transparency of such payments. Furthermore, details/ purpose of such payments was also not provided to audit.

The matter was reported to the management during December 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires reasons of cash payment besides fixing of responsibility on person(s) at fault.

(AIR#79)

38.5.19 Award of Technical Sanction after opening of Bid & Comparative statement- Rs436.797 million

According to SPPRA Regulations for works # 6.1 FORMALITIES. The Procuring Agency shall initiate the procurement process only after following codal formalities are observed: - (i) Administrative Approval (A.A) of the scheme is received. In case of urgency, in order to avoid delay in the bidding process the Anticipated Administrative Approval is issued by the Administrative Department on the orders of the competent forum;⁶ (ii) Technical Sanction (TS) of detailed estimate is obtained from competent authority⁷; (iii) Funds are released or anticipated to be released before award of contract.

During the audit of the following offices of Works & Services Department Government of Sindh for the year 2017-18 & 2018-19 it was observed that the technical sanctions which are required to be obtained before the award of the contracts, have been obtained after inviting tender.

(Rs. in million)

Sr. #	Name of Office	Financial Year	AIR Para #	Amount
1	Executive Engineer, Road & Transport Division Karachi	2018-19	28	40.000
2	Resident Engineer Special Project Sindh House Islamabad	2017-18	45	396.797
Total				436.797

The matter was reported to the management in the during the month of December 2018 to August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Irregular awarding of work without technical sanction accounts to mis-procurement, which needs to be justified, beside fixing of responsibility on person(s) at fault.

38.5.20 Unjustified payment against the work renovation & rehabilitation of press club Kandhkot - Rs3.026 million

Under rule '1' Appendix 18-A of Sindh financial rule vol-I, every Government servant realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

During the audit of the office of Executive Engineer Building Division Kashmore @ Kandhkot for the year 2018-19, it was observed that an amount of Rs.3.026 million was paid to contractor M/s Baloch & Brothers for the above named work. The following observations were recorded;

- i. The quantity and item of the contractor bill and quantity and item of the technical sanction does not match each other.
- ii. Item of the work supply and fixing of wall panel, providing and laying white marble and excavation item was not found in the technical sanction and charge extra item by the contractor without any justification.
- iii. Specification of items were found changed without any justification in this connection valid reason and documentary evidence was not available in the office.
- iv. Payment against the Measurement of the work was found over 60% in the 1st running bill which must be 10% in the 1st running bill as to evaluate the quality of the work.
- v. Measurement book was not provided during period of audit.

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#14)

38.5.21 Non-reduction in cost of work despite 30% decrease in scope of work - Rs254.000 million

As per approved PC-I by PDWP meeting held on 18-02-2015 named “Re-conditioning of road from Sindh Small Industries to Gulshan-e-Iqbal, Qureshi village via Mehran Marble Shawaim Factory to Qureshi Goth 16,9 Kms” for amounting to Rs278.006 million. The administrative Approval was issued vide letter No. FD(Dev-III) Road-4(20)/2014-15 dated 19-05-2015.

During audit of office of the Executive Engineer Highway Division Sukkur for the financial year 2018-19, it was noticed that the scope of road work was reduced from 16.9 kms to 11.09 kms without approval of the competent forum i-e PDWP that actually approved the scheme. Further, the following observations were noticed:

- i. The estimate was initially approved by Chief Engineer vide letter No CE/HWS/1891/of 2015 dated 05-11-2015 for 16.70 kms for amounting to Rs253.807 million and the same was revised vide No. CE/HWS/507/of 2017 dated 04-02-2017 for amounting to Rs254.00 million for 11.09 kms while the tender was already been awarded vide work order No EE/HW-D/TC/08 Of 2015 dated 30-11-2015 for amounting to Rs249.156 million to M/s Shaikh Abdul Qayyum contractor for reconditioning of 16.09 kms.
- ii. The scope was changed without approval from PDWP.
- iii. While the scope of work was reduced by 30% without corresponding reduction in total cost of scheme.

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for reduction in scope of work without approval of PDWP, besides fixing of responsibility on the person(s) at fault.

(AIR#01)

38.5.22 Irregular transfer of schemes pertaining to the provincial highway division - Rs655.655 million

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

During audit of office of the Executive Engineer Highway Division Sukkur for the financial year 2018-19, it was observed that three schemes amounting to Rs655.655 million pertaining to the provincial highway division were transferred to the district highway division without obtaining approval from the competent forum who approved the PC-I of these schemes, Further, it was observed that the schemes were initially got approved from PDWP by the office of the Provincial Highway Division but the same was transferred by the Chief Engineer to the District Highway without justification and deciding the jurisdiction of the offices.

Further, the scheme were transferred but the department did not get approval of transfer of funds from finance department hence the funds were also released without authorization under the cost center SY5001 which pertains to the Provincial Highway but the same were drawn by the office of the District Highway without approval of Finance Department.

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends investigation of the matter besides taking remedial measures.

(AIR#08)

38.5.23 Excess payment to contractor – Rs7.796 million

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

During audit of office of the Executive Engineer Highway Division Sukkur for the financial year 2018-19, it was noticed that the work named “Construction of pre-stressed bridge 530 Rft at village Sas Patan mile 0/0-0/7 (UC-Sangi)” was allotted to M/s Umer Jan contractor for amounting to Rs128.972 million and paid vide CV # 116 dated 21-12-2018 vide cheque # 3277066 dated 21-12-2018 an amount of Rs125.721 million. Whereas the total cost as worked out for 530 Rft comes to Rs117.925 million thus resulting in excess payment of Rs7.796 million.

Following irregularities were noticed:

- i. The estimate for construction of 600 Rft pre-stressed was approved as a non-scheduled items for Rs200,000 per Rft which become Rs120.00 million but the same was allotted to contractor @ Rs222,500 per Rft over and above the estimated cost of per Rft but the same was kept in the estimated cost by reducing the length of bridge up to 530 Rft, hence the total cost of Rs117.925 million
- ii. The bids were also invited for 600 Rft bridge as evident from bidding documents but the work order was issued for 530 Rft to keep the amount within estimated cost.
- iii. The excess over the non-schedule items is irregular and un-authorized
- iv. The work was not completed within due course of time.
- v. The scheme with the revised scope was not got approved from the competent forum.

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

The audit requires investigation to determine reasons for reduction 70Rft of bridge length, non-approval of scheme, estimates and tender invitation without conduct of proper feasibility may be justified.

(AIR#11)

38.5.24 Unauthorized execution in violation of original scope of work - Rs89.000 million

As per PDWP meeting held on 03-12-2014 the scheme named “Constriction of pre-stressed bridge 200 Rft i/c both side road from Garhi Qadir Bux to village Raza Goth mile 0/0-3/6 (UC-Nouraja)” was approved and the estimate was originally approved for amounting to Rs84.988 million as summarized below:

(Rs. in million)

Sr.#	Name of Item	Amount
1	Part-A Road Work	26,182,254
2	Part-B Box Culverts	5,894,251
3	Part-C Stone Pitching	8,411,448
4	Part-D Pre-stressed bridge	44,500,000
Total		84,987,953

During audit of office of the Executive Engineer Highway Division Sukkur for the financial year 2018-19, it was noticed that the above work was revised with the scope up to 400 Rft of pre-stressed bridge i/c both side road from Garhi Qadir Bux to village Raza Goth mile 0/0-3/6 (UC-Nouraja) for amounting to Rs89.00 million vide DDWP meeting held on 10-02-2017.

Following irregularities were noticed:

- i. The scheme was initially approved from PDWP but later on the same was approved by DDWP with the revised scope from 200Rft to 400Rft without referring to PDWP.
- ii. Various items / parts of schemes amounting to Rs40.487 million were not included in the revised PC-I and no road map for execution of road, box culvert & stone pitching work was provided in the revised PC-I.
- iii. Tender comparative statement was found over written and corrected by correction fluid and without having signature of the tender committee.
- iv. Tenders were invited in January 2015 and work was awarded in March 2015 but the PC-I was revised in April 2017 after lapse of two years to the award of contract.

v. The work was not completed within stipulated date of completion.

The matter was reported to the management in the month of August 2019, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires investigation besides fixing the responsibility on the person(s) at fault.

(AIR#10)

38.5.25 Irregular expenditure from foreign component without re-validation - Rs76.026 million

According to Rule-88 of Sindh Financial Rules, Volume-I, "every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as person of ordinary prudence would exercise in respect of expenditure of his own money"

During audit of the accounts of Project Director, Sindh Provincial Road Improvement Project, Hyderabad for the year 2017-18, it was observed that an expenditure of Rs 76.026 million was incurred from the foreign component fund i.e. US dollar assignment account (cash at beginning of year 2017-18 of financial statement) without getting approval /re-validation to utilize funds from the Finance Department, Government of Sindh.

The matter was reported to the management in the month of September 2018, but no reply was received.

Despite written requests, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure of foreign component from the Finance Department, Government of Sindh.

(AIR#02)

ANNEXES
