



**AUDIT REPORT ON
THE ACCOUNTS OF
IRRIGATION, WORKS & SERVICES,
PUBLIC HEALTH ENGINEERING & RURAL
DEVELOPMENT DEPARTMENTS,
EDUCATION WORKS DIVISIONS AND
DEVELOPMENT AUTHORITIES
GOVERNMENT OF SINDH
AUDIT YEAR 2021-22**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AC	Assistant Commissioner
ADP	Annual Development Plan
AG	Accountant General
AIR	Audit Inspection Report
APPM	Accounting Policies and Procedures Manual
APS	Advanced Pond Systems
AQG	Access, Quality and Governance
ASTM	American Society for Testing and Materials
AWB	Area Water Board
BER	Bid Evaluation Report
BOD	Bio-Chemical Oxygen Demand
BOQ	Bill of Quantities
BOR	Board of Revenue
C.C	Cement Concrete
CSR	Composite Schedule of Rate
CWT	Hundred Weight
CDWP	Central Development Working Party
CETP	Combined Effluent Treatment Plant
CFT	Cubic Feet
COD	Chemical Oxygen Demand
CPWA	Combined Public Works Account
CPWD	Combined Public Works Department
CRC	Complaint Redressal Committee
CUM	Cubic Meter
DAC	Departmental Accounts Committee
DAO	District Account Office/Divisional Accounts Officer
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
DG	Director General
EAD	Economic Affairs Division
ECE	Early Childhood Education
ECNEC	Executive Committee of National Economic Council
FAM	Financial Audit Manual
FAP	Foreign Aided Project
FD	Finance Department
FO	Farmer Organisation

FY	Financial Year
GAAP	Generally Accepted Accounting Principle
GFR	General Financial Rules
GoS	Government of Sindh
GPF	General Provident Fund
GST	General Sales Tax
ICB	International Competitive Bidding
IFMIS	Integrated Financial Management Information System
IPSAS	International Public-Sector Accounting Standards
ITB	Invitation to Bid
ITRS	Irrigation Training & Research Center
JV	Joint Venture
KDA	Karachi Development Authority
KWSB	Karachi Water & Sewerage Board
LD	Liquidated Damages
LDA	Lyari Development Authority
M&E	Monitoring & Evolution
M&R	Maintenance & Repair
MAF	Million Acre Feet
MB	Measurement Book
MDA	Mair Development Authority
MfDAC	Memorandum for Departmental Accounts Committee
MNV	Main Nara Canal
MoF	Ministry of Finance
NAB	National Accountability Bureau
NBP	National Bank of Pakistan
NCB	National Competitive Bidding
NDVI	Normalized Difference Vegetation Index
NER	Net Enrolment Rate
NGOs	Non-Government Organizations
NIT	Notice for Inviting Tender
NOC	No-objection Certificate
NOL	No-Objection Letter
O&M	Operation & Maintenance
OM	Objection Memo
P&D	Planning & Development
PA	Provincial Assembly
PAC	Public Accounts Committee

PAD	Project Appraisal Document
PAO	Principal Accounting Officer
PATS	Pakistan Approaches to Total Sanitation
PC-I	Planning Commission Proforma-I
PD	Project Director
PDWP	Provincial Development Working Party
PEC	Pakistan Engineering Council
PHE&RD	Public Health Engineering & Rural Department
PID	Provincial Irrigation Departments
POL	Petrol Oil and Lubricant
PSC	Project Steering Committee
PSDP	Public Sector Development Programme
PWD	Public Works Department
RA	Running Account
RCC	Reinforced Cement Concrete
RFT	Running Feet
RO	Reverse Osmosis
RS	Rupees
RSU	Reform Support Unit
SAP	Systems, Applications & Products
SBIP	Sindh Barrages Improvement Project
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SELD	Sindh Education and Literacy Department
SESP	Sindh Education Sector Plan
SESPR	Sindh Education Sector Plan & Roadmap
SFR	Sindh Financial Rule
SFT	Square Feet
SGA&CD	Services, General Administration and Coordination Department
SIDA	Sindh Irrigation Development authority
SLGO	Sindh Local Government Ordinance
SOE	Statements of Expenditure
SOP	Standard Operating Procedure
SPPRA	Sindh Public Procurement Regularity Authority
SPRIP	Sindh Provincial Road Improvement Project
SPSC	Sindh Public Service Commission
SRB	Sindh Revenue Board
SROs	Statutory Regulatory Orders

SRP	Sindh Resilience Project
SST	Sindh Sales Tax
STRN	Sales Tax Registration Number
TMA	Taluka Municipal Administration
TOR	Terms of Reference
TPV	Third Party Validation
TS	Technical Sanction
UF	Ultra Filtration
UN	United Nations
WAPDA	Water & Power Development Authority
WASA	Water and Sanitation Agency
WSIP	Water Sector Improvement Project
XEN	Executive Engineer

PREFACE

Articles 169 & 170(2) 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 various offices of Irrigation, Works & Services, Public Health Engineering & Rural Development Department (PHE&RDD), Development Authorities and Education Works Divisions for FY 2020-21. It also includes audit findings pertaining to above mentioned departments for the FY 2019-20 which were reported to Principal Accounting Officers (PAOs) after finalization of Audit Report 2020-21. The Directorate General of Audit Works (Provincial) Sindh, Karachi conducted audit on test check basis, with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes systematic issues and significant audit findings. A new concept – thematic audit has been introduced and made part of this report. It is an attempt to improve organisation’s performance through critically reviewing its business processes and identifying those risks which are hindering it from achieving intended objectives. Relatively less significant issues are listed in the Annex-A (MfDAC) of this report which shall be pursued with the PAOs at the DAC level and in all cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year’s Audit Report.

Audit findings indicate the need for adherence to the regulatory framework besides, instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities. The report has been finalized in the light of written responses of the departments concerned, where provided. DAC meetings were not convened by the PAOs despite pursuance by Audit and frequent reminders with the exception of PHE&RDD and Education Works Divisions.

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.

Dated:

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit Works (Provincial), Sindh is responsible to carry out the audit of 404 entities under the administrative control of the Secretaries of the Irrigation, Works & Services, Public Health Engineering & Rural Development, School Education & Literacy Departments (Education Works Divisions) and Development Authorities under different Principal Accounting Officers. This Directorate General is a newly created office subsequent to the bifurcation of the above specified departments from the Directorate General Audit, Sindh and Directorate General Local Council Audit Karachi. This is the first report prepared by the office after its establishment.

The Directorate General has a human resource of 63 officers and staff for the purpose of conducting audit, which comprises of 15,813 mandays.

Audit mandate includes Regularity Audit (Financial Attest Audit of Foreign Aided Projects & Compliance with Authority Audit), Performance Audit, Special Audit, and Thematic Audit. Audit was conducted with the following objectives:

- Regularity audit to examine whether the expenditure incurred was in conformity with the laws, rules and regulations framed to regulate the procedure for expending public money.
- Audit of sanctions to assess that the expenditure was incurred with the approval of the competent authority or otherwise.
- Propriety audit which extends beyond scrutinizing formalities of expenditure to highlight cases of imprudent expenditure.
- Review and analysis of various Government policies relating to aforementioned government departments.

a) Scope of Audit

This office has mandate to conduct audit of 404 formations, working under PAOs specified above. Total expenditure of these formations was Rs. 121,533.072 million for the Financial Year 2020-21. Audit coverage relating to expenditure for the current audit year comprises 130 formations having a total expenditure of Rs. 88,119.869 million for the Financial Year 2020-21. In terms of percentage, the audit coverage for expenditure is 72.5% of auditable expenditure.

Total budgeted revenue / receipt for the authorities was Rs. 10,883 million for the Financial Year 2020-21. Audit coverage relating to revenue / receipt for the current audit year comprises 03 formations (Development Authorities) under Secretary Local

Government, having a total revenue receipt of Rs. 4,064.336 million for the Financial Year 2020-21. In terms of percentage, the audit coverage for revenue / receipts is 37.34% of auditable receipt.

This audit report also includes audit observations resulting from the audit of previous Financial Year i.e. 2019-20 by the office of Director General Audit Sindh and Director General Local Council Audit which could not be included in their respective audit report for the year 2020-21. In addition to compliance audit, DGA, Works (Provincial), Sindh, conducted, Financial Attest of five (05) Foreign Aided Projects & three (03) Thematic Audits. The themes selected for Thematic Audit are in conformity with the Sustainable Development Goals (SDGs) of the United Nations' 2030 agenda which include:

- i. School infrastructure investment for improving enrolment and retention rate.
- ii. Elimination of un-treated sewerage waste water in irrigation canal and lakes.
- iii. Conservation of surface water resources in Sindh.

Thematic Audit has been included as an exclusive chapter in this report, wherein key audit findings, critical review and recommendations against respective themes have been incorporated as per the prescribed template.

Compliance related issues highlighted in reports of Foreign Aided Projects have also been included in this report. This office is also mandated to conduct Performance and Special Audits, the reports thereof will be issued separately.

b) Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs. 5,080.949 million was pointed out in this report. Recovery affected from July to December 2021 was Rs. 1.480 million which was verified by audit.

c) Audit Methodology

The audit exercise was carried out in accordance with DAGP auditing standards as prescribed in Financial Audit Manual. Before starting the field activity, desk review was made to attain comprehension of the system, procedures and environment of audit entities. The permanent files of the entities maintained in the Directorate General were utilized for understanding their business and legal / institutional framework. The evidence was primarily gathered by applying procedures, like enquiries from the

management, review of monitoring and progress reports and examination of payment vouchers. In thematic audit the information technology tools such as Google Earth and Normalized Difference Vegetation Index (NDVI) were utilized to harvest real time data.

Audit tests and analytical procedures were followed to evaluate that the expenditure was completely recorded and receipts were timely deposited into government treasury. The review of payments was made to ensure that these were validated by proper supporting documents and approval of competent authority as per applicable rules and regulations. Budget comparison with actual expenditure was made to confirm that the expenditure was incurred in accordance with the approved budget, including the revision made therein.

d) Audit Impact

- Audit observations have been raised which pointed out excess in civil engineering works done over and above the finalized estimates. Consequent to which, recovery of millions of rupees would be affected besides, savings in future.
- Pilferages and excesses made against the items in civil works have been highlighted, which would help the line departments to minimize loss and wastage of materials.
- Issues regarding mismanagement of human resource pertaining to payment of unauthorized allowances which would curtail the budgetary constraints besides, effecting considerable recoveries.
- Audit has also pointed out significance of internal controls to PAOs, resultantly the departments have assured to strengthen internal control mechanism by maintaining record such as cashbook, stock registers, security deposit register and bank reconciliation statements etc. as per required criteria.

e) Comments on Internal Controls

The audit observations in the report clearly indicate that the system of internal controls within the departments is ineffective and weak. Internal control violations are reported by the audit every subsequent year, but the response of the entities to address this

pressing issue is extremely lethargic. A general review of the activities and transactions of various formations of departments with regard to Internal Control System called for the following comments:

- The instances of losses to government, recoveries and violation of rules are outcome of the laxity in exercise of internal controls and violation of authorized procedures for processing transactions.
- 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”.
- Frequent deviation was observed regarding contract management whereby the scope of the work was increased beyond the permissible limits resulting in incurrence of expenditure in irregular and uneconomical manner in violation of rules.
- As a part of internal control maintenance of the security deposit register is a mandatory requirement which was missing in most of the cases in order to link the refund of security deposit with SAP system.
- The functioning of maintenance of security deposit register is also missing in SAP system which should be maintained in the system as all payments are being made through SAP system.
- Other common issue observed by Audit was non-recording of measurement books properly, as most of the measurement are recorded without mentioning their dates.
- Another important issue highlighted was allowing secured advance on material to the contractors without fulfilling the required criteria.
- 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.

f) The key audit findings of the report

- i. Twelve (12) cases of embezzlement and misappropriation-Rs. 381.479 million.¹

¹ Paras - 2.4.6.2, 2.4.6.3, 3.5.2, 3.5.3, 3.5.4, 3.5.5, 4.5.2, 4.5.3, 4.5.4, 6.5.2, 6.5.3, 6.5.4

- ii. Non-production of record in eight (08) cases.²
- iii. Non-recovery of dues in twenty-three (23) cases - Rs.5,080.949 million.³
- iv. Irregular expenditure in violation of rules- Rs. 23,300.811 million.
- v. Others - Rs. 23,181.251million.

g) Recommendations

- i. Disciplinary action be taken against the officials involved in cases of embezzlement of public money, misprocurements, violation of rules and regulations and recovery should be expediting from the officials involved.
- ii. Responsibility be fixed for non-production of record in accordance with rules and regulations and same be produced to audit for verification.
- iii. Recovery of longstanding dues and Government revenue should be prioritized.
- iv. Inquiries should be conducted to fix responsibility for losses and wasteful expenditure.
- v. There is need to strengthen internal controls to ensure that reported lapses may not be repeated in future and fair value for money is obtained from public spending.
- vi. Systemic issues such as application of incorrect rates, unauthorized payment of secured advance, non-obtaining of performance/additional performance securities as well as their revalidation need to be focused to avoid recurrence of such instances.
- vii. Asset management mechanism needs to be put in place to safeguard government assets.
- viii. An internal audit wing, directly reporting to the PAO, is required to be established in the departments to strengthen the effectiveness of the prescribed internal controls.
- ix. Principal Accounting Officers need to conduct Departmental Accounts Committee meetings on regular basis and ensure timely compliance of decisions taken therein. The directives of Public Accounts Committee should be implemented emphatically.
- x. Feasibility report should be prepared as per prescribed financial rules.

² Paras - 2.2.6.1, 2.3.6.1, 2.4.6.1, 2.5.6.1, 3.5.1, 4.5.1, 5.5.1, 6.5.1

³ Paras - 2.2.6.14, 2.2.6.11, 2.2.6.12, 2.2.6.13, 2.3.6.4, 2.3.6.2, 2.5.6.3, 2.6.6.2, 2.6.6.1, 3.5.21, 3.5.23, 4.5.21, 4.5.32, 4.5.33, 5.5.30, 5.5.31, 5.5.32, 6.5.54, 6.5.55, 6.5.56, 6.5.57, 6.5.45, 6.5.51

Chapter-1

SECTORAL ANALYSIS

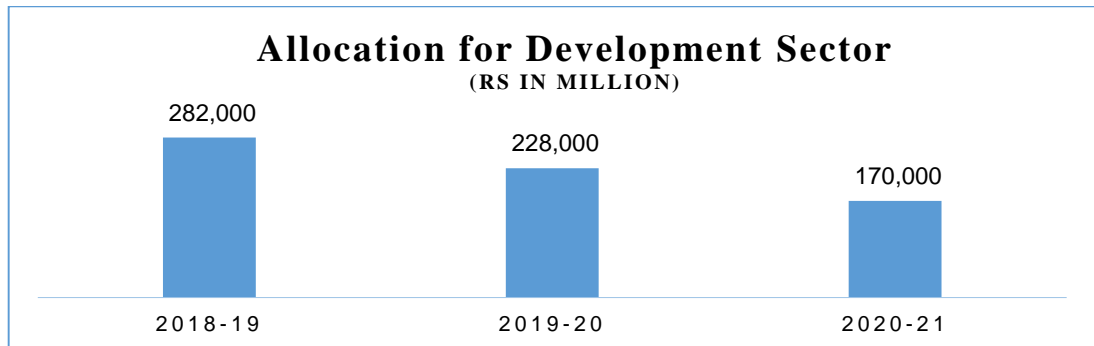
1.1 Introduction

The development works in Sindh are being executed by specialized public works departments like Works & Services, Irrigation, Education Works Divisions under Secretary School Education & Literacy Department and Public Health Engineering & Rural Development Department. Funds to these departments are allocated by the government through development grants. These departments also carry out deposit works of other departments such as Health, Law and Home departments etc.

Besides, there are development authorities which have been established to carry out development works in their specified geographical jurisdiction. These development authorities execute development projects from their own sources as well as funds received from Government of Sindh. Development authorities which include Karachi Development Authority (KDA), Malir Development Authority (MDA), Larkana Development Authority (LDA), Hyderabad Development Authority (HDA), Sehwan Development Authority (SDA), Zulfikarabad Development Authority (ZDA), Lyari Development Authority (LDA), are entrusted with urban development works in their respective areas of jurisdiction. The other development authorities such as Sindh Coal Authority, Sindh Mass Transit Authority, Sindh Cooperative Housing Authority, Sindh Coastal Development Authority and Gorkh Hill Development Authority are entrusted with development activities in their specialized fields.

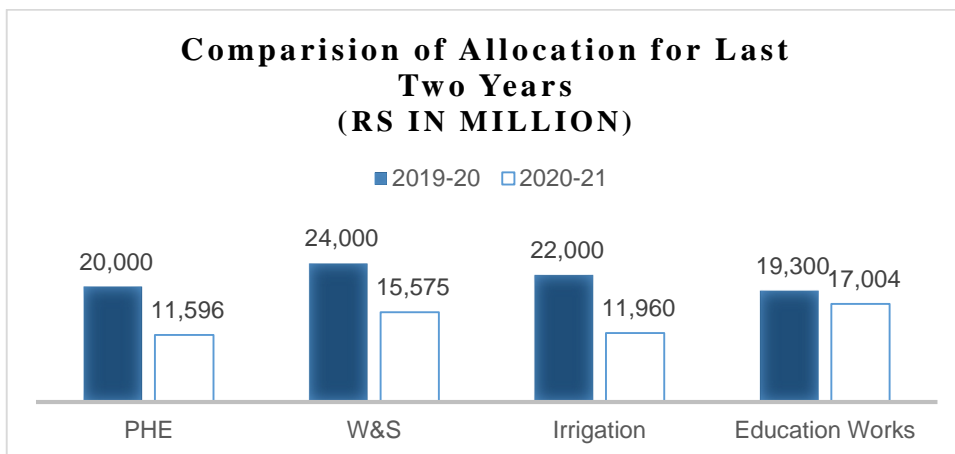
1.2 Development Portfolio of the Sindh Province

The development portfolio of Sindh as per Annual Development Plan (ADP) for the last three years is represented in the following graph.



The figure reflects continuous decline in the allocation of development funds during the year under audit - plummeting from Rs. 228 billion to Rs. 170 billion (decline of 25.44%). This decreasing trend adversely impacted not only the initiation of new schemes but also the ongoing schemes. Major reason behind the decline in allocation of funds in ADP during the last two years was due to government's decision to divert funds for handling global pandemic i.e. Covid-19. As a result, releases of third and fourth quarters of most of the departments were either completely withheld or major cuts in their respective budgets were made.

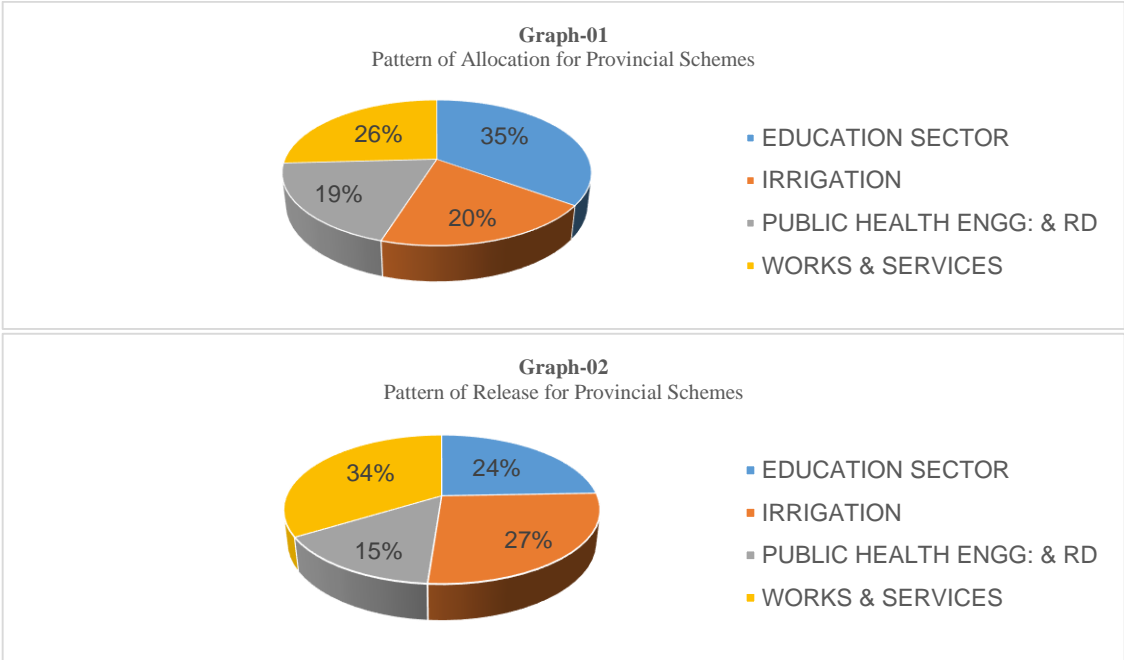
Four (04) development sectors fall under the audit purview of this Office. Budget allocation for these sectors remained Rs. 56.135 billion which was 33.02% of the total development portfolio of Rs. 170 billion for the Financial Year 2020-21.



The Government of Sindh placed Works & Services and Education Works sectors on priority and allocated Rs. 32.579 billion (58.04%) out of total allocations for these four (04) sectors. Further, foreign funding of Rs. 9.070 billion was provided to Irrigation and Works & Services Departments which fall under the audit jurisdiction of this office.

1.3 Allocation & Releases pattern for Development Schemes

The priority of the government with respect to allocation of provincial development budget at planning stage was given to Education Sector followed by Works & Services, Irrigation and Public Health Engineering and Rural Development respectively as shown in the Graph-01. Whereas, at the time of releases, the government changed its priorities as shown in Graph-02.



The comparison of development portfolio for the number of schemes in these four sectors during the last two years is as follows:

Sector	2019-20		2020-21	
	On-Going	New	On-Going	New
Education Sector	287	134	399	11
Irrigation	210	63	164	18
Public Health Engg: & RD	191	114	215	19
Works & Services	266	147	313	10
Total	954	458	1,091	58
Grand Total	1,412		1,149	

Due to high number of throw forward of schemes from the previous year (2019-20), the number of new schemes (58 including other schemes) introduced during 2020-21 was very low. Major reduction was noticed in Works & Services department where number of new development schemes was reduced by 93% (from 147 in 2019-20 to 10 in 2020-21) as compared to preceding year. Whereas, in Education Sector, 92% reduction (134 in 2019-20 to 11 in 2020-21) was observed in comparison to last year.

In Public Health Engineering & Rural Development and Irrigation departments 83% and 71% reduction was made respectively.

1.4 Utilization of Budget in FY 2020-21

It is evident from table below that in almost all the sectors considerable reduction was observed in release of budgets. In contrast to released budget, the departments were also not efficient in utilization of the same.

(Rs. in million)

Sr.#	Sector / Name of Department	Total (Old and New) Schemes				%age of Expenditure		
		No.	Allocation	Release	% of Release	Expenditure	Against Allocation	Against Release
1	Education Sector	410	21,082	8,554.692	41%	3,965.831	19%	46%
2	Irrigation	182	11,960	9,382.881	78%	7,321.631	61%	78%
3	Public Health Engg. & Rd	234	11,596	5,293.178	46%	3,120.536	27%	59%
4	Works & Services	323	15,575	11,814.4	76%	9,251.057	59%	78%

1.5 Monitoring Issues

It has been observed that mechanism to watch the progress of schemes is not adequate at the PAO level. Mechanism to authenticate the data provided by field formations about completion of schemes and their physical progress needs to be strengthened. P&D and line departments need to strengthen monitoring system to ensure achievement of targets delineated in ADP.

1.6 Budgeting Issues

Role of Finance Department is also significant on that count which has to see that the projects are adequately and timely funded to keep the development works on track. However, it has been observed that main issue with respect to the execution of development scheme is non timely release of funds which has adversely affected the pace of development.

1.7 Operational Issues

During the audit year 2021-22, the following issues were found to be repeatedly occurring at the field formation level and therefore need immediate attention of the Administrative Departments.

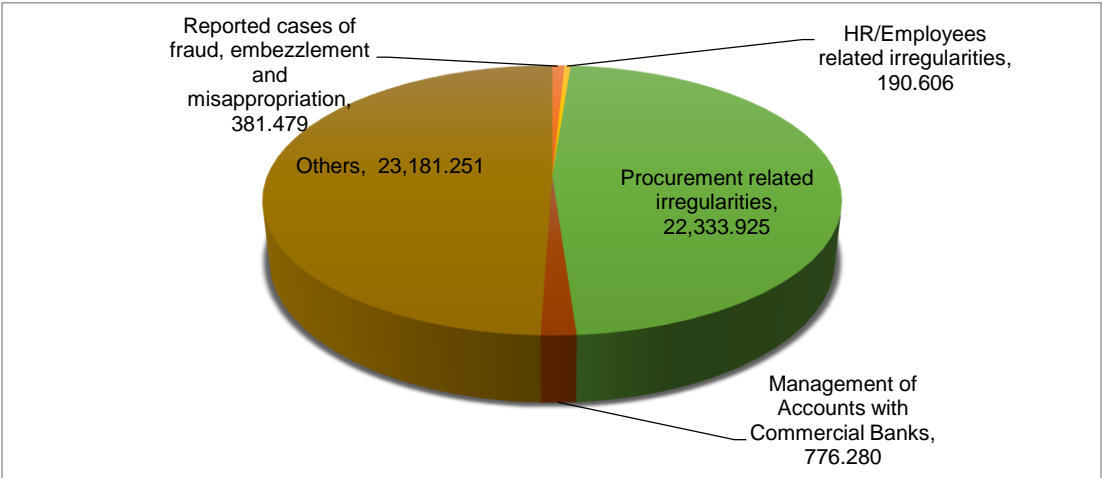
- i. Audit has pointed out numerous cases of overpayment to contractors by the departmental authorities. This shows that due care was not taken while making payments to contractors. This also shows that the internal control mechanism to check such payments lost its vitality and needs to be redesigned. Common reasons found by audit for overpayment included incorrect rate analyses, non-revision of Composite Schedule of Rate 2012, not accounting for available earth or dismantled material, payment for inadmissible items, etc.
- ii. Performance Security is a significant protection against sub-standard work by the contractor. The executing formations have been found neglecting taking performance security from contractors or getting them renewed on regular basis, which are being highlighted by Audit.
- iii. Government departments often collaborate with other departments and agencies in order to make use of their specialization or for legal requirements. Audit observed that on many occasions, payments were made to other departments and agencies by executing formations but vouched accounts were not obtained to ensure that the resources are fully utilized for the purpose these were provided. One such example is the issue of payments made for land acquisition.

1.8 Nature of Observations

From the analysis of audit paras issued to the Principal Accounting Officers the audit observed partial or complete departure from necessary compliance process in certain cases. Systematic issues reported to the management are classified as under;

(Rs. in million)	
Classification	Amount
Non production of record	-
Reported cases of fraud, embezzlement and misappropriation	381.479
HR/Employees related irregularities	190.606
Procurement related irregularities	22,333.925
Management of Accounts with Commercial Banks	776.280
Value for money and service delivery issues	-
Others	23,181.251
Total	46,863.541

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 instructions while dealing with HR matters and government formations' resistance to audit in terms of non-provision of auditable record which indicates government's poor commitment towards transparency in public spending. 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 the audit jurisdiction of Director General Audit Works (Provincial), Sindh Karachi.



Audit recommends prioritizing achievement of development goals in line with Sustainable Development Goals (SDGs) and compliance of government rules while spending of public money and making fresh appointments. Principal Accounting Officers (PAOs) are required to revisit their budgetary requirements on realistic grounds in order to avoid unnecessary savings causing blockage of government funds. Timely releases of funds coupled with adherence to applicable laws and rules will result in economical cost of development projects besides timely completion.

Chapter-2

DEVELOPMENT AUTHORITIES

2.1 Introduction

This office is mandated to conduct audit of twelve (12) development authorities under administrative control of various Principal Accounting Officers as mentioned below:

Sr#	Names of Authority	PAOs
1.	Karachi Development Authority	Secretary Local Government, Department.
2.	Liyari Development Authority	
3.	Malir Development Authority	
4.	Hyderabad Development Authority	
5.	Sehwan Development Authority	
6.	Larkana Development Authority	
7.	Zulfiqar Development Authority	Secretary General Administration & Coordination Department
8.	Gorakh Hill Development Authority	Secretary culture, Tourism & Antiquities Department
9.	Sindh Coastal Development Authority	Secretary Environment, Climate Change & Coastal Development Department
10.	Sindh Cooperative Housing Authority	Secretary Cooperative Department
11.	Sindh Coal Authority	Secretary Energy Department
12.	Sindh Mass Transit Authority	Secretary Transport & Mass Transit Department

The first seven authorities are responsible for planning & coordination of public housing schemes, low-cost housing schemes, beautification of urban areas and management of land record within their respective geographical jurisdiction.

The Gorakh Hill Development Authority was established under the Gorakh Hill Development Authority Act, 2008. It shall extend to the areas of the Gorakh Hills, Kurchat Hills, Darharyo Hills and Khirthar Range Hills. The main purpose of the authority is to formulate, implement and execute schemes of Gorakh Hills Resorts including land, hill, commercial, residential, official, industrial and any other development which needs uplift of the socio-economic conditions of the people.

Sindh Coastal Development Authority was established under the Sindh Coastal Development Authority Act, 1994 for overall development, improvement, and beautification of the coastal areas of Sindh Province comprising of districts namely Karachi South, Malir, Keamari, Thatta, Sujawal and Badin.

The Sindh Cooperative Housing Authority was established under the Sindh Cooperative Housing Authority Ordinance 1982. A Board of Directors controls the affairs of the Authority. It comprises three (3) officials and six (6) non-official members. The Secretary, Cooperation Department, Government of Sindh is the Chairman of the Authority.

The Sindh Coal Authority came into existence through an act passed by the Sindh Assembly in 1993 with a view to accelerate the pace of activities relating to utilization of coal resources. It is managed by a Board headed by the Minister, Energy Department, Government of Sindh.

The Sindh Mass Transit Authority (SMTA) was established in October 2017 under the Sindh Mass Transit Authority Act, 2014. Its main goal is to provide a sustainable, safe, reliable and affordable transport system for the people of Sindh.

During this year three development authorities i.e. Hyderabad Development Authority (HDA), Karachi Development Authority (KDA) and Malir Development Authority (MDA) were audited and the relevant findings are elaborated in their respective sections.

The report also includes the findings of two development authorities i.e. Sehwan Development Authority (SDA) and Zulfikarabad Development Authority (ZDA) which were audited during audit year 2020-21 by the office of Director General, Local Council Audit, Karachi.

2.2 Section-I: Hyderabad Development Authority

2.2.1 Introduction

Hyderabad Development Authority was established after the enactment of Sindh Assembly Act No.XIII of 1976 with the mandate for development, improvement and beautification of urban centers of Hyderabad comprising Taluka City, Latifabad, Qasimabad and Hyderabad Rural. The Director-General is the Chief Executive of the Authority. There are seven members in the Governing Body, headed by the Minister of Local Govt Department as Chairman.

Main Objectives of the Authority are:

- i. To provide developed residential plots for low/medium income group.
- ii. To establish a full-fledged housing scheme with all facilities, amenities and infrastructure in the suburbs of Hyderabad.
- iii. To create more jobs.
- iv. To support the efforts of minimizing the severe shortage of housing.
- v. HDA is also responsible for water supply and sewerage services to the citizens of Hyderabad.

2.2.2 Governing Laws & Policies

- i. Hyderabad Development Authority Act-1976.
- ii. Sindh Public Procurement Act, 2009.
- iii. Sindh Financial Rules.
- iv. CPW A-Code & D-Code.

2.2.3 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Formation	Particulars	Budget	Actual Expenditure/ Revenue	Excess (+) Savings (-)
Hyderabad Development Authority	Salary	340.900	336.918	-3.982
	Non-salary	250.911	246.811	-4.100
	Development	1,543.00	1,453.676	-89.324
	Total Expenditure	2,134.811	2,037.405	-97.406
	Revenue Receipts	1,747.803	1,026.732	-721.071

The budgeted allocation of Hyderabad Development Authority for the Financial Year 2020-21 was Rs. 2,134.811 million against which the total expenditure was Rs. 2,037.405 million, resulting in overall savings of Rs. 97.406 million. The authority could not achieve its revenue target as only 58.744% of targeted revenue was achieved.

2.2.4 Classified Summary of Audit Observations

Observations amounting to Rs. 1,585.768 million were raised as a result of this audit. This amount also includes recoverable Rs. 1,420.248 million as pointed out by the audit. Classification of the audit observations is as under:

(Rs. in million)

Sr.#	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR/Employees related irregularities	69.650
B	Procurement related irregularities	95.870
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	1,420.248
	Total	1,585.768

2.2.5 Brief comments on the status of compliance with PAC Directives

The audit of Local Government Department falls within the jurisdiction of Director General Audit Local Council Sindh, Karachi. However, this office has only conducted audit of Development Authorities for the audit year 2021-22. Further, no PAC meeting for Local Government Department was convened since the last audit report of Director General Audit Local Council Sindh, Karachi. Separate status of the printed paras for Hyderabad Development Authority shall be incorporated in the next year's Audit Report.

2.2.6 Audit Para

2.2.6.1 Non-production of auditable record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of Director General, Hyderabad Development Authority, for the Financial Year 2020-21, it was observed that following record against the expenditure of Rs. 2.899 million was not provided despite repeated requisitions:

(Rs. in million)				
Sr#	Name of Contractor	Particulars	DP #	Amount
1	M/s Askari Enterprises	Supporting vouchers	23	0.700
2	M/s S.M Asghar (Pvt) Ltd		27	1.640
3	M/s Shafi Muhammad Lakho	Appointment of consultant records and scheme design	22	0.559
Total				2.899

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

Management at Sr#01 replied that due to shortage of funds part payments were made against 1st R.A. The reply of the management is not tenable as expenditure could not be verified without provision of relevant record i.e. work order, sanctioned estimate, M.B, detail of total payment made v/s outstanding liability. Management for Sr#02 replied that payment was made on the order of Honorable Civil Court. The reply was not tenable as detail of payments which included vouchers, total payment due v/s remaining payable amount and approval of Governing body were not provided. Management for Sr#03 replied that consultant was hired in individual capacity under

SPPRA Rule No. 72(8) and there was no particular agreement available for hiring of consultant. Further, it was admitted that remaining 2.5% income tax and 0.35% stamp duty would be recovered from next bill. The reply of the management was not tenable as per SPPRA rule No.72 (8) (b) evaluation of CV and detail of interview/minutes were not provided to verify the same. Consultant was hired from 2% contingencies instead of separate provision of consultancy. Further, consultant was hired after award of work.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

2.2.6.2 Irregular payment of allowances - Rs. 64.484 million

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”.

As per Rule 18-A of Revised Leave Rules 1980, duly adopted by GoS, “A civil servant may fifteen months before the date of superannuation or thirty years qualifying service on or after the 1st July, 1983, at his option, be allowed to encash his leave preparatory to retirement if he undertakes in writing to perform duty in lieu of the whole period of three hundred and sixty-five days or lesser period which is due and admissible”.

During audit of Director General, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that various allowances amounting to Rs. 64.484 million were paid to the officers/officials beyond their entitlement. This resulted into loss to the authority.

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	P.D Housing Project-II	Leave Encashment per annum basis	07	2.640
2	M.D WASA	Utility & House Rent Allowances @ 65%		43.397
3	D.G Secretariat	Leave Encashment per annum basis, Utility & House rent allowance @65%		18.447
Total				64.484

Audit is of the view that payment of allowances without admissibility stands irregular.

Management at S.No#01&03 replied that HDA being an autonomous body governed by Governing Body had enhanced HRA from 45% to 65% on the pattern of KDA. Further, the DG HDA allowed leave encashment vide letter No.HDA/Estt:/1093(G)1267/2016 dated 20.05.2016 as allowed in SBCA & KDA. For Sr#02, management replied that Utility Allowance was paid with the approval of Director General, HDA vide letter No.HDA/Estr/1093(Gy3357) dated 13.11.2015. The reply was not tenable as the enhancement of allowances (HRA) is admissible only with the concurrence of Finance Department Government of Sindh, whereas leave encashment is allowed only once before superannuation or having thirty years of qualifying service.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends stoppage of unauthorized allowance and recovery of payment already made besides, fixing of responsibility on the person(s) at fault.

2.2.6.3 Non-adjustment of advance salaries - Rs. 5.166 million

As per order by Director General Hyderabad Development Authority Hyderabad vide No. HDA/DG/Estt:/Cir-19/2748/2019 dated 17-12-2019, “The Director General, HDA has been pleased to decide a policy/mechanism regarding allowing advance salaries, the advance salaries shall only be allowed in case of Medical, Marriage Ceremony (Daughter, Son, Sister) & renovation/repair of house”.

During audit of Director General, Hyderabad Development Authority, for the Financial Year 2020-21, it was noticed from the review of trial balance that an amount of Rs. 5.166 million was paid to officers & staff on account of advance salaries, whereas no recoveries/adjustment of the same were made.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	P.D Housing Project-II	17	2.716
2	Director P&DC		2.450
Total			5.166

Audit is of view that non-recovery of advances reflects weakness of financial and internal controls.

Management replied that recovery against advance salaries were properly being made from monthly salary bills. The reply of the management was not tenable as evidence of recovery from the incumbent's pay bills were not provided.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

2.2.6.4 Non-renewal of performance guarantee/ security - Rs. 1.900 million

According to Section 39 of SPPRA (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".

- (2). Security shall be provided in an appropriate form as described in the bidding documents.
- (3). Validity of performance security shall extend to cover defect liability period or maintenance period, subject to final acceptance by procuring agency.

During audit of Managing Director Water and Sewerage Agency, Hyderabad Development Authority, for the Financial Year 2020-21, it was observed that performance guarantee/security amounting to Rs. 1.900 million against call deposit/bid security was submitted by the contractor showing expiry date of 05th February, 2020. However, renewed performance guarantee to cover the remaining period of work and defect liability was not obtained from the contractor as the work was still in progress.

(Rs. in million)

W/O Dt	Name of Work	Contractor	Guarantee#	Date	Expiry Date	Bid Security
652 26-8-19	Rehabilitation of Northern Sewage Treatment Plant	M. Iqbal Shaikh	1121/BG/BB/66/19	6-2-19	5-2-20	1.900

Audit is of the view that due to non-renewal of performance guarantee, undue favor was extended to contractor.

Management in its reply stated that requisite performance guarantee had already been renewed from the schedule bank. The reply of the management was not tenable as no evidence was attached with the reply.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#08)

2.2.6.5 Unauthorized payment on escalation charges - Rs. 3.649 million

According to Para 10 (i) and (ii) of General Financial Rules Vol.-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 Managing Director Water and Sewerage Agency, Hyderabad Development Authority, for the Financial Year 2020-21, it was noticed that an amount of Rs. 3.649 million was paid to the contractor on account of escalation charges which was allowable on estimate based on CSR-2012. Whereas in this case, the work was awarded on market based rate, therefore the payment of escalation on market rate stands unauthorized.

(Rs. in million)

W/O & Dt	Name of Work	Contractor	Escalation charges
115 30-1-18	Constt: of 6 MGD rapid gravity water treatment plant & water supply main network at Hussainabad (Packg-2)	M. Iqbal Shaikh	3.649

Audit is of the view that payment of escalation charges on market based contract was unauthorized.

Management replied that estimate was prepared on CSR-2012 and due to increase in dollar price from 2012 to 2021, the cost of materials increased day by day, hence escalation charges were allowed as per clause 14.3 of standard bidding documents. The reply of management was not tenable as the substantiating document provided was a copy of standard bidding document which may or not be applicable depending upon the project requirement. The management did not provide copy of agreement wherein such provision was included. Further, no supporting evidence of Price Index from standard bulletin was provided to verify the escalation charges paid.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends providing justification for payment of escalation.

(DP#09)

2.2.6.6 Irregular payment to consultant - Rs. 72.928 million

As per 2nd condition of MOU dated 07th August 2015 signed between Hyderabad Development Authority (HDA) and M/s Real Marketing, "Payment of 6.5% consultancy charges shall be made as per following schedule.

- a) 2% on booking of sale value
- b) 1% on confirmation of sale value
- c) 1% on allocation of sale value
- d) 2.5% from recovery made for every installment

Further, as per clause-15,19,20 of consultancy agreement dated 28th November 2008 signed between Hyderabad Development Authority (HDA) and M/s Real Marketing for Gulistan-e-Sarmast Housing Scheme, M/s Real Marketing shall provide two Jeeps, one 1300cc XLI-Toyota two Suzuki Cultus and two Honda CD-70 motorcycles (all brand new) for utilization with service maintenance to HDA. The consultant shall also construct HDA office at site covering an area of maximum 5000 sq.ft within a period of one year.

During audit of Director, Planning & Development Control, Hyderabad Development Authority, for the Financial Year 2020-21, it was noticed that an amount of Rs. 72.928 million was paid to consultant i.e. M/s Real Marketing on account of marketing of Gulistan-e-Sarmast Housing Scheme without reconciliation of actual receipts as per above criteria. Further, no such evidence was available on record for provision of additional services i.e. provision of vehicles and construction of HDA office as per agreement.

(Rs. in million)

Sr#	CV # / Dated	Pay to	Particulars	Cheque # / Dated	Amount
1	49/ 24.03.2021	M/s Real Marketing	Consultancy	46545164/ 24.03.2021	22.928
2	18/ 24.07.2020			36200363/ 07.2020	50.000
Total					72.928

Audit is of the view that undue favor was extended to consultant due to non-observing of clauses of the contract agreement.

Management replied that reconciliation was under process and the consultant had been directed vide letter No: HDA/P&DC/LM/1206/2021 dated 14/10/2021 to construct HDA office at site and to provide vehicles along with service and maintenance. The management admitted that the consultant had not complied with terms & conditions of the contract. Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends reconciliation of receipts based on which payment was made to the consultant.

(DP#14)

2.2.6.7 Non-invitation of open tender - Rs. 5.381 million

As per Rule 17 of Sindh Public Procurement Rules, 2010, “Procurements over three hundred thousand rupees and upto two million rupees shall be advertised by timely notifications on the Authority’s website and may in print media in the manner and format prescribed in these rules”.

During audit of Project Director Beautification Works & Traffic Engineering Cell, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that various works of M&R on account of painting & coloring on median of roads were awarded to contractors against which cumulative expenditure of Rs. 5.381 million was incurred without invitation of open tender.

(Rs. in million)

Sr.#	Name of Work	Name of Contractor	Chque#& date	Gross Amount
1	Painting & Coloring Enamel Paint on Median from WAPDA Colony towards Kotri Bridge H.D.A Hyderabad	M/s Paragon Construction Company	39003130 19.08.2020	1.787
2	Painting & Coloring Enamel Paint on Median at Auto Bhan From WAPDA Colony Towards Kotri Bridge H.D.A Hyderabad	M/s Paragon Construction Company		
3	Painting & Coloring Enamel Paint on Median at Auto bhan from WAPDA Colony towards Kotri Bridge H.D.A Hyderabad	M/s Paragon Construction Company	39003131 20.08.2020	0.598
4	Painting on Median with Enamel Paint Black & yellow from Gyne Khana to Shahbaz Chowk (Right Side)	M/s Paragon Construction Company	39003134 17.09.2020	0.600
5	Painting & Coloring Enamel Paint on Center Median from Unique Palace to Public School Gate Latifabad Hyderabad.	M/s Aliyan Enterprises	39003137 28.09.2020	0.598
6	Painting & Coloring Enamel Paint on Center Median from Airport to Gulshan-e-Quaid road H.D.A Hyderabad.	M/s Aliyan Enterprises	39003144 22.10.2020	0.599
7	Painting on Median from Pony Dus Chowk to Sewerage Disposal Unit No.09 Latifabad Hyderabad	M/s Paragon Construction Company	39003148 27.10.2020	0.899
8	Painting on Median with enamel paint Black & Yellow from 12 No chungi Chowk to Muhammad Chowk Hyderabad	M/s Hassam Ahmed	39003128 12.08.20	0.300
Total				5.381

Audit is of the view that due to non-invitation of tenders the government was deprived of competitive rates.

Management replied that minor works were carried out at different locations and time through quotations upto the limit of three hundred thousand rupees, copy of work order had been attached as evidence. The reply of the management was not tenable as works were carried out on quotations beyond the limit of rupees three hundred thousand. Further, management attached only work order against work at Sr#8 which was not justified.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#20)

2.2.6.8 Excess execution of items of work without revised T.S - Rs. 12.012 million

According to Rule 5.4 (2)(iii)(b)(ii) of SPPRA, Procurement Regulation (Works), “If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 percent, provided the change affects by more than one percent of the Initial Contract Price, the Project Manager/Engineer shall adjust the rate to allow for the change as per clauses of contact agreement. It shall, however be ensured that the initial contact cost not exceeded by more than 15 percent”.

During audit of Project Director Housing Project-I, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that expenditure of Rs. 12.012 million was made on excess execution of items of works beyond permissible limit against BOQ without revision of T.S. The details are given at **Annex-1** of Chapter-2.

Audit is of the view that expenditure on excess execution of items of works without revision of technical sanction stands irregular.

The matter was reported in September 2021, but no reply was received.

Despite written request vide letter dated 28-12-2021, DAC meeting was not

convened by the PAO till finalization of this report.

Audit recommends regularization of expenditure besides, taking remedial measures.

(DP#25)

2.2.6.9 Non-removal of encroachment from HDA property

Section 15 of the HDA Act, 1976 states that, “The Authority may, by notification, declare any urban area to be a controlled area and issue such directions and do such things as may be necessary for the prevention of haphazard growth, encroachments, unauthorized constructions or operations in such area”.

Further, Section 60 (1) of *ibid*, states that, “If any building, structure, work or land is erected, constructed or order made there under, the Deputy Commissioner, or any person authorized by him or the Authority on this behalf, may be order in writing, require the owner, occupier, user or person in control of such building, structure or work or land to remove, demolish or alter the building, structure or work or to use it in such manner so as to bring such erection, construction or work in use in accordance with the said provisions of this Act”.

During audit of Estate Officer, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that as per data provided by management, 544 number of properties measuring approx. 1357 acres were illegally occupied/encroached, but the management failed to vacate the same.

Audit is of the view that non-removal of encroachments reflects negligence on part of the management in safeguarding government assets.

Management replied that removal of encroachment with the help of District Administration was under process. The reply was not tenable as the removal of encroachment was the responsibility of Authority as per section 15 of the HDA Act, 1976, but no concrete steps were taken to protect the property.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#03)

2.2.6.10 Unauthorized retention of Government accommodations

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 Secretary/Estate Officer, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that various officers (serving /retired) occupied authority’s bungalows/quarters without any valid allotment. Furthermore, the authority sustained loss on account of house rent allowance and 5% maintenance charges which would have been recovered from governments servants who had been validly allotted these accommodations. Detail is given at **Annex-2** of Chapter-2.

Audit is of the view that due to non-vacation of Government bungalows/quarters from serving/retired officers/staff, undue favor was extended by management.

Management replied that allotment orders were enclosed and 5% maintenance allowance against the allotted quarters had been made as per rules, copies of deduction were attached. The reply was not tenable as audit observed that thirty eight officers/officials in service and retired were residing without allotment order and management provided five allotment orders and showed recovery against only nine officers/officials.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends to get vacate the Government accommodation as per prevalent rules besides, fixing of responsibility on person(s) at fault.

(DP#04)

2.2.6.11 Non-recovery of outstanding dues from Bahria Town - Rs. 619.572 million

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 Director General (Main Secretariat), Hyderabad Development Authority for the Financial Year 2020-21, it was noticed that outstanding dues amounting to Rs. 619.572 million were not recovered from M/s Bahria Town on account of land allotted for establishment of university at Gulistan-e-Sarmast Housing Scheme, thus resulting in non-realization of revenue.

Audit is of the view that due to non-recovery of outstanding dues, the authority sustained loss of revenue.

Management replied that dues from Bahria town were not recovered due to case of Bahria Town in Court. Further, a settlement between Federal Government and Bahria Town was underway. As and when the issue is resolved, audit would be informed about status of dues. The reply was not tenable as HDA failed to collect dues in time, thus compromising authority's interest.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends prompt recovery of dues.

(DP#02)

2.2.6.12 Non-recovery of outstanding dues on account of water & sewerage charges - Rs. 283.174 million

According to Rule-41 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 Managing Director Water and Sewerage Agency, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that an amount of Rs. 652.646 million was recovered out of current FY dues of Rs. 935.820 million leaving outstanding amount of Rs. 283.174 million on account of water & sewerage charges against domestic, commercial and bulk consumers. Further, on reconciliation of upto date cumulative dues, an amount of Rs. 18,459.673 million was reflected as outstanding amount in the books of account.

Audit is of the view that non-recovery of outstanding dues reflects weakness of internal controls.

Management replied that efforts were taken to recover the dues from the concerned Government Departments and consumers. The reply of management was not tenable as WASA failed to recover the dues in due time.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#11)

2.2.6.13 Short recovery of amount on extra development charges - Rs. 512.387 million

As per general condition of layout plan approval of private housing schemes, 12.5% external development charges will be collected at the time of approval of layout plan, whereas remaining amount will be recovered in 11 equal quarterly installments (three years).

During audit of Director, Planning & Development Control, Hyderabad Development Authority for the Financial Year 2020-21, it was noticed that management failed to recover extra development charges from owners of private housing schemes amounting to Rs. 512.387 million. Detail is given at **Annex-3** of Chapter-2.

Audit is of the view that due to less recovery, the authority's revenue could not be realized.

Management replied that recovery was not affected due to Covid-19 and imposition of lockdown.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of extra development charges at the earliest.

(DP#15)

2.2.6.14 Non recovery of Government duty & taxes - Rs. 5.115 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.

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

During audit of Director, Planning & Development Control, Hyderabad Development Authority for the Financial Year 2020-21, it was observed that payments were made to various suppliers/ contractors but income tax, stamp duty, SST and GST amounting to Rs. 5.115 million were not/less deducted from the bills.

(Rs. in million)				
Sr#	Name of Office	Nature of Dues	DP#	Amount
1	Director Planning & Development Department	Income Tax, Sales Tax on services & General Sales Tax	19	0.425
2	Managing Director Water and Sewerage Agency	Stamp Duty	06	4.690
Total				5.115

Audit is of the view that loss of revenue was sustained by Government due to non-deduction of taxes.

Management replied for Sr#2 that stamp duty had already been affixed within 07 days after issuance of any work order, photocopies of requisite agreements were enclosed for ready reference. The reply of management was not tenable as no evidence of relevant agreements was attached with the reply. Management did not reply against observation at Sr#01.

Despite written request vide letter dated 28-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of applicable taxes at the earliest.

2.3 Section-II: Karachi Development Authority

2.3.1 Introduction

Karachi Development Authority (KDA) was established in 1957 by merging Karachi Improvement Trust and Karachi Joint Water Board under the President Order No.5 of 1957. The notification was published in the Gazette of Pakistan dated: 13.12.1957.

KDA was responsible for Water Supply System of Karachi and Building Control Management, but after establishment of Karachi Water & Sewerage Board and Sindh Building Control Authority, KDA now performs the following functions:

- i. Planning, Coordination and rendering Planning advice.
- ii. Land Development.
- iii. Housing (Public Housing Scheme, Low Cost Housing Scheme).
- iv. Roads & Bridges redevelopment.
- v. Manufacturing of pipes.
- vi. Designing of Infrastructure.
- vii. Anti-Encroachment and Resettlement.
- viii. Research and publication.
- ix. Horticulture - Parks & Recreation.
- x. Computerization of land record and accounting system.
- xi. Archiving of land record.
- xii. Land acquisition.
- xiii. Charged parking.

KDA has achieved tremendous goals since 1957, which have won accolades nationally and internationally. In fact, it is the mother of all Development Authorities of Pakistan. KDA has developed about 7 lacs plots in 45 schemes, out of which 4 schemes (Shah Latif Town, Hawksbay, Taiser Town & Halkani town) were transferred to Malir and Lyari Development Authorities in 1993.

KDA was merged with City District Government Karachi in 2002. Now the Government of Sindh has restored KDA to its original position vide Provincial Assembly of Sindh Notification No: PAS/Legis-B-06/2016, dated: 11.05.2016, Karachi Development Authority (Revival & Amending) Act, 2016 - Sindh Act No. XVI of 2016. All the policy matters and important cases are dealt with / decided by the Governing Body of the Authority.

At the time of establishment of KDA its integral function was to develop Karachi city. The population of the city at that time was about 1.6 million, which has now increased to 22 million. Resultantly, there is a great need to develop more schemes in the city, but KDA is unable to play a proactive role owing to inadequacy of vacant land.

2.3.2 Governing Laws & Policies

- i. Karachi Development Authority Order, 1957.
- ii. Sindh Financial Rules.
- iii. CPW A-Code & D-Code.
- iv. Sindh Public Procurement Act, 2009.

2.3.3 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Formation	Particulars	Budget	Expenditure/ Revenue	Excess (+) Savings (-)
Karachi Development Authority	Salary	5,093.03	5,093.03	0.00
	Non-salary	78.201	78.201	0.00
	Development	3340.901	3339.767	-1.13
	Total Expenditure	8,512.132	8,510.998	-1.13
	Revenue	3,164.476	1,337.748	-1,826.996

The budget of Karachi Development Authority for the Financial Year 2020-21 was Rs. 8,512.132 million against which the total expenditure was Rs. 8,510.998 million, resulting in overall savings of Rs. 1.130 million. Revenue collections were Rs. 1,337.748 million against the target of Rs. 3,164.476 million, with a short fall of Rs. 1,826.996 million.

2.3.4 Classified Summary of Audit Observations

Observations amounting to Rs. 5,204.463 million were raised in this report during the audit of 2019-20 & 2020-21. This amount also includes recoverable Rs. 2,741.207 million as pointed out by the audit. Classification of the audit observations is as under:

(Rs. in million)

Sr.#	Classification	Amount
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR/Employees related irregularities	77.537
B	Procurement related irregularities	2,212.476
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	2,914.450
	Total	5,204.463

2.3.5 Brief comments on the status of compliance with PAC Directives

The audit of Local Government Department falls within the jurisdiction of Director General Audit Local Council Sindh, Karachi. However, this office has only conducted audit of Development Authorities for the audit year 2021-22. Further, no PAC meeting for Local Government Department was convened since the last audit report of Director General Audit Local Council Sindh, Karachi. Separate status of the printed paras for Karachi Development Authority shall be incorporated in the next year's Audit Report.

2.3.6 Audit Paras

2.3.6.1 Non-production of record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of the following offices of KDA, LGD, Government of Sindh, for the Financial Year 2017-18 to 2020-21, it was observed that the management did not produce the auditable record. Due to non-production of record, the accounts amounting to Rs. 350.173 million remained unaudited. Detail is given as under:

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1	Director Finance & Accounts KDA, Karachi	Auditable record i.e., bank statement, deposit register & paid up challans	2020-21	11	247.986
		Supporting documents		32	14.352
2	Director Recoveries KDA	Service books & Personal files	2019-20	72	77.255
		Files of allotted amenity plots	2020-21	50	0
3	D.G. Secretariat KDA	Service books & Personal files	2019-20	67	10.580
		Service books, Personal files, minutes of meeting, details of Housing Schemes	2020-21	51	0
4	Director Land Management KDA	The detail of allotted Property, Outstanding dues of Occupancy Value, Non-utilization fee due on un-utilized plots.	2018-19 to 2019-20	80	0
5	Project Director, LARP, KDA,	Survey and master plan of the project, details of leases, mutations, residential and commercial allotments, etc.,	2017-18 to 2019-20	62	0
				Total	350.173

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the management during November 2020 to October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

2.3.6.2 Non-recovery of various taxes - Rs. 146.394 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. And as per Second Schedule of The SST on Services Act, 2011, the rate of tax is 15% on services provided or rendered by persons engaged in contractual execution of work or furnishing supplies”.

During audit of the following offices of KDA, LGD, Government of Sindh, for the Financial Year 2020-21, it was observed that various taxes, i.e., Income Tax and Sindh Sales Tax on Services amounting to Rs. 146.394 million were not deducted at applicable rates from the payments made to contractors/suppliers. Detail is given as under:

(Rs. in million)

Sr#	Name of Office	Particulars	DP#	Amount
1	Chief Engineer (Development) KDA, Karachi	Non-deduction of Sindh Sales Tax	4	103.118
2	Director Recoveries KDA, Karachi	Non-recovery of income tax on auction	46	33.737
3	Director Finance & Accounts KDA, Karachi	Non/short deduction of Sindh Sales Tax	29	8.777
4	D.G. Secretariat KDA, Karachi	Non-deduction of income tax	53	0.762
			Total	146.394

Audit is of the view that due to non-recovery of taxes the government's revenue could not be realized.

The matter was reported to the management in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of government taxes besides, taking remedial measures.

2.3.6.3 Unjustified payment of allowances - Rs. 67.209 million

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 Finance Department Government of Sindh notification No. FD(SR-III)5/20-2008 dated 15.07.2008, "All employees not provided with Government accommodation shall continue to be entitled to house rent allowance @ 45% of the minimum basic pay scale, 2008 in big cities of Sindh under jurisdiction of metropolitan/municipal corporation and 30% of minimum of basic pay scales 2008 in other cities".

During audit of the following offices of KDA, LGD, Government of Sindh, for the Financial Year 2018-19 to 2020-21, it was observed that an amount of Rs. 67.209 million was paid to officers/officials on account of various allowances beyond their entitlement. Details are given as under:

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP#	Amount
1	Director Finance & Accounts KDA, Karachi	Various allowances	2020-21	12	34.149
		Conveyance allowance		17	1.054
2	Project Director, LARP, KDA, Karachi	Utility allowance	2017-18 to 2019-20	63	11.412
3	Director Recoveries KDA, Karachi	Utility allowance	2019-20	73	8.004
		65% House rent allowance		75	3.467
		Various allowances		74	0.974

4	Director Land Management KDA, Karachi	Utility allowance	2018-19 to 2019-20	81	3.336
		House Rent Allowance		82	3.256
5	D.G. Secretariat KDA, Karachi	Utility & secretariat allowance	2020-21	58	0.791
6	Director Purchase Department KDA, Karachi	Utility allowance	2019-20	78	0.564
		Secretariat allowance		79	0.202
Total				67.209	

Audit is of the view that payments were made to officers/officials beyond entitlement which reflects weakness of financial controls.

The matter was reported to the management during November 2020 to October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery besides, taking remedial measures to avoid recurrence of such practice in future.

2.3.6.4 Non-recovery of outstanding dues - Rs. 2,594.813 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 KDA, LGD, Government of Sindh, for the Financial Year 2016-17 to 2020-21, it was observed that the outstanding dues amounting to Rs. 2594.813 million were not recovered from the offices concerned as per details given below:

(Rs. in million)					
Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1	Director Finance & Accounts KDA, Karachi	Outstanding dues	2020-21	20	2126.145
2	Director Recoveries KDA, Karachi	Bid amount of occupancy value from the allottee of plot	2020-21	45	240.454
		Surcharge on balance amount of occupancy value from the allottee of plot		44	110.55
		Non-realization of Auction Receipts		49	108.224
		Ground rent from the allottee of plot		43	1.315

3	Director Parks & Recreation, KDA Karachi	Outstanding rent from allottees	2016-17 to 2020-21	59	8.125
				Total	2,594.81

Audit is of the view that due to non-recovery of outstanding dues the authority was deprived of revenue.

The matter was reported to the management in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery of outstanding dues besides, taking remedial measures.

2.3.6.5 Excess execution of items of works - Rs. 166.109 million

As per 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”. As per Para 528 of Public Works Department Manual, “No material alteration is sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Competent Authority. Should any alteration of importance, involving any additional expenses, be considered necessary, a revised or supplementary estimate should be submitted for sanction”.

During audit of the following offices of KDA, LGD, Government of Sindh, for the Financial Year 2020-21, it was observed that an expenditure of Rs. 166.109 million was incurred on excess execution of items of works against the quantity provided in the estimates.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	Chief Engineer (Development) KDA, Karachi	6	162.134
2	Director Finance & Accounts KDA, Karachi	25	3.975
Total			166.109

Audit is of the view that expenditure against excess items of works without justification and revision of technical sanction stands irregular.

The matter was reported to the management in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, 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.

2.3.6.6 Unauthorized award of works on item rate - Rs. 1,952.615 million

According to PC-I, “Cost estimate on civil works shall be based on schedule rates 2012”.

During audit of the following offices of KDA, LGD, Government of Sindh, for the Financial Year 2020-21, it was observed that works costing Rs. 1952.615 million were awarded to the contractors on market based rate instead of Composite Schedule Rate of 2012 in violation of PC-I instruction. The detail is as under:

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	Chief Engineer (Development) KDA, Karachi	2	1757.655
2	Director Finance & Accounts KDA, Karachi	36	194.960
Total			1,952.615

Audit is of the view that award of works on market rates instead of Composite Schedule Rate 2012 was irregular.

The matter was reported to the management in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that responsibility may be fixed on the person(s) at fault.

2.3.6.7 Un-authorized expenditure on account of staff welfare fund- Rs. 157.863 million

As per Para-11 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.” Read with 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 Director General Secretariat KDA, LGD, Government of Sindh, for the Financial Year 2019-20 & 2020-21, it was observed that an amount of Rs. 157.863 million was paid to teaching and non-teaching staff working in various KDA schools from Welfare Fund without approval of the sanctioned strength from the Governing Body. Moreover, Staff Welfare Fund was meant for contingencies, whereas all the expenditure was incurred on the payment of salaries to the teaching and non-teaching staff which were being treated as contingent paid staff despite the fact that the teachers were being allowed all allowances like regular employees and deductions were also being made on account of pension contributions. This indicates that the services of teachers were regular and pensionable. Furthermore, as per approved budget, it was also observed that an excess expenditure of Rs. 14.215 million was incurred during Financial Year 2020-21. Detail is as under:

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP#	Amount
1	D.G. Secretariat KDA, Karachi	Teachers’ salaries without sanctioned strength	2020-21	56	80.215
			2019-20	68	63.433
		Excess expenditure over & above the budget	2020-21	55	14.215
Total					157.863

Audit is of the view that expenditure without sanctioned strength from contingent head & in excess of revised budget allocation reveals poor financial management.

The matter was reported to the management during October, 2020 to October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends regularization of the staff and expenditure thereupon from the governing body besides, fixing of responsibility on the person(s) at fault.

2.3.6.8 Irregular appointments, promotions, reinstatements & change of cadre

As per Regulation No.12 (a) of the KDA (Employee’s Service) Regulations, 1973, “The method of initial recruitment and promotion to various posts including the fixing of quotas as between direct recruits and departmental promotees and the requisite qualification for initial recruitment and conditions for promotion, shall be as per Schedule-II subject to such modification as may be made therein by the Governing Body from time to time; provided that no change in the conditions for promotion shall be made so as to adversely affect the interests of the existing employees”.

(b)In case of initial recruitment the competent authority may on the recommendations of the concerned Selection Committee, fill in any of the vacancies by appointment of an employees of Government, People’s Local Council or an Autonomous or Semi-Autonomous Body, read with Section 6A (2) of the KDA Order, 1957 “A casual vacancy in the office of a Member shall be filled by the Provincial Government, and the person appointed in such vacancy shall hold office for the unexpired period of the term of his predecessor”.

During audit of Director General Secretariat, KDA, for the Financial Year 2019-20 & 2020-21, it was observed that Service Rules and Regulations were violated in various cases of appointments, promotions, change of cadre and reinstatement of employees. Detail is as under:

Sr#	Name of Office	Particulars	Financial Year	DP#
1	D.G. Secretariat KDA, Karachi	Change of cadre from the post of teachers to Superintendent & Upper Division Clerk	2020-21	57
		Appointment on adhoc basis without open advertisements and recommendation by Department Selection Committee, reinstatement without appeal against termination on any competent forum and Promotion by changing cadre, etc.	2019-20	70
		Appointment of Member Finance KDA without authorization of Govt. of Sindh		71

Audit is of the view that the appointments, promotions, reinstatements and change of cadre were made in violation of Service Rules which reflects weakness of internal controls.

The matter was reported to the management in October 2020, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

2.3.6.9 Unauthorized execution of works beyond jurisdiction - Rs. 14.397 million

According to Act 1996, the Karachi Water Management Board (KW&SB) is responsible for production, transmission and distribution of potable water to the citizen of Karachi, managing sewerage system within the city.

During audit of Director, Finance and Accounts, KDA, LGD, Government of Sindh, for the Financial Year 2020-21, it was observed that an expenditure of Rs. 14.397 million was incurred on repair of water leakages and cleaning of sewerage lines beyond jurisdiction. Detail is as under:

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	Director Finance & Accounts KDA, Karachi	Repair & maintenance works on water supply lines without jurisdiction as the same lies within the jurisdiction of KW&SB	27	4.638
		Cleaning of sewerage lines without jurisdiction as the same lies within the jurisdiction of District Municipal Corporation (DMC)	38	9.759
Total				14.397

Audit is of view that execution of works beyond jurisdiction and without obtaining NOC from the department concerned may have resulted in duplicate execution of works.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends production of NOC from the department concerned besides, fixing of responsibility on the person(s) at fault.

2.3.6.10 Irregular refund of security deposit - Rs. 19.860 million

Rule 7.12.3 (i) of SPPRA, Procurement Regulation (Works) states that, security deposit can be released in either of following ways:-

(a) On completion of the works; half the total amount retained is refunded to the contractor and half when the defects liability period has passed and the engineer has certified that all defects notified to the contractor before the end of this period have been attended to his satisfaction;

(b) Full amount be released after completion of defect liability period.”

During audit of the following offices of KDA, Karachi, LGD, Government of Sindh, for the Financial Year 2020-21, it was observed that security deposit of Rs. 19.860 million was refunded during execution of work or prior to completion of defect liability period. Detail is as under:

(Rs. in million)

Sr#	Name of Office	Particulars	DP#	Amount
1	Director Finance & Accounts KDA, Karachi	Security deposit refunded without completion of defect liability period	39	16.206
		Evidence regarding crediting of security deposits during execution and call deposits at the time of award of work, was not produced to audit.		
2	Chief Engineer (Development) KDA, Karachi	50% SD Released during WIP	1	3.654
Total				19.860

Audit is of the view that release of security deposit before completion of work and defect liability period stands irregular.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, 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.

2.3.6.11 Non-adjustment of advances - Rs. 10.328 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 Director, Finance and Accounts, KDA for the Financial Year 2020-21, it was observed that advance payments of Rs. 10.328 million was made to employees, but the adjustments were not made so far.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	Director Finance & Accounts KDA, Karachi	24	7.828
		40	2.500
Total			10.328

Audit is of view that non-adjustment of advances indicates poor internal and financial controls.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

2.3.6.12 Unjustified payment on maintenance of 11KV high tension bulk supply to employee - Rs. 0.983 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 Director, Finance and Accounts, KDA for the Financial Year 2020-21, it was revealed that an amount of Rs. 0.983 million was paid to Executive Engineer (E&M) vide chq# 11659 dated 25-05-2021 for maintenance of 11KV high

tension bulk supply at Civic Centre Building. In this regard following observations were noticed:

1. The amount was paid in advance to the officer instead of the concerned utility service provider i.e. M/s K-Electric.
2. Maintenance of 11KV was the responsibility M/s K-Electric but the management carried out the work without justification.
3. Income tax, SST deductions against payment were not deducted at source.

Audit is of view that incurrence of expenditure on maintenance of high tension electric lines was responsibility of K-Electric. Further advance payment to an employee on account of service rendered from market was contrary to financial propriety which indicates weak financial controls.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires to conduct inquiry in the matter and fixing of responsibility on the person(s) at fault.

(DP#41)

2.3.6.13 Doubtful execution of works on direct contracting - Rs. 64.489 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 Director, Finance and Accounts, KDA for the Financial Year 2020-21, it was observed that civil work “Rehabilitation of Ahsanabad double track road Scheme-33 KDA Karachi” amounting to Rs. 64.489 million was awarded to M/s Allied Business on direct contract basis as Deposit Work funded by DC East by invoking emergency clause of SPPRA. In this regard following observations were noticed:

1. No justification for invoking emergency clause and approval from the administrative secretary concerned was available on record.
2. The completion time in work order was 4 months and work was completed within one month, which creates doubts about authenticity of expenditure.
3. Performance Security was not credited into bank account which shows undue favor was extended to the contractor.
4. Work was awarded on the basis of market rate instead of CSR 2012 in violation of government instructions.
5. Similar work under ADP Scheme #1386 named “Reconstruction of storm water drain including dual carriage way from Ahsanabad Police Station chowki to Mayamar Road Scheme-33 KDA Karachi” was awarded to M/s Niaz Muhammad Construction Co. at a cost of Rs. 484.74 million dated 8-9-2020. The work on the same scheme creates doubt about actual execution of Deposit work.

Audit is of view that award of work on direct contract basis with above stated violations creates doubts as similar work was also executed initially.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires to conduct inquiry in the matter and fixing of responsibility on the person(s) at fault.

(DP#42)

2.3.6.14 Irregular payment on account of secured advance - Rs. 9.403 million

As per SPPRA, Procurement Regulation (Works) Rule-9.3(2)(a), 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 value of that material.

During audit of Chief Engineer (Development) KDA for the Financial Year 2020-21, it was revealed that the Executive Engineer, (SDP) paid an amount of Rs. 9.403 million to the contractor, wherein following observations were noticed:

1. The work was awarded on 24-05-2021 and measurement was recorded on very next day i.e. 25-05-2021.
2. The secured advance was admissible for the materials quantified in material statement i.e. steel, bricks, wood and stone aggregate, whereas in this case secured advance was allowed for the composite item (job work).
3. Security advance was required to be paid on the 75% value of the items brought at site, but in this case the amount at 75% was paid on composite item, which includes installation and erection.
4. The concerned AEN also did not certify that such material was brought at site and the amount of secured advance was paid in the month of June which reflects that expenditure was made to consume ADP funds to avoid lapse of budget.

(Rs. in million)

Name of scheme	Name of Item	Qty / SFT	Rate	Grand Amount
Rehabilitation and Beautification of I.I Chandigarh Road Karachi	Part-C Providing & Installing of Gantry sign in full cube Diamond Grade reflective sheeting (Specification attached) Laminated on 2mm thick G.I Sheet	835.84	15000	12.538
	Material for Gantry sing in area allow @75%			9.403

Audit is of view that payment of secured advance without fulfilling codal formalities stands irregular.

The matter was reported in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification in the matter besides, fixing of responsibility for irregular payment of secured advance.

(DP#03)

2.3.6.15 Unjustified renting out of amenity space without competition

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 of Director, Parks & Recreation KDA for the years 2016-17 to 2020-21, it was observed that amenity space of Khursheed Begum Park block,13 Gulistan Jauhar, Karachi was allocated for establishing fun-land & tuck-shop on rental basis to M/s. Akbar Khan. On scrutiny it was found that land was allotted without competitive process at a nominal rate of Rs. 30,000 per month vide application dated 20.06.2019 for the period 1st August 2019 to 30th June 2022. Further the area of allocated land was not defined in MOU.

Audit is of the view that renting of land at a meagre amount without adopting competitive process was violation of rules, resultantly undue favor was extended to the contractor.

The matter was reported to the management in October 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends conducting inquiry in the matter.

(DP#60)

2.4 Section-III: Malir Development Authority

2.4.1 Introduction

Malir Development Authority was established in 1993 by the Government of Sindh to develop the area that was neglected in the past. Malir Development Authority is presently working on three schemes with the aim to increase housing facilities and uplift of socio-economic conditions of the masses.

MDA has been striving to provide low-cost and better residential facilities at affordable rates. At present around 125,000 scheduled residential plots are in different stages of development.

The planning of MDA schemes is based upon extending rebate against residential plots on economical rates and disposal of all commercial sites through open public auction. A large number of commercial sites of various categories of plots have been reserved in different schemes.

MDA schemes have created new inhabitation trends by expanding development across M-9 (Motorway), which has increased the market value of estate & property in the vicinity. The schemes specially Shah Latif Town, New Malir Housing Scheme & Taiser Town have the potential to evolve as a new urban commercial and economic hub.

Leveraging its profound capability in developing and managing a diversified asset base, MDA is focused on enhancing the performance of its portfolio and strengthening recurring income base for delivering long-term sustainable value to all.

2.4.2 Governing Laws & Policies

- i. Malir Development Authority Act, 1993-94.
- ii. Sindh Financial Rules.
- iii. CPW A-Code & D-Code.
- iv. Sindh Public Procurement Act, 2009.

2.4.3 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Formation	Particulars	Budget	Expenditure/ Revenue	Excess (+) Savings (-)
Malir Development Authority	Salary	2,117.668	432.959	-1,684.709
	Non-salary	797.350	377.725	-419.625
	Development	5,432.700	568.916	-4,863.784
	Total	8,347.718	1,379.600	-6,968.118
	Revenue	8,348.518	1,699.856	-6,648.662

The budget of Malir Development Authority for the Financial Year 2020-21 was Rs. 8,347.718 million against which the total expenditure was Rs. 1,379.600 million, resulting in overall savings of Rs. 6,968.118 million. The authority could not achieve its revenue target as only 20.36% of targeted revenue was collected.

2.4.4 Classified Summary of Audit Observations

Observations amounting to Rs. 212.815 million were raised in this report during the current audit of Malir Development Authority. Classification of the audit observations is as under:

(Rs. in million)

Sr.#	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	122.467
3	Irregularities	
A	HR/Employees related irregularities	27.217
B	Procurement related irregularities	26.162
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	36.969
	Total	212.815

2.4.5 Brief comments on the status of compliance with PAC Directives

The audit of Local Government Department falls within the jurisdiction of Director General Audit Local Council Sindh, Karachi. However, this office has only conducted audit of Development Authorities for the audit year 2021-22. Further, no PAC meeting for Local Government Department was convened since the last audit report of Director General Audit Local Council Sindh, Karachi. Separate status of the printed paras for Malir Development Authority shall be incorporated in the next year's Audit Report.

2.4.6 Audit Paras

2.4.6.1 Non-production of auditable record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of Director General, Malir Development Authority, for the Financial Year 2019-20 & 2020-21, it was observed that details pertaining to expenditure of Rs. 341.077 million was not provided to audit despite requisitions.

(Rs. in million)

Sr#	Particulars	Financial Year	Amount
1	Alive certificate, No marriage certificate of the beneficiary	2019-20 & 2020-21	92.098
2	Supporting vouchers	2019-20 & 2020-21	87.551
3	Tendering documents	2020-21	59.676
4	Progress Report	2020-21	29.120
5	Record related to Law charges and others	2019-20 & 2020-21	24.459
6	Leave encashment	2019-20 & 2020-21	23.596
7	Detailed estimate	2020-21	12.841
8	Structural design	2020-21	6.708
9	Purchase of vehicles	2020-21	3.092
10	Submission of progress reports	2020-21	1.936
11	Various record/ revenue receipts	2019-20 & 2020-21	-
		Total	341.077

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the department in December 2020 and 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

(DP#01)

2.4.6.2 Understatement of occupancy value and utility charges- Rs. 122.467 million

According to Section 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 claiming for so much paid into treasury and compare with the figures in the statements supplied by the comptroller”.

During the audit of Director General, Malir Development Authority, for the Financial Year 2020-21, it was observed that the authority showed total recoverable dues of Rs. 195.43 million on account of occupancy & utility charges from three societies. Against this, the authority showed recovery of Rs. 17.999 million, leaving a recoverable balance of Rs. 122.467 million. However, the books of accounts of the department showed an amount of Rs. 55.550 million instead of Rs. 122.467 million, thus understating its recoveries to the above extent. A comparison of data provided by MDA and the amount worked out by audit is given below:

(Rs. in million)

Amount provided by MDA				Amount worked out by Audit		
Society	Total dues	Recovery	Balance	Total dues	Recovery	Balance
Silawat Co-operative society	84.356	16.052	22.796	80.450	11.560	68.890
Keenjhar Co-operative society	53.437	1.520	6.527	53.437	1.520	51.918
Wadheela Baloach Co-operative Society	57.637	0.427	26.226	57.637	0.427	57.210
Total	195.430	17.999	55.550	191.524	13.507	178.017

Audit is of the view that understatement of the recoverable amount of occupancy and utility charges reflects negligence on part of the management.

The matter was reported to the department in December 2021, but no reply was received

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends reconciliation of the recoverable amount and its prompt realization.

((DP#15))

2.4.6.3 Encroachment on MDA land

As per letter No.DG/MDA/2021/2748/C dated 15-11-2021 addressed to Secretary Local Government, Housing and Town Planning Department Government of Sindh having subject “Mitigation of short fall of State land grants of Malir Development Authority Schemes by Board of Revenue/ Land Utilization Department, Government of Sindh”, it was informed that certain area of land allocated to various schemes remains encroached upon.

During the audit of office of the Malir Development Authority for the Financial Year 2020-21, it was observed that MDA announced four schemes over an area of 37,782 acres land. However, the schemes could not be completed due to shortfall of 24,518 acres encroached by different quarters as evident from MDA letter No.DG/MDA/2021/2748/C dated 15-11-2021 addressed to Secretary local Government. No efforts were taken by the authority for vacation of the encroached land. Detail is given below.

Sr#	Name of Schemes	Land Granted (Acres)	Shortfall (Acres)
1	Shah Latif Town Scheme-25A	2700	1,347
2	New Malir Housing Project MDA Scheme-1	6000	3,600
3	Taiser Town Scheme-45	14465	4,954
4	MDA Master Programme Scheme	14617	14,617
Total		37782	24,518

Audit is of the view that due to encroachment of MDA land, the objective of the authority for the purpose it was established could not be achieved. Further

management did not produce any documentary evidence regarding taking efforts for recovering the land from illegal occupants.

The matter was reported to the department in December 2021 but no reply was received

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends matter may be taken up by the management to fix the responsibility against the cell established for vacating the land from the illegal occupants.

(DP#18)

2.4.6.4 Unjustified payments of allowances - Rs. 27.217 million

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 Finance Department Government of Sindh notification No. FD(SR-III)5/20-2008 dated 15.07.2008, "All employees not provided with Government accommodation shall continue to be entitled to house rent allowance @ 45% of the minimum basic pay scale, 2008 in big cities of Sindh under jurisdiction of metropolitan/municipal corporation and 30% of minimum of basic pay scales 2008 in other cities".

During the audit of Director General, Malir Development Authority, for the Financial Year 2019-20 & 2020-21, it was observed that an amount of Rs. 27.217 million was paid to officers/officials on account of various allowances beyond their entitlement. Details are given as under;

(Rs. in million)

Sr#	Particulars	Financial Year	Amount
1	Utility allowance	2019-20 to 2020-21	21.472
2	House rent allowance 65%	2019-20 to 2020-21	4.940
3	Inadmissible allowances	2019-20 to 2020-21	0.805
Total			27.217

Audit is of the view that payments were made to officers/officials beyond entitlement which reflects weakness of financial controls.

The matter was reported to the department in December 2020 and 2021, but no reply was received

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends expeditious recovery besides, taking remedial measures to avoid recurrence of such practice in future.

(DP#04)

2.4.6.5 Irregular award of work beyond permissible limit of estimate - Rs. 26.162 million

According to notification of Finance Department dated 24 April 1980 and revised schedule of rates, premium upto 20% above the tender cost is admissible to the contractor.

Para 11.3.3 of SPPRA guidelines states that, “If the premium quoted by the bidder is not within allowable limit of 20%, then approval may be obtained from the Finance Department or the tender be floated afresh”.

During the audit of Malir Development Authority for the Financial Year 2020-21, it was noted that an amount of Rs. 3.309 million was paid for the ongoing work namely “Construction of Storm Water Drain in Taiser Town Scheme-45 MDA” awarded to M/s Al-Shawani Builders for Rs. 26.162 million on 28-09-2006. Following observations were noticed:

- (i) The work was awarded 57% above the estimated amount (Rs. 16.628 million) without referring the case to the competent authority/FD in violation of standing instructions.
- (ii) The work was awarded without following the proper tendering process.

Audit is of the view that management awarded the work over and above the estimated cost which is held irregular.

The matter was reported to the department in December 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that irregular award of work needs to be justified besides, fixing of responsibility on the person(s) at fault.

(DP#19)

2.4.6.6 Irregular execution of work - Rs. 19.960 million

According to Rule 5.4 (2)(iii)(b)(ii) of SPPRA, Procurement Regulation Works, “If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 percent, provided the change affects by more than one percent of the Initial Contract Price, the Project Manager/Engineer shall adjust the rate to allow for the change as per clauses of contact agreement. It shall, however be ensured that the initial contact cost not exceeded by more than 15 percent”.

During the audit of Malir Development Authority for the Financial Year 2020-21, it was observed that work namely “Construction of Storm Water Drain at Taiser Town Scheme-45 MDA- Package-140” amounting to Rs. 19.960 million was awarded to the contractor M/S Al-Shawani Builders on 04-01-2007. Following irregularities were observed: -

- (i) The work was awarded at 97.248% above the estimate, but the same was never got approved from the competent authority.
- (ii) Quantity of steel and RCC was enhanced by 173% above the estimate but revised design was not produced to authenticate the payment on account of these items.

Audit is of the view that management awarded the work over and above the estimated cost which stands irregular.

The matter was reported to the department in December 2021, but no reply was received

Despite written request vide letter dated 31-12-2021, 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.

(DP#20)

2.4.6.7 Loss due to abandonment of work - Rs. 17.009 million

According to Section (I) of Appendix 18-A of Sindh Financial Rules Volume I & 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 the audit of Malir Development Authority for the Financial Year 2020-21, it was observed that an amount of Rs. 3.791 million was paid for the work "Construction of surface Treated Internal Roads Sector-65, Balance Road Part-I Package-725" awarded for Rs. 17.009 million to M/s Haji Abdul Sattar & Brothers in 2009. During scrutiny, following observations were noticed:

1. Extra premium @ 30% amounting to Rs. 3.629 million on scheduled items was included in the estimate without approval of competent authority.
2. Unjustified expenditure of Rs. 11.689 million was incurred on random rubble masonry under the work component retaining wall without execution of excavation and concrete cement plain.

Audit is of the view that improper execution and subsequent abandonment of work resulted in loss of Rs. 17.009 million.

The matter was reported to the department in December 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, 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.

(DP#21)

2.4.6.8 Doubtful transfer of title of ownership of plot

According to Section (I) of Appendix 18-A of Sindh Financial Rules Volume I & 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 the audit of Director General, Malir Development Authority, for the Financial Year 2019-20, it was observed that ownership of Plot No. N-211, sector 22-B, SLT, scheme-25 was allotted to Ms. Khadija through balloting in 1981 but during scrutiny, following discrepancies were noticed in the issuance of allotment order and change of title of ownership;

- i. The sale agreement between first owner Ms. Khadija and present owner Mr. Ayaz Ali was made on stamp paper dated 04.11.1981 without mentioning date of agreement on sale agreement.
- ii. According to CNIC, the date of birth of present owner Mr. Ayaz S/o Muhammad Ramzan was 01.04.1986 whereas sale agreement was made on 04.11.1981 before his birth.
- iii. Ownership of the plot was transferred to Ayaz Ali S/o Muhammad Ramzan on 09.07.2019 without personal appearance of original owner Ms. Khadija as evident from the MDA dated 25-03-2019.
- iv. Meanwhile another claimant Mr. Saleem Khan bearing CNIC No. 42501-2247324-9 applied for the ownership of the same plot which created doubt about the bonafide execution of the transaction.
- v. In several other cases it was observed that there was no evidence of personal appearance of the parties concerned at the time of sale / purchase.

Audit is of the view that the above discrepancies/ non-transparency rendered the entire transfer of ownership process doubtful.

The matter was reported to the department in December 2020, but no reply was received

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends to conduct inquiry in the matter for fixing of responsibility on the person(s) at fault.

(DP#09)

2.5 Section-IV: Sehwan Development Authority

2.5.1 Introduction

Sehwan Development Authority was created through an Act passed by the Provincial Assembly of Sindh titled “The Sehwan Development Authority Act 1993” and later on revived through Sehwan Development Authority Revival and Amending Act 2013. Main objectives for the creation of Sehwan Development Authority included improvement and beautification of the areas coming under the administrative jurisdiction of Taluka Sehwan.

2.5.2 Governing Laws & Policies

- i. Sehwan Development Authority Act-1993.
- ii. Sindh Financial Rules.
- iii. CPW A-Code & D-Code.
- iv. Sindh Public Procurement Act, 2009.

2.5.3 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Formation	Particulars	Budget	Expenditure	Excess (+) Savings (-)
Sehwan Development Authority	Salary	300.266	176.215	-124.05
	Non-salary	45.063	32.671	-12.39
	Development	1,269.910	59.642	-1,210.27
	Total	1,615.239	268.528	-1,346.71

The budgeted allocation of Sehwan Development Authority for the Financial Year 2020-21 was Rs. 1,615.239 million against which the total expenditure was Rs. 268.528 million, resulting in overall savings of Rs. 1,346.71 million.

2.5.4 Classified Summary of Audit Observations

Observations amounting to Rs. 108.900 million were raised during the audit of 2019-20. This amount also includes recoverable Rs. 108.900 million as pointed out by the audit. Classification of the audit observations is as under:

(Rs. in million)

Sr.#	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR/Employees related irregularities	-
B	Procurement related irregularities	-
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	108.900
	Total	108.900

2.5.5 Brief comments on the status of compliance with PAC Directives

The audit of Local Government Department falls within the jurisdiction of Director General Audit Local Council Sindh, Karachi. However, this office has only conducted audit of Development Authorities for the audit year 2021-22. Further, no PAC meeting for Local Government Department was convened since the last audit report of Director General Audit Local Council Sindh, Karachi. Separate status of the printed paras for Sehwan Development Authority shall be incorporated in the next year's Audit Report.

2.5.6 Audit Paras

2.5.6.1 Non-production of auditable record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of Sehwan Development Authority (SDA), Jamshoro for the Financial Year 2019-20, it was observed that the management did not produce the auditable record. Due to non-production of record, the accounts amounting to Rs. 65.678 million remained unaudited. Details are given as under;

(Rs. in million)

Sr#	Particulars	Name of Contractor	DP#	Amount
1	Supporting vouchers	M/s Askari Enterprises	01	65.678
2	NOC and relevant records	M/s Bahria Town Karachi	04	0
3	Revenue record for registration of plots	M/s KGC Properties	12	0
			Total	65.678

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the management in June 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

2.5.6.2 Encroachment on SDA property

According to Sindh Public Property (Removal of Encroachment) Act, 2010, Section 5(1), “If any person refuses or fails to vacate the public property or remove the structure raised thereon after three days from the order under section 3 duly served on him, or if review petition is filed against such order, after such review petition is dismissed, he shall be evicted by such force as may be necessary, by an officer authorized by Government in this behalf and the structure, if any, raised by such person on the public property shall vest in Government, Council, autonomous body, or registered Cooperative Society as the case may be”. Read with Sehwan Development Authority Act 1995, Act No. 13. (1) The Authority may, by notification, issue such directions and do such things as may be necessary for the prevention of haphazard growth, encroachments, unauthorized construction or operations in any area within its jurisdiction. (2) The encroachment shall be removed in accordance with the law for the time being in force.

During audit of Sehwan Development Authority, Jamshoro for the Financial Year 2019-20, it was observed that valuable properties of the authority were encroached by various government and non-government entities despite presence of anti-encroachment section in the authority itself. The details are given as under:

Sr.	Name of Building	Description	Address	Occupants
1.	Office Building	Office of the Executive Engineer, SDA	Khuda Ki Basti	Chairman Municipal Committee Bolhari
2.	Qaleen / Carpet Centre	02 Hall and lawn in front	Sector E-4 Block-B, Khuda Ki Basti	Unauthorized Person(s)
3.	Shan Public School Building Office	Office having 5 rooms	Sector E-4 Block-B, Khuda Ki Basti	Unauthorized Person(s)
4.	Old NGOs office/ Zacha Bacha Centre	5 rooms, 01 hall surrounding with boundary wall and entrance gate	Sector E-3 Block-B, Khuda Ki Basti	Unauthorized Person(s)

Audit is of the view that non-removal of encroachments reflects negligence on part of the management in safeguarding government assets.

The matter was reported to the management in June 2021 but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that efforts may be taken for retrieval of authority's property from illegal occupants.

(DP#02)

2.5.6.3 Non-recovery of cost of the land - Rs. 108.900 million

As per Rule 41 (a) of SFR 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 claiming credit for so much paid into the treasury and compare with the figures in the statements supplied by the comptroller".

During audit of Sehwan Development Authority, Jamshoro for the Financial Year 2019-20, it was observed that 25 acres of land was allotted to defunct District Government Jamshoro, but the authority did not pursue recovery of cost of land amounting to Rs. 108.900 million.

Audit is of the view that due to non-recovery of cost of land the authority was deprived of its revenue to fund its operational activities.

The matter was reported to the management in June 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends prompt recovery of the land cost besides, taking remedial measures.

(DP#11)

2.6 Section-V: Zulfikarabad Development Authority

2.6.1 Introduction

ZDA was created on 23rd November 2010 through an Act passed by the Provincial Assembly of Sindh titled “The ZDA Act, 2010” with the aim and objective to establish a modern city namely Zulfikarabad. ZDA’s operational areas include District Thatta and Sujawal. It functions under the administrative control of Secretary Services, General Administration & Coordination Department.

ZDA’s developmental initiatives are likely to play an important role in achieving socio-economic uplift of such under-developed remote areas where sea intrusion has severely hampered the subsistence of their agro-economy.

ZDA’s vision with respect to its operation and management involves exploration of unexploited land and coastal area’s natural resources for enhancing agriculture and creation of job opportunities.

2.6.2 Governing Laws & Policies

- i. Zulfikarabad Development Authority Act, 2010.
- ii. Zulfikarabad Development Authority Human Resource Manual.
- iii. Sindh Financial Rules.
- iv. CPW A-Code & D-Code.
- v. Sindh Public Procurement Act, 2009.

2.6.3 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Formation	Particulars	Budget	Expenditure	Excess (+) Savings (-)
Zulfikarabad Development Authority	Salary	66.360	58.063	-8.297
	Non-salary	33.640	29.433	-4.207
	Development	-	-	-
	Total	100.000	87.500	- 12.500

The budgeted allocation of Zulfikarabad Development Authority for the Financial Year 2020-21 was Rs. 100.00 million against which the total expenditure was Rs. 87.500 million, resulting in overall savings of Rs. 12.500 million.

2.6.4 Classified Summary of Audit Observations

Observations amounting to Rs. 8,761.708 million were raised during the audit of 2019-20. This amount also includes recoverable Rs. 4.168 million as pointed out by the audit. Classification of the audit observations is as under:

(Rs. in million)

Sr.#	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR/Employees related irregularities	4.168
B	Procurement related irregularities	-
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	8,757.540
	Total	8,761.708

2.6.5 Brief comments on the status of compliance with PAC Directives

The audit of Zulfikarabad Development Authority for the audit year 2020-21 was conducted by the Director General, Local Council Audit, Karachi, which has been incorporated in the audit report of 2021-22 printed by this office. Further, no PAC meeting for Services, General Administration & Coordination Department was convened since the last audit report of Director General Audit Local Council Sindh, Karachi. Separate status of the printed paras for Zulfikarabad Development Authority shall be incorporated in the next year's Audit Report.

2.6.6 Audit Paras

2.6.6.1 Irregular payment of adhoc allowance to employees without admissibility - Rs. 1.071 million

According to clause-4(a) of terms and conditions of offer order of contractual appointment, “ZDA will pay a lump sum compensation package. The lump sum package is inclusive of all benefits and allowances read with clause 4(b) your compensation package will be increased with 5% upto maximum at the time of extension of your contract period and according to ZDA policy.”

During audit of Managing Director, Zulfikarabad Development Authority, Karachi for the Financial Year 2019-20, it was observed that 15% Adhoc Relief Allowance of Rs. 1.071 million was paid to various contract employees without admissibility and in violation of the terms & conditions specified in their respective offer letter. The details are given as under;

(Rs. in million)

Sr.#	Name of Staff member	Amount per month	Amount for the year
1	Project Director	22,500	0.270
2	State Officer	6,000	0.072
3	Deputy Director HR	11,250	0.135
4	Deputy Director Finance	11,250	0.135
5	Director Admin	27,000	0.324
6	Executive Engineer	11250	0.135
Total		89,250	1.071

Audit is of the view that cumulative 15% increase on payment of adhoc allowance and indexed pay without admissibility was contrary to the Terms & Conditions.

The matter was reported to the management in May 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#08)

2.6.6.2 Excess payment on account of house hiring - Rs. 3.097 million

According to notification No. FD/M-II/20(8)/2018 dated 10th august, 2018 Finance Department, Government of Sindh, competent authority is pleased to enhance the rental ceiling for hiring of residential accommodation facility w.e.f 1-7-2018 for Grade- 21 officer at 49,380/ per month.

During audit of Zulfikarabad Development Authority, for the Financial Year 2019-20, it was observed that an amount of Rs. 3.689 million was paid to Managing Director - BS-21 officer on account of house hiring with the approval of the executive committee of the authority at the rate of Rs. 307,461 per month instead of Rs. 49,380 per month. Since the officer was regular employee of the government who is entitled to draw pay and allowances and other emoluments as authorized by the government against his pay scale, the excess payment in lieu of house hiring stands unauthorised.

(Rs. in million)

Actual Hiring Paid	Admissible amount as per revised of ceiling	Excess Amount paid
3.689	0.592	3.097

Audit is of the view that excess payment on account of house hiring shows undue favor was extended to the officer.

The matter was reported to the management in May 2021, but no reply was received.

Audit recommends recovery of excess amount at the earliest.

(DP#07)

2.6.6.3 Non-execution of development works despite payment of mobilization advance - Rs. 8,757.540 million

According to Notification No.S)(C-IV)SGA&CD/4-64/09 Executive Committee (EC) of ZDA was established to facilitate the expeditious work of Zulfikarabad City. The terms and conditions state that: (i) To conceive, approve and develop plans related to the new Zulfikarabad city in conformity with the master plan, (ii) preparation, approval and execution of development projects/schemes to implement the conceptual/ detailed master plan of ZDA.

Further, according to clause-6 of work order issued vide No.ZDA/MD/FWO/LOA/547 dated: 26.3.2013, “liquidity damages shall be Rs. 100,000 per day and maximum of 10% of total contract value”.

During audit of Managing Director, Zulfikarabad Development Authority, Karachi for the Financial Year 2019-20, it was observed that development works of Rs. 8,757.540 million were awarded to M/S Frontier Works Organization, but the same were not executed. The contractor was also paid mobilization advance at the rate of 10%, but neither the advance amount was recovered nor the interest as per clause 14.2 of special conditions of contract for the work at Sr. No. 01 was recovered. The details are given as under:

(Rs. in million)

Sr#	Contractor Details/work order	Name of Scheme	Completion time	Cost
1	FWO 547 dated: 26.3.2013	Construction of Shaheed Zulfiqar Ali Bhutto expressway from Garho to Shah Bandar	24 months	4,078.456
2	FWO 193 dated: 11.6.2014	Design and build RCC post tensioned bridge, approach road, J-spurs over indus river at Dhandhari, Thatta	30 months	4,679.084
Total				8,757.540

The matter was reported to the management in May 2021, but no reply was received.

Despite written request vide letter dated 31-12-2021, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends conducting inquiry in the matter besides, recovery of the non utilized mobilization advance.

(DP#05)

Chapter-3

EDUCATION WORKS DIVISIONS

3.1 Introduction

The Educations Works Division falls under the administrative and operational control of School Education & Literacy Department, Government of Sindh. Its core mandate involves the construction and management of infrastructure relevant to schools and colleges of the province.

(Rs. in million)

Sr.#	Description	Total Nos	Audited	Expenditure audited FY 2020-21
1	Formations	37	19	7,664.190

3.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2020-21 were audited on test check basis. Following is the position of budget, expenditure and receipt of the divisions:

(Rs. in million)

Original Budget/ Grant	Suppl. Grant	Re-appro: (+)	Re-appro: (-)	Surrender	Final Grant	Departmental Expenditure	Variation Excess/ (Savings)
17,293.635	0.001	2,642.085	2,657.183	5,587.210	11,691.329	10,714.789	(-) 976.540

The Divisions were unable to spend the allocated budget in time, resulting in overall savings of Rs. 976.540 million.

3.3 Classified Summary of Audit Observations

Observations amounting to Rs. 1,271.622 million were raised as a result of this audit. This amount also includes recoverable Rs. 38.798 million as pointed out by the audit. Classification of the audit observations is as under:

(Rs. in million)

Sr#	Classification	Amount
1	Non production of record	-
2	Reported cases of fraud, embezzlement and misappropriation	84.049
3	Irregularities	
A	HR/Employees related irregularities	-
B	Procurement related irregularities	455.272
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	732.301
	Total	1271.622

3.4 Comments on the Status of Compliance with PAC Directives

The audit of School Education & Literacy Department falls within the jurisdiction of D.G Audit Sindh. However, this office has only conducted audit of Education Works Divisions for the audit year 2021-22. The following table on audit paras requiring compliance of the PAC directives and subsequent action by the School Education & Literacy Department is represented as below:

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	

PAC for School Education & Literacy Department was not convened since printing of the last audit report by D.G Audit Sindh. Separate status of the printed paras for Education Works Divisions shall be presented in next year's Audit Report.

3.5 Audit Paras

3.5.1 Non-production of record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of various offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Year 2019-20 & 2020-21, auditable record was not produced for scrutiny. In absence of provision of record, authenticity of expenditure could not be ascertained by audit. Detail is given at **Annex-1** of Chapter-3.

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the department in January to August 2021. During DAC meeting held on 2nd February 2022, the management replied that the required record was available for verification. The same could not be produced at the time of audit due to various reasons. The DAC directed to provide the relevant record for verification. However, no record was produced till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

3.5.2 Doubtful recording of measurement in single day - Rs. 55.932 million

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

During audit of Executive Engineer, Education Works Division, Malir Karachi for the Financial Year 2020-21, it was observed that an expenditure of Rs. 55.932 million was incurred against work done on various civil works, however review of the running account bills disclosed that measurement of the works was recorded on the same date i.e. 10-06-2021. Detail is given at **Annex-2** of Chapter-3.

Audit is of the view that the recording of measurement by the same official in single day at various sites involving large quantum of work was practically not possible. This reflects that the measurements were recorded only to consume budget in the month of June.

The matter was reported to the department in August, 2021. During DAC meeting held on 2nd February 2022, the management replied that various works were under process and in full swing at close of Financial Year. The measurement accumulated in office for different sites. As the funds released, the payments were made. The DAC decided a committee shall be constituted headed by Superintendent Engineer to verify the execution of works and actual recording of measurements thereof. A report shall be furnished which will be shared with audit.

Audit recommends to conduct inquiry against the person(s) at fault besides, taking remedial measures.

(DP #69)

3.5.3 Award of work on fake PEC certificate - Rs. 26.208 million

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

During audit of Executive Engineer, Education Works Division No. VI, Malir, Karachi for the Financial Year 2020-21, it was observed that the work “Rehabilitation /Expansion /Improvement of High Priority School Taluka Bin Qasim District Malir (Package No.6) (Secondary School)” was awarded to the contractor M/s Ali Electrical

Contractor for an amount of Rs. 26.208 million. The contractor submitted his PEC registration # 06348 in C5 Category, however on verification from the PEC website, the same registration number was found allotted to M/s S.S Engineers. Thus, the work was awarded on fake PEC certificate.

CV # & Date	Bill #	Name of work	Contractor	Work Oder # & Date	Cat./PEC Regis. #
2 20/11/20	2 nd RA	Rehab/Exp /Improv of High Priority School Taluka Bin Qasim District Malir (Package No.6) (Secondary School)	M/s Ali Electrical Contractor	XEN/EWD-III/ W&S/TC/ WG-55/No. 632 dated 17-04-18	C5 / 06348

Audit is of the view that execution of the work without valid PEC registration stands irregular.

The matter was reported to the department in August, 2021. During DAC meeting held on 2nd February 2022, the management replied that N.I.T was floated and all codal formalities were fulfilled as prescribed. The DAC decided a letter will be sent to PEC for verification of genuineness of PEC certificate. A report shall be furnished to audit mentioning total number of works awarded to the same contractor and highlight if any irregularity was noticed on this account.

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

(DP #68)

3.5.4 Doubtful execution of work done - Rs. 0.735 million

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

During audit of Executive Engineer, Education Works Division, Malir VI Karachi for the Financial Year 2020-21, it was observed that in the following two works, 1st RA bill was paid for the item of work “Removing of old debris rubbish construction”, however audit observed that subsequent bills were also claimed as 1st RA with different items and without mentioning any details of previous work done. In running account bills the quantities of work already done are required to be mentioned in subsequent bills, but in these two works, neither the quantities of already work done

were mentioned nor was the bill denoted as second RA. This created doubts about authenticity of work done.

(Rs. in million)

Name of work	Contractor / W.O # & Date	C.V # & Date	Chq # & Date of RA Bill	Item in 1 st RA Bill	Measureme nt date & recorded by	Amount
Rehabilitation of High Enrolment dangerous Primary School with Additional Class Rooms and provision of Missing Facilities GBPS Morio Faqeer Gadap Town Karachi	M/s. Waris & Co. 204 31-05-21	28 15-06-21 /	4104590 15-06-21 (includes Sec. Adv.) Rs 3.728 million	Excavation in foundation of building bridges and other structures	10-06-21 by Mr. Hakim Memon, Sub-Engineer	
		37 15-06-21	4104608 dt: 15-06-21	Removing of old debris rubbish construction	--	0.235
Rehabilitation of High Enrolment dangerous primary school with additional class rooms& provision of missing facilities District Malir at GBPS Saleh Muhammad Balouch at Lashari Goth (Repair/Renovation/C/Wall & Additional 4 C/R)	M/s. Waris & Co. 202 31-05-21	27 15-06-21	4104589 15-06-21 (includes Sec. Adv.) Rs 4.500 million	A -Dismantling Renovation (11 items of work) B - Compound wall (6 items of work)	07-06-21 Mr. Aslam, AEN	
		23 15-06-21	4104585 dt: 15-06-21	Removing of old debris rubbish construction	--	0.500
Total						0.735

Audit is of the view that claiming 1st RA bill twice with different items and amount without showing the work already done, but having same MB number renders the execution doubtful.

The matter was reported to the department in August, 2021. During DAC meeting held on 2nd February 2022, the management replied that 1st R.A bill amounting to Rs0.235 million was claimed and subsequent bill for an amount of Rs4.500 million may be treated as 2nd R.A bill. The error occurred due to typing mistake & rush of work. The DAC directed to furnish MBs and running bills and other connected record to audit to verify the genuineness of the payments.

Audit recommends holding of inquiry against the person(s) at fault besides, taking remedial measures.

(DP #62)

3.5.5 Payment on fake entries in MB - Rs. 1.174 million

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

During audit of Executive Engineer, Education Works Division No. VI, Malir, Karachi for the Financial Year 2020-21, it was observed that under the scheme “Establishment of Shaheed Zulfiqar Ali Bhutto Engineering College Gadap Town Karachi (Administration Block, Student Hostel, U.G Tank, H.S.R. P/room, Boring & C wall)” a payment of Rs. 1.174 million was made to the contractor M/s Anwar Ahmed Construction Co. on 31-08-2020 for the civil work “Boring” involving 5 items in the 9th RA bill. The same amount was retrenched in the 12th RA bill on 21-01-2021, which shows that earlier payment was made as advance amount by making fictitious entries in MB.

Audit is of the view that un-authorized payment was made to the contractor in 9th RA bill by making fictitious measurement in MB which was later on adjusted in the 12th RA bill, resultantly undue favor was extended to the contractor.

The matter was reported to the department in August 2021. During DAC meeting held on 2nd February 2022, the management replied that the item of boring was executed and its payment was made in 9th RA bill. Later on, Engineer incharge observed during 12th R.A bill that the discharge of boring had stopped and contractor could not rectify the same. Due to defective work, the Divisional Officer withdrawn the payment. The DAC decided a committee shall be constituted headed by Superintendent Engineer to verify the status of execution of boring and recording of measurements thereof. A comprehensive report shall be furnished to audit.

Audit recommends holding of inquiry against the person(s) at fault besides, taking remedial measures.

(DP #70)

3.5.6 Irregular execution of works in deviation of PC-I - Rs. 32.220 million

According to Para 4.12 of Manual for Development Projects, “The physical and financial scope of a project, as determined and defined in the project document (PC-I), is appraised and scrutinized by the concerned agencies before submitting it for approval. Once approved by the competent authority the executing agency is supposed to implement the project in accordance with the PC-I provision. It has no authority to change and modify the main approved parameters of the project on its own, beyond permissible limit of 15%”. As per Para 4.13, “If at some stage modifications / changes become imperative then project authorities should revise the project and submit it for the approval of competent authority”.

During audit of Executive Engineer, Education Works Division, Mirpurkhas for the Financial Year 2020-21, it was observed that an excess expenditure of Rs. 32.220 million was incurred against various works in deviation of the provisions in PC-I. Detail is given at **Annex-3** of Chapter-3.

The matter was reported to the department from January to June 2021. During DAC meeting held on 2nd February 2022, the management replied that some work was executed in excess due to site requirement but overall expenditure on the schemes was in permissible limit of 15%. The DAC directed to get the schemes regularized / revised from the concerned forum and produce to audit.

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

(DP #92)

3.5.7 Irregular award of work without open tender - Rs. 166.106 million

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

During audit of the following offices of the School Education & Literacy Department, (Education Works) Government of Sindh, for the Financial Year 2019-20, it was observed that an expenditure of Rs. 166.106 million was incurred on various repair and maintenance works without invitation of open tenders. Details are tabulated as under:

(Rs. in million)					
Sr.#	Name of Office	Description	Year	DP #	Amount
1	Education Works Division Kashmore @ Kandhkot	Unjustified additional work awarded to contractor -Rs. 19.710 million without tender	2019-20	32	19.71
2	Education Works Electric Division-II Karachi	Non invitation of open tenders for works -Rs. 10.158 million	2017-18 To 2019-20		10.158
3	Education Works Division, Khairpur	Non achievement of competitive rates on account of various rehabilitation work -Rs. 1.870 million	2019-20		1.87
4	Education Works Electric Division-II Karachi	Irregular expenditure through splitting to avoid open tender -Rs. 4.553 million	2017-18 To 2019-20		4.553

5	Education Works District Kamber Shahdaskot	Award of balance work to various contractors by way of splitting up- Rs. 129.815 million	2019-20		129.815
Total					166.106

Audit is of the view that the government was deprived of the economical rates due to non-invitation of tenders.

The matter was reported to the department in the month of Dec 2020 to June 2021. During DAC meeting held on 2nd February 2022, the management at serial # 01, 02 & 03 replied that expenditure was incurred after inviting tender. The management at serial # 04 replied that the expenditure was incurred on emergency basis in respect of 40 polling stations for arrangement of General Elections 2018. The management at serial # 05 replied that the schemes pertained to balance works and the same were invited as per SPPRA Rules and Regulation. The DAC directed to produce record of NIT and BER to audit for verification.

Audit requires justification of expenditure without inviting open tender besides, fixing of responsibility on persons(s) at fault.

3.5.8 Excess expenditure over & above 5% of the estimate - Rs. 256.946 million

According to Para 532 and 767 of PWD Manual, volume-I, "A revised estimate containing the facts and causes of revision must be submitted when sanctioned estimate is likely to be exceeded by more than 5%, either from the rate being found insufficient or from any other cause whatever".

According to Rule-528 of Public Works Departmental Manual, "No material alteration in sanctioned, still less in standard design may be made by a Divisional Officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction".

During audit of the following offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Year 2020-21, it was observed that an expenditure of Rs. 256.946 million was incurred on execution of various works in excess against the prescribed limit of 5% over technical sanction.

(Rs. in million)			
Sr.#	Name of Office	DP #	Amount
1	Education Works Division Sukkur	10	17.125

2	Education Works Division Khairpur	52	93.591
3	Education Works Division, Mirpurkhas	98	19.577
4	Education Works Division, Hyderabad	100	0.959
5	Education Works Division, Shikarpur	120	125.694
		Total	256.946

Audit is of the view that incurring of expenditure beyond permissible limit of 5% of estimates without revised technical sanction reflects weakness of financial and internal controls.

The matter was reported to the department in August 2021. During DAC meeting held on 2nd February 2022, the management at serial # 01 & 04 replied that the expenditure on these works was within the estimated amount. The management at serial # 02, 03 & 05 replied that either the revision of estimates was under process or had been got revised. The DAC directed to produce revised TS to audit for verification where required.

Audit requires regularization of the expenditure from the competent authority.

3.5.9 Excess payment of Secured Advance – Rs. 3.990 million

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

During audit of the following offices of Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Year 2020-2021, it was observed that the secured advance of Rs. 3.990 million against various works was paid in excess as detailed below:

Part-A (Education Works Division, Malir Karachi - DP #72)

Name of work: “Establishment of Girls Academic Block in Public Schools Gadap Karachi”

- i. The second (2nd) RA bill showed secured advance was claimed for six items including steel, cement, sand, crush, block and stone ballast for Rs. 13,036,250, but actually Rs. 4,991,907 was paid. (without mentioning the quantity and item).

- ii. In third (3rd) RA bill secured advance was again claimed and paid for three items i.e. steel, sand and crush amounting to Rs. 6,340,000.
- iii. As the secured advance cannot be paid for same items twice on same date (2nd & 3rd RA bills were paid on 15-06-2021), therefore the audit worked out due amount of secured advance in second (2nd) RA bill as Rs. 2,695,000 by subtracting items claimed in third (3rd) RA bill on which secured advance was paid. Thus, payment of secured advance amounting to Rs. 2,296.907 was made in excess in second (2nd) RA bill.

2nd RA (CV # 29 15-06-21)					3rd RA (CV # 38 15-06-21)			
Secured Advance					Secured Advance			
Items	Claim	Paid	Due	Excess	Items	Claim	Paid	
Steel	4,541,250	Paid in lump sum			Steel	3,750,000	3,750,000	
Cement	1,000,000		1,000,000					
Sand	3,250,000					Sand	1,600,000	1,600,000
Crush	2,550,000					Crush	990,000	990,000
Stone Ballast	975,000				975,000			
Block	720,000				720,000			
Total	13,036,250	4,991,907	2,695,000	2,296,907		6,340,000	6,340,000	

Part-B (Education Works Division, Benazirabad & Naushehro Feroz-DP # 108&114)

In the offices of the Executive Engineer, Education Works Division, Benazirabad & Naushehro Feroz, an amount of Rs. 1,693,486 was paid as secured advance for supply of steel in excess over and above the provision in BOQ against two works.

Sr. #		Total Provision in BOQ	Qty. utilized as per bill	Remain-ing Qty.	Qty. allowed in S. Adv. in Tons	Qty. allowed in S. Adv. in cwt (Qty in tonx20)	Excess Qty.	Rate	Excess Amount
1	DP # 108 Education Works Divn, Benazirabad -	271.710	210.120	61.590	12.750	255.00	193.41	5001.7	967,379
2	DP # 114 Education Works Divn, Naushehro Feroz -	844.48	580.192	264.288	20.473	409.46	145.172	5001.7	726,107
Total		1116.19	790.312	325.878	33.223	664.46	338.582		1,693,486

Audit is of the view that undue favor was extended to the contractors by paying secured advance in excess of the due amount. Thus, the above lapse on part of the management indicates improper watch and absence of systemic internal controls.

The matter was reported to the department in August & September 2021. During DAC meeting held on 2nd February 2022, the management at Part-A of para replied that all codal formalities were completed. An amount of Rs.3.920 million was recovered in 3rd & 4th R.A bill. Remaining amount would be recovered from next bill. The reply of the management at Part-B of para for DP # 108 was not relevant whereas for DP # 114 the management replied that the quantity allowed on account of Secured Advance was within the provision. The DAC directed to provide details of actual consumption of material and its provision in BOQ.

Audit recommends justification of excess payment against secured advance.

3.5.10 Excess execution of steel– Rs. 0.928 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 the Executive Engineer, Education Works Division, Naushehro Feroze Govt. of Sindh for the Financial Year 2020-2021, it was observed that excess payment of 0.928 million was allowed on account of execution of steel in “RCC 1:2:4 work” than its requirement as worked out based on the working in estimate. Detail is as under.

Name of work	Contractor	Executed Qty. of RCC 1:2:4 work	Qty. of steel to be executed (Qty of RCC x 5.12 / 112)	Qty. of steel executed as per bill	Excess Qty. of executed steel	Rate	Excess Amount
Estab. of Boys/ Girls in Sindh @ Govt. Girls Degree College Bhirya Road (Balance Work) Tal: Bhirya	Shahjahan Memon (11 th RA)	19,430	888.229	1,073.814	185.585	5,001.7	928,240

Audit is of view that the excess payment was made to extend undue favor to the contractor in contravention of the prescribed rules.

The matter was reported to the department in the month of October, 2021. During DAC meeting held on 2nd February 2022, the management replied that total payment made to the contractor was within 5% of the sanctioned estimate. The DAC directed to provide details of actual consumption of steel and its working based on which the quantity of steel was provided in the BOQ.

Audit requires justification besides, fixing of responsibility on the persons at fault.

(DP#115)

3.5.11 Abnormal delay in execution of schemes

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 the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Year 2020-2021, it was observed that various schemes started in 2007-08, 2008-09 & 2010-11 remained incomplete despite lapse of considerable time.

(Rs. in million)

Sr. #	Name of Office	Schemes started	Year	DP #	Estimated cost
1	Executive Engineer, Education Works Division, Sanghar	2007-08 & 2008-09	2020-21	17	240.281
2	Education Works Division, Mirpurkhas	2007-08 & 2008-09	2020-21	95	16.835
3	Education Works Division Sukkur	2008-09	2020-21	13	13.722
4	Education Works Division Jamshoro	2010-11	2020-21	128	29.904
Total					300.742

Audit is of the view that the management could not finalize the schemes despite lapse of more than ten years which shows poor performance / progress and due to this the intended objectives could not be achieved.

The matter was reported to the department in August 20, 2021. During DAC meeting held on 2nd February 2022, the management at serial #1, 2 & 4 replied that

due to various problems at site, the works were delayed. The management at serial # 03 replied that the work could not be started due to non-availability of plot till date. The DAC was apprised that due to poor funding and non-availability of land, the schemes could not either be started or completed. However, a uniform policy would be made to prioritize the ongoing schemes where works were in progress and delete all such old schemes where no progress had been made so far. Subsequent to this, the revised PC-I would be shared with audit.

Audit recommends justification for the inordinate delay in completion of the schemes.

3.5.12 Irregular execution of extra items of works - Rs. 57.067 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 the following offices of the School Education & Literacy Department, (Education Works) Government of Sindh, for the Financial Year 2019-20 & 2020-21, it was observed that an expenditure of Rs. 57.067 million was incurred on execution of extra items of various works without sanction of Superintendent/Chief Engineer and provision in BOQ, resulting in undue benefit to contractors by allowing execution of extra items of works.

(Rs. in million)				
Sr #	Name of Office	Year	DP #	Amount
1	Executive Engineer, Education Works Division, District Korangi	2019-20	30	23.72
2	Executive Engineer, Education Works, Central, Karachi	2019-20		11.67
3	Executive Engineer, Education Works Electric Division-II Karachi	2017-18 To 2019-20		6.261
4	Executive Engineer, Education Works Division Jamshoro	2019-20		4.861
5	Executive Engineer, Education Works, Central, Karachi	2019-20		1.785
6	Executive Engineer Education Works Division, Dadu	2019-20		1.734
7	Executive Engineer, Education Works Electric Division-II Karachi	2017-18 To 2019-20		1.435
8	Executive Engineer, Education Works Division, District Korangi	2019-20		1.04

9	Executive Engineer, Education Works District Kamber Shahdadkot	2019-20		2.572
10	Executive Engineer Education Works Division-I, Karachi West	2020-21	50	1.989
Total				57.067

Audit is of the view that the payment on extra items without referring the case to the Superintendent/Chief Engineer stands irregular.

The matter was reported to the department during December 2020 to November 2021. During DAC meeting held on 2nd February 2022, the management replied that the extra items were carried out as per site requirement, which were not included in the original technical sanction and therefore revised estimates were got approved. The DAC directed to provide revised TS to audit to ensure approval of the extra items.

Audit requires to provide justification for execution of extra items besides, regularization of expenditure.

3.5.13 Unjustified delay in completion of Scheme

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

During audit of the Executive Engineer, Education Works Division, Larkana for the Financial Year 2020-21, it was observed that the scheme “Primary Schools to Middle Schools in Sindh (460) (2007-08)” started in 2008, however only 07 out of 21 schools had been constructed. The work on 14 schools was still in progress, whereas no work could be started on remaining 05 schools despite lapse of 13 years.

Audit is of the view that due to inordinate delay in carrying out the works, the intended objectives of the scheme could not be achieved besides, causing loss to the Government.

The matter was reported to the department in August 2021. During DAC meeting held on 2nd February 2022, the management replied that due to meagre release of funds since 2010-11, the scheme could not be completed till date and therefore needed revision. The DAC was apprised that due to poor funding and non-availability

of land, the schemes could not either be started or completed. However, a uniform policy would be made to prioritize the ongoing schemes where works were in progress and delete all such old schemes where no progress had been made so far. Subsequent to this, the revised PC-I would be shared with audit.

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

(DP #27)

3.5.14 Irregular expenditure on non-schedule item without approval from the competent authority - Rs. 52.431 million

According to Sr. # 4 of Schedule of Rates (Composite) for finished items of works, 1996, “Non-schedule item costing up to Rs. 1,000 should be got sanctioned by the concerned Superintendent Engineer and exceeding Rs. 1,000 must be got approved and sanctioned by the Chief Engineer”.

During audit of the following offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Years 2019-20 & 2020-21, it was observed that an expenditure of Rs. 52.431 million was incurred on various non-scheduled items without market rate analysis and approval of Superintendent/Chief Engineer.

(Rs. in million)

Sr.#	Name of Office	Year	DP #	Amount
1	Executive Engineer, Education Works, Central, Karachi	2019-20	28	11.003
2	Executive Engineer, Education Works Electric Division-II Karachi	2017-18 To 2019-20		6.663
3	Executive Engineer Education Works Division Sanghar	2019-20		4.987
4	Executive Engineer, Education Works Ghotki	2018-19 & 2019-20		3.944
5	Executive Engineer, Education Works, Sujawal	2019-20		2.594
6	Executive Engineer, Education Works Division District West Karachi	2019-20		2.259
7	Executive Engineer, Education Works Division, Badin	2019-20		0.601
8	Executive Engineer, Education Works Division, Hyderabad	2019-20		0.395
9	Executive Engineer Electric Division Sukur	2019-20		1.703

10	Executive Engineer, Education Works Division Sukkur	2019-20		6.738
11	Executive Engineer, Education Works Division Thatta	2019-20		2.893
12	Education Works Division Larkana	2020-21	24	7.515
13	Education Works Division-I, Karachi West	2020-21	49	1.136
Total				52.431

Audit is of the view that in absence of rate analysis as well as approval of the same from the Superintendent/Chief Engineer the expenditure stands irregular.

The matter was reported to the department in July & August 2021. During DAC meeting held on 2nd February 2022, the management replied that the rate analysis of the items was approved by the competent authority and all payments had been made after obtaining the approval of the competent authority. The DAC directed to provide Rate analysis and supporting documents to audit for verification.

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

3.5.15 Abnormal variation in debit and credit balance of PW deposit during the year - Rs. 9.096 million

As per Rule-42 (a) of Sindh Financial Rules, Volume-I, “Divisional Officers of the Public Works Department are responsible, that demands are made as revenue falls due, that steps are taken with a view to effect prompt realization of all revenue, regular or occasional, and that proper records are kept to show in respect of all items of revenue recurring and non-recurring, the assessment made, the progress of recovery and outstanding debts due to Government”.

During audit of Executive Engineer, Education Works Division, Mirpurkhas, for the Financial Year 2020-21, it was observed that abnormal variation amounting to Rs. 9.096 million was observed in the debit and credit balances of PW deposit as per Form-78 & SAP data. The details are as below:

(Rs. in million)

Month	Debit amount of PWD as per SAP Data	Debit as per Form-78	Credit Amount PWD as per SAP Data	Credit as per Form-78	Variation Debit	Variation Credit
Jul	2.189	2.189	-	2.043	-	2.043
Aug	0.402	0.402	1.377	1.776	-	0.399

Sep	1.342	0.128	1.207	1.199	1.214	(0.008)
Oct	3.300	3.300	0.283	0.275	-	(0.008)
Nov	2.628	1.222	1.502	1.510	1.405	0.008
Dec	2.372	2.372	0.876	0.876	-	(0.000)
Jan	3.778	3.778	1.207	1.207	-	-
Feb	2.107	0.379	0.588	0.588	1.728	-
Mar	0.899	0.899	0.235	0.235	-	-
Apr	3.139	0.872	1.831	1.866	2.267	0.035
May	0.814	0.827	0.069	0.069	0.013	-
Jun	3.382	3.382	0.452	0.452	-	0.000
Total	26.353	19.750	9.628	12.097	6.627	2.469
Variation (Variation Debit + Variation Credit)						9.096

Audit is of the view that variation between figures of Form-78 and SAP data does not depict true picture of the accounts which reflects weakness of internal controls.

The matter was reported to the department in November 2021. During DAC meeting held on 2nd February 2022, the management replied that all the figures of Debit and Credit maintained in monthly account. No variation in Debit and Credit balance of PW Deposit was observed. The DAC directed to provide reconciled statements of Form-78 (debit and credit balance) with SAP data as recorded at District Accounts Office.

Audit recommends to provide clarification regarding variation between Form-78 figures and SAP data.

(DP # 90)

3.5.16 Non-recovery of secured advance - Rs. 67.935 million

As per SPPRA Procurement Guidelines (Works) -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/noncombustible materials brought and properly stocked/stored at 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:- on verification and certification of quality, quantity and market rates of the material by the Assistant Engineer/Engineer's representative; contractor has to furnish the "Indenture Bond" (Annexure I); 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; 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.

During audit of the following offices of School Education & Literacy Department, (Education Works) Government of Sindh for the Financial Year 2020-21, it was observed that an amount of Rs.67.935 million was paid to contractors on account of secured advance but the same was not recovered/adjusted despite lapse of significant period in violation of the prescribed rules. Audit observed that in case of Sr. # 1, second secured advance was paid without recovering 1st advance and in case of Sr. # 2, 100% payment of the secured advance was allowed to the contractor instead of 75% as per rule and the same was not adjusted till 30th June 2021. In case of Sr. # 3, details of material brought at site were not mentioned in the bill besides, its non-adjustment for 2.7 years to 3.2 years in two separate works respectively.

(Rs. in million)

Sr.#	Name of Office	DP #	Amount
1	Education Works Division, Korangi, Karachi	19	10.889
2	Education Works Division, Mirpurkhas	94	5.141
3	Education Works Division No. VI Malir, Karachi	65	51.905
Total			67.935

Audit is of the opinion that payment of secured advance in violation of rule and its non-recovery within the stipulated time period reflects that undue favor was extended to the contractor.

The matter was reported to the department during July 2021. During DAC meeting held on 2nd February 2022, the management at serial # 1 replied that secured advance was paid to contractor on imperishable building material and remaining amount would be recovered as soon as items for consumption of steel would be executed at site. The management at serial # 2 replied that the payment was allowed to the contractor against the executed quantities, however the contractor was not allowed full payment due to non-completion of finishing work. The management at serial # 3 replied that during period of pandemic COVID-19, the funds were withdrawn by the Government. Due to non-payment to the contractor, works at site could not be resumed. The DAC directed the management to provide justification and delay in adjustment of secured advance. Further DAC directed to provide the documentary evidence of fulfilment of all codal formalities before payment of secured advance.

Audit requires to provide justification for the payment of secured advance besides, fixing of responsibility on the person(s) at fault.

3.5.17 Irregular execution of work in violation of technical sanction - Rs. 7.799 million

As per Para 528 of General Financial Rules Volume-I, “Improper expenditure or waste of public money or stores is against the financial propriety. Every Drawing and Disbursing Officer/sanctioning authority must ensure that the expenditure is not more than the actual demand and is not meant for own advantages directly or indirectly”.

During audit of Executive Engineer Education Works Division Khairpur for the Financial Year 2020-21, it was observed that an expenditure of Rs. 7.799 million was incurred on account of M&R of School, wherein more than 100 items were required to be executed, but management executed around 50 items on the work in violation of technical sanction, whereas the work has been shown completed within the same cost.

(Rs. in million)

Name of Sector/ Schemes	contractor	Taluka	PC-I Cost	Releases 2020-21	During the year 2020-21	Remarks
			Civil			
GBPS - Jan Muhammad Janwari	Hamad global enterprise	Khairpur	7.800	7.800	7.799	Completed

Audit is of the view that the management completed the work in violation of the technical sanction and incurred total expenditure with reduced scope without revision of T.S which rendered the expenditure irregular.

The matter was reported to the department in August 2021. During DAC meeting held on 2nd February 2022, the management replied that the items were executed as per site requirement. The DAC directed to provide documentary evidence of approval for variation of quantities.

Audit recommends revision of Technical Sanction from Superintendent/Chief Engineer besides, taking remedial measures.

(DP #53)

3.5.18 Excess execution of items of work - Rs. 10.406million

As per Clause 38 of the 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 the School Education & Literacy Department, (Education Works) Government of Sindh, for the Financial Year 2019-20, it was observed that excess expenditure of Rs. 10.406 million was incurred on excess execution of items of work against the quantity provided in the estimates/BOQ of tender documents without revision of the same.

(Rs. in million)

Sr.#	Name of Office	Year	DP #	Amount
1	Education Works Division, Dadu	2019-20	43	5.946
2	Education Works Division Tando Muhammad Khan	2019-20		0.559
3	Education Works Electric Division-II Karachi	2017-18 To 2019-20		0.270
4	Education Works Division East Karachi	2020-21	101	3.631
			Total	10.406

Audit is of the view that excess execution of items shows financial indiscipline by the management.

The matter was reported to the department from January to June 2021. During DAC meeting held on 2nd February 2022, the management at serial # 1, 2 & 3 replied that the items were within the provision of T.S and did not exceed. The management at serial # 4 replied that due to increase in quantities as per site requirement, revised estimates were got approved from the competent authority. The DAC directed to provide justification with documentary evidence for variation in quantities.

Audit requires regularization of expenditure besides, fixing of responsibility for non-compliance of rules.

3.5.19 Unjustified payments of secured advances - Rs. 63.237 million

As per para 9.3.2(a) of SPPRA guidelines/ regulations for procurement (Works) regarding secured advance, “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/noncombustible 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” (i) on verification and certification of quality, quantity and market rates of the material by the Assistant Engineer/Engineer’s representative. (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 are used and 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”.

During audit of Executive Engineer, Education Works Division, Malir Karachi for the Financial Year 2020-21, it was observed that an amount of Rs. 63.237 million was paid to various contractors against the secured advance at the closing of the Financial Year. Review of the bills disclosed that in case of S.No.1, two secured advances were paid on the same date without prior initiation of recovery of previous advance as per procedure. Further, in case of sr. No 2 & 3, no documentary evidences/ invoices were available in the record to support the claim nor was the procedure of recovery followed within 90 days.

(Rs. in million)

Sr.#	Name of Work	CV # & Dt.	Bill #	Bill Amount	S/Advance
1	Establishment of Girls Academic Block in Public Schools Gadap Karachi	21/ 15-06-21	1 st RA	0.296	--
		29/ 15-06-21	2 nd RA	5.000	4.992
		38/ 15-06-21	3 rd RA	8.001	6.340
Total				11.332	
2	Package No. 3 Rehabilitation & Expansion of High Priority 4560 schools at District Malir Gadap Karachi (Primary/Elementary schools) (12 Units) (Secondary Schools)	26/ 26-04-18	1 st RA	3.703	3,656
		05/ 27-11-20	2 nd RA	6.163	Adjusted
3	Establishment of Shaheed Zulfiqar Ali Bhutto Engineering College Gadap Town Karachi (Administration Block, Student Hostel, U.G Tank, H.S.R. P/room, Boring & C wall)	43/ 19-06-17	8 th RA	--	48.249
		01/ 31-08-20	9 th RA	8.000	Adjusted
Total				51,905	
Grand Total				63.237	

Audit is of the view that payment of secured advances was made in the month of June for consuming budget in order to give undue favor to the contractors at the expense of government exchequer. Thus, the payments of secured advances stand unjustified and irregular.

The matter was reported to the department in August 2021. During DAC meeting held on 2nd February 2022, the management replied that the works were under progress and the payments were recommended on the basis of measurement records. Some measurements were left behind, so these were taken up in second running bill. The DAC directed the management to provide justification for payment of secured advance on similar materials in two separate bills for works at serial # 01. Further DAC directed to provide details of actual consumption of material and status of recovery of secured advance.

Audit requires justification for payment of more than one secured advance without recovery of the previous one.

(DP #64)

3.5.20 Non adjustment/clearance of Public Works Deposits - Rs. 104.817 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”. Further, according to Para-174 C.P.W.A code Vol-I, all the public revenues when collected are required to be assessed and realized in accordance with the rules and orders made by or under the authority of the Government and these shall be brought to account in accordance with prescribed clarification”.

During audit of the following offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Year 2019-20 & 2020-21, it was observed that significant closing balances amounting to Rs. 104.817 million were still lying in Form-78 (Schedule of P.W Deposit). No efforts were made to clear the outstanding balances.

(Rs. in million)

Sr. #	Name of Office	Year	DP #	Amount
1	Education Works Electric Division, Hyderabad	2017-18 to 2019-20	36	3.705
2	Education Works Division, Ghotki	2018-19 & 2019-20		1.266
3	Education Works Division, Shikarpur	2019-20	42	4.201
4	Education Works Electric Division-II Karachi	2017-18 to 2019-20		2.808
5	Education Works Division Kashmore @ Kandhkot	2019-20		1.424
6	Education Works Division, Badin	2019-20		1.369
7	Education Works Division District West Karachi	2019-20		1.186

8	Education Works Division Tando Muhammad Khan	2019-20		0.923
9	Education Works Division Ghotki	2018-19 & 2019-20		0.699
10	Education Works Division Larkana	2019-20		84.621
11	Education Works Division District West Karachi	2019-20		0.087
12	Education Works Division Kamber Shahdadkot	2019-20		2.396
13	Education Works Division Khairpur	2020-21	57	0.132
			Total	104.817

Audit is of the view that due to not crediting of P.W Deposits, the government exchequer was deprived of the revenue.

The matter was reported to the department in December 2020 to August 2021. During DAC meeting held on 2nd February 2022, the management at serial # 2,3,4,5,7,8,9,10,11,12 replied that the Security Deposits deducted from the contractor bills had been refunded to the contractors after completion of their works and maintenance period and various taxes deducted from bills were paid to the relevant authorities. The management at serial # 6 agreed with the contention of audit and stated that the balance under the head Deposit work to be done was lying unutilized. And further stated that the office was making efforts to dispose of the outstanding balances. The management at serial # 13 replied that the process had been taken up with District Accounts Officer for payment of stamp duty. No reply was received from the office at serial # 01. The DAC directed the office at serial # 02 to provide documentary evidence that the amount does not pertain to lapsed deposit and the refund was made after fulfilment of codal formalities. Further the DAC directed office at serial no. 01 to furnish reply along with documentary evidence. And for the offices from serial # 3 to 13, DAC directed to provide documentary evidence to audit in each case as per reply furnished.

Audit requires justification for non-clearance of PW Deposits and adjustments/clearance of the same at the earliest.

3.5.21 Non-deduction of government taxes - Rs. 35.694 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”. Further, as per Rule-23 of General Financial Rules Volume-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the following offices of the School Education & Literacy Department, (Education Works) Government of Sindh, for the Financial Year 2019-20 2020-21, it was observed that payments were made to various contractors but the government taxes amounting to Rs. 35.694 million were not deducted from the bills, due to which government sustained loss.

(Rs. in million)

Sr.#	Name of Office	Particulars	Year	DP #	Amount
1	Education Works Division, Badin	Income Tax	2019-20	44	18.872
2	Education Works Division, Khairpur		2019-20		8.287
3	Education Works Electric Division, Hyderabad		2017-18 to 2019-20		5.090
4	Education Works Division, Tando Allahyar		2019-20		2.429
5	Education Works Division, Dadu		2019-20		0.897
6	Education Works Division, Larkana		2020-21	26	0.119
				Total	35.694

Audit is of the view that due to non-deduction of taxes, the government exchequer was deprived of the revenue.

The matter was reported to the department in the month of December 2020 to May 2021. During DAC meeting held on 2nd February 2022, the management at serial # 1, 2, 4 & 5 replied that all the payment made to Income tax Department was acknowledged and verified from the concerned department. The management, at serial # 6, replied that expenditure of Rs. 1.595 million pertained to the payment made to Director Information & SPPRA on which income tax was not due. No reply was received from the office at serial # 3. The DAC directed all offices to recover amount of remaining income tax from the contractors wherever applicable and get it verified from audit.

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

3.5.22 Unjustified payment of finishing item at initial stage of work - Rs. 1.959 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 Executive Engineer, Education Works Division, Mirpurkhas, for the Financial Year 2020-21, it was observed that an amount of Rs. 1.959 million was paid on account of item "S/F Verona Marble ¾ inch thick approved quality and color" at reduced rates to the contractor M/s Emergent Builders & Co vide 1st R/A Bill CV # 25 dated 30-09-2020 against the ADP # 167 "Rehabilitation / Expansions / Improvement of High Priority 4005 school primary / Elementary Education in District Mirpurkhas @ GBLSS Muhammad Khan Talpur Taluka Jhuddo Phase-II part-II", while the work was at the initial stage of execution i.e. removing/dismantling of various structures. Further the measurement was also not made against the actual work done.

(Rs. in million)

Name of Item	Qty	Unit	Rate	Amount
S/F Verona Marble ¾ inch thick approved quality and color	8520	P.Sft	310.43 230	1.959

Audit is of the view that the rate of marble was approved for complete work which included laying, cutting and finishing, but part rate payment of marble at the initial stage of work was unjustified, resultantly undue favor was extended to the contractor.

The matter was reported to the department in November 2021. During DAC meeting held on 2nd February 2022, the management replied that the payments were allowed to the contractor against the executed quantities, however, the contractor was not allowed full payment due to non-completion of finishing work. The DAC directed to provide justification regarding payment of finishing item at initial stage of work.

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

(DP # 93)

3.5.23 Non-recovery of stamp duty from contractor - Rs. 3.104 million

According to 22-A of Stamp Act, 1899, “It was the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.35 paisa per hundred rupees of the value of the agreement or against tender cost”.

During audit of the following offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Years 2019-20 & 2020-21, it was observed that various agreements were executed without obtaining stamp duty of Rs. 3.104 million, resulting in loss incurred to the government exchequer.

(Rs. in million)

Sr.#	Name of Office	Year	DP #	Amount
1	Education Works Division Jacobabad	2020-21	02	0.031
2	Education Works Division, Tando Allahyar	2019-20	34	0.388
3	Education Works Division Ghotki	2018-19 & 2019-20		0.157
4	Education Works Electric Division, Hyderabad	2017-18 to 2019-20		0.059
5	Education Works Division Larkana	2019-20		0.164
6	Education Works Division Sukkur	2019-20		0.648
7	Education Works Division Khairpur	2020-21		59
8	Education Works Division Benazirabad	2020-21	111	0.133
9	Education Works Division, Naushehro Feroz	2020-21	116	0.361
10	Education Works Division, Shikarpur	2020-21	122	0.080
			Total	3.104

Audit is of the view that due to non-recovery of stamp duty, the government exchequer was deprived of the revenue.

The matter was reported to the department in December 2020 to August 2021. During DAC meeting held on 2nd February 2022, the management at serial # 1,2,3 & 5 to 9 replied that stamp duty was recovered from the contractors and got affixed on agreements. The management at serial # 10 replied that all works were under revision process, the amount of stamp duty would be recovered after finalization of the work. No reply was received from office at serial # 4. The DAC directed the management to provide original agreement to audit and get the stamp duty reconciled from audit as per work awarded amount. Further, directed to furnish reply to office at serial # 4.

Audit requires justification for non recovery of stamp duty besides, fixing of responsibility on the person(s) at fault.

3.5.24 Non-imposition of penalty for delayed works - Rs. 313.838 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 various offices of the Education & Literacy Department (Education Works) Govt. of Sindh for the Financial Years 2019-20 & 2020-21, it was observed that penalty of Rs. 313.838 million was not imposed on contractors against the works which were not completed within the stipulated time. Detail is given at **Annex-4** of Chapter-3.

Audit holds the view that non-imposition of penalty against delayed works reflects extension of undue favor to the contractors.

The matter was reported to the department in October & November 2019, September 2020 & August 2021. During DAC meeting held on 2nd February 2022, the management replied that the works were delayed due to local environment, non-availability or meagre release of funds and situation further aggravated due to COVID-19 pandemic. Delay was not on the part of contractor, therefore, extensions in time limit for completion of works were granted. No reply was received from offices at serial # 14 & 20. The DAC directed the department to produce extension letters along with details of releases of the funds by the Finance Department justifying extension of time frame to audit on case-to-case basis for verification.

Audit requires justification for not imposing the penalty for delayed execution of work or the amount be recovered besides, fixing of responsibility on the persons at fault.

Chapter-4

IRRIGATION DEPARTMENT

4.1 Introduction

Irrigation Department was established in 1970 with the dissolution of One Unit. Major official obligation of the Irrigation Department is operation and maintenance of the irrigation and flood protection system. The overall objectives and functions of the department are summarized as follows:

- a. Regulation of flows of River Indus and canal systems, covering Inter Provincial and Intra Provincial Systems.
- b. Execution of development schemes and mega projects.
- c. Dealing with the administrative matters, financial matters, Public Accounts Committee's issues irrigation cases, court cases and assembly business etc.
- d. Operation, maintenance, development and management of irrigation network.
- e. Operation, maintenance, development and management of surface drainage system and tube-wells.
- f. Flood control along River Indus and hill torrents.

(Rs. in million)

Sr. #	Description	Total Nos	Audited	Expenditure audited FY 2020-21
1	Formations	74	35	24,773.410
2	Assignment Accounts (excluding FAP)	1	1	740.749
3	Foreign Aided Projects (FAP)	04	04	8,141.505

4.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2020-21 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/Appropriation	Final Grant	Departmental Expenditure	Variation Excess/(Savings)
52,841.640	2,330.598	55,172.238	47,268.670	(-)7,903.568

The department was unable to spend the allocated budget in time. As a result, savings of Rs. 7,903.568 million was observed which was not surrendered in time.

4.3 Classified Summary of Audit Observations

Observations amounting to Rs7,840.287 million were raised as a result of this audit. This amount also includes recoverable of Rs 506.352 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	39.773
3	Irregularities	
A	HR/Employees related irregularities	-
B	Procurement related irregularities	2,210.314
C	Management of Accounts with Commercial Banks	19.731
4	Others	5,570.469
	Total	7,840.287

4.4 Comments on the Status of Compliance with PAC Directives

The status of Audit Reports requiring compliance of the PAC directives by the department was 26% which is tabulated as follows:

Sr #	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	

4.5 Audit Paras

4.5.1 Non-production of auditable record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of various offices of Irrigation Department, Government of Sindh for the Financial Years 2019-20 to 2020-21, the management did not produce the auditable record despite various requisitions. Due to non-production, the record involving financial impact of Rs. 1,856.901 million remained unaudited. The details are given at **Annex-1** of Chapter-4.

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the management during August 2020 to November 2021, 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, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

4.5.2 Doubtful recording of measurements - Rs. 31.661 million

According to Appendix 18-A of SFR, Vol-I, "Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by

government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of Project Director, Flood Emergency Reconstruction Project, Hyderabad, Irrigation Department for the Financial Year 2020-21, it was observed that an expenditure of Rs. 31.661 million was incurred on account of various works, but MBs of the works were shown recorded even before the start of work in 2015, whereas the payments of the same were made after 5 years in the year 2020. Detail is as under:

(Rs. in million)

Sr#	Name of Scheme	WO Date	Actual Date of Start	MB# & Date	CHQ Date	Name of Contractor	RA#	Amount
1	Raising & Strengthening and stone pitching along D/D R/M Bund from Mile 0/0 to 9/0	05.10.2015	09.10.2015	80LS 5-8 27.06.2015	17.08.2020	M/s Amjad Traders	4th	29.801
2	Remodeling of Kuka Bund from mile 0/0 to 20/6	22.06.2015	28.06.2015	343LS 13 to 26 27.06.2015	22.07.2020	M/s Sher Muhammad	4th final bill	1.86
Total								31.661

Audit is of the view that recording of measurements before execution of work rendered the whole work doubtful.

The matter was reported to the management during August to September 2021, 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 besides, fixing of responsibility on the person(s) at fault.

(DP#110)

4.5.3 Doubtful payment of previous years' liability - Rs. 5.200 million

According to 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 Executive Engineer, B. S Feeder Division, Kashmore, for the Financial Year 2020-21, it was observed that liability of Rs5.200 million on account of M&R works i.e. supplying of un-skilled labour and engaging diesel pump 12 HP pertaining to Financial Year 2011-2014 was paid in the current Financial Year without approval of Finance Department. Thus, payment of M&R works after lapse of 10 years seems doubtful.

(Rs. in million)

Sr#	Name of Work	Work Order & Dated/ CV& date	Name of Contractor	Description	Qty	Rate	Unit	Amount
1	Engaging labour for patrolling along flood protective during flood 2014	1132 dt 05-09-2014 H-7 dt 26-04-2021	M/s Nazeer Ali Mangnejo	supply of un-skilled labour	4000	400	P.Day	1.600
2	Supply irrigation pumps for lift rain from Sindh dohro	1421 dt 17-09-2012 H-8 dt 26-04-2021	M/s Abdul HaqueBhayo	Engaging Diesel pump 12 HP	960	7000	P.Hour	1.920
3	Suppling diesel pumps to left rain water RD 224 BS Feeder	1415 dt 17-09-2011 H-9 dt 26-04-2021	M/s Abdul HaqueBhayo	Engaging Diesel pump 12 HP	840	2000	P.Hour	1.680
Total								5.200

Audit is of the view that the payment of M&R works was required to be cleared in the same Financial Year, whereas in the above cases, the works were executed during 2011-2014, and payments thereof were made in 2020-21. Thus, the genuineness of the works stands doubtful.

The matter was reported to the management in October 2021, 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 of responsibility on the person(s) at fault.

(DP#277)

4.5.4 Doubtful payment on account of hiring of pumping machine - Rs. 2.912 million

As per Composite Schedule of Rates 2012 Chapter No.1 (Excavation and Embankment) Serial No.2, the rate for Earth work excavation in ashes, sand soft soil or silt clearance undressed lead upto 50 ft. % 0 cft. is Rs.1663.75.

During audit of Executive Engineer, Northern Dadu, Drainage Division, Larkana for the year 2020-21, it was observed that under the scheme “Construction of Sub-drain 2L Pahnwaro Main Drain system etc.” an amount of Rs.2.337 million was paid for the work of dewatering by hiring each pump inclusive of wages of driver & Assistant etc. @ Rs. 1500/day for 8 hours. The department added additional item, i.e. “For working pump beyond 8 Hours etc.” @ Rs 188/hour. The audit analysed that the total working of pumps claimed by the contractor on average was more than 21 hours in a single day for the entire period of pumps hired. This shows that the pumps remained functional 8 hours as per first BOQ item and additionally for another 14 hours on per hour basis continuously which was unrealistic. The department also could not produce the logbooks for running of pumps beyond 8 hours for which an amount of Rs.2.911 million had been charged.

Audit is of the view that management extended undue favour to the contractor by accepting the over billed amount on account of pumping machine.

The matter was reported to the management during September 2021. The management stated that the item of de-watering for the scheme was executed at the rate of Rs.1500 per set per day inclusive of wages of driver and assistant for 8 hours which was included in the estimate and additional usage of pumps beyond 8 hours on per hour basis was also carried out due to requirement at site of work. Thus, the payment was made to contractor on actual working hour basis. Reply of the management was not tenable as supporting record for additional running of pumps beyond 8 hours was not produced to audit.

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

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

(DP#76)

4.5.5 Split-up of work to avoid tender - Rs. 50.280 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 two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in the rules.

During audit of following offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-2021, it was observed that works on various schemes and repair works amounting to Rs. 50.280 million were awarded to contractors by splitting up the works of similar nature just below the limit of Rs300,000 in piece-meal to avoid the tendering process in violation of SPPRA rule. Detail is as under:

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, North Dadu Drainage Division Larkana	72	48.486
2	XEN, Sakro Irrigation Division, Mirpur Sakro, Thatta	304	1.794
Total			50.280

Audit is of the view that due to splitting of expenditure the government was deprived of the most competitive rates which would have been obtained through tendering process.

The matter was reported to the management in August to September 2021. The management at Sr.#1 stated that an amount of Rs.48.486 million have been incurred, the same were executed at different locations wherever required. The management at Sr.#2 stated that Finance Department has released the funds in quarterly basis and expenditure in different heads of accounts were incurred in accordance with Sindh Public Procurement Rule-2010 (Amended 2019) according to which procurements below the financial limit of three hundred thousand rupees would be exempted from bidding. Reply of the management was not tenable as same nature of works were awarded repeatedly during the same period only to avoid tendering process.

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

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

4.5.6 Non-invitation of open tenders – Rs.420.550 million

Rule 17 (1) & (2) of Sindh Public Procurement Rules, 2010 states that procurement over three hundred thousand rupees and up to two 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 for the Financial Years 2019-20 to 2020-21, it was observed that expenditure of Rs.420.550 million was incurred without inviting open tenders in violation of prescribed rules. Detail is as under:

(Rs in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	Executive Engineer, Naseer Division, Hyderabad	2020-21	50	153.596
2	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	2020-21	254	63.388
3	Executive Engineer Southern Division, Dadu	2019-20	100	6.669
4	Executive Engineer Southern Division, Dadu	2019-20		11.333
5	Executive Engineer Johi Division, Dadu	2019-20		10.522
6	XEN, East Division Khairpur	2020-21	160	7.855
7	XEN, Tubewell Division, Tandojam@Hyderabad	2020-21	287	36.983
8	Executive Engineer, Drainage Division (LBOD), Shaheed Benazirabad	2020-21	105	45.732
9	Executive Engineer Upper Pinyari Division, Hyderabad Irrigation Department	2020-21	327	84.472
Total				420.550

Audit is of the view that due to violation of SPPRA Rules, the management could not achieve competitive rates. Further, awarding of contracts on previous year's rate, possibility of collusion and undue favour to the contractors cannot be ruled out.

The matter was reported to the management during August to September 2021. The management at Sr.#1&6 stated that the tender for procurement of Abklani material was called through newspapers and hoisted on SPPRA website. The management at Sr.#3,4,5&9 stated that the works were carried out on emergent basis on account of M&R works through approved quotations of the preceding year duly approved by Chief Engineer. Reply of the management is not tenable as tender was required to be called for obtaining competitive rates as per SPPRA rules, whereas the management at

Sr.1&6 did not produce evidence of tenders. Reply from other offices at Sr.#2,7&8 is still awaited.

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

Audit requires to provide justification of the expenditure without invitation of open tender besides, fixing of responsibility on the person(s) at fault.

4.5.7 Non-transparent tendering process - Rs. 51.574 million

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

During audit of Secretary, Irrigation Department, Government of Sindh, Karachi for the Financial Year 2020-2021, it was observed that tenders were invited vide NIT No.AC/G-55/4811 dated 22-12-2014 by Executive Engineer, Hala Irrigation Division, Hala for the works “RRIDS: Earthwork along Rohri Main Canal from RD 814+000 to 818+500 IP side” and “RRIDS: Earthwork along Rohri Main Canal from RD 818+500 to 822+900 IP side”. In response, three contractors submitted their bids for both the works, wherein it was found that serial numbers of call-deposits of all the bidders were in sequence issued from the same bank and on the same date with minor difference in quoted rates, but both the works were awarded to M/s Bilal Builders. This created doubts about fairness of the procurement process.

Audit is of the view that due to the above mentioned reasons, chances of collusive practice in tendering process cannot be ruled out.

The matter was reported to the management during August 2021, but no reply was received.

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

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

(DP#15)

4.5.8 Unjustified acceptance of bid security of less amount - Rs. 1,043.494 million

As per Serial No 7. (a) (ii) Terms and Conditions of NIT, “Bids not accompanied by bid security of required amount and form will be rejected”.

During audit of the following offices of Irrigation Department, Government of Sindh for the Financial Year 2020-21, it was observed that contracts amounting to Rs. 1,043.494 million were awarded to bidders who submitted bid security of lesser amount than required in the terms and conditions of the NIT.

(Rs. in million)

Sr#	Name of Office	DP#	Amount
1	XEN, East Division Khairpur	158	679.868
2	XEN, Small Dams Division, Kohistan-I Dadu	40	363.636
Total			1,043.494

Audit is of the view that acceptance of bid security/call deposits of lesser amount resulted in extending of undue favour to the contractors.

The matter was reported to the management during September 2021. The management at Sr.#2 replied that M/s Mumtaz & Company offered bid price of Rs. 363.636 million and submitted bid security amounting to Rs. 18.190 million in parts vide CDR No. 255889 and 255900 dated 22.10.2020 and 17.11.2020 for an amount of Rs. 15.539 million and Rs. 2.650 million respectively. Reply of the management was not tenable as the remaining amount of bid security was furnished after 24 days of the previous one. Thus, the management accepted the bid on receipt of bid security of Rs. 15.539 million instead of Rs.18.190 million at the time of submitting bids/tenders. Moreover, all remaining participants also submitted lesser amount of bid security than required under the terms and conditions of the NIT. The management at Sr.#1 did not furnish reply.

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

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

(DP#40)

4.5.9 Unauthorized award of work without obtaining revised administrative approval of the schemes - Rs. 419.015 million

As per Delegation of Financial Powers Part-II, Second Schedule, Irrigation Department, Technical Sanction, “The Chief Engineer is having full powers subject to the condition that the excess over the amount for which administrative approval has been accorded does not exceed 15 per cent. In case of excess over 15 percent, fresh administrative approval will be required”.

During audit of the following offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-21, it was observed that contracts under various schemes were awarded to contractors for an amount of Rs. 2,421.235 million beyond 15% of the original cost of Rs. 2,002.221 million which resulted into increase of Rs. 419.015 million over the PC-I cost. Detail is as under:

(Rs. in million)						
Sr#	Name of Office	Original cost	Contract cost	Increase in %	DP#	Amount
1	Executive East Division Khairpur	1,720.988	2,024.887	17.66%	142	303.90
2	XEN, Naseer Division, Hyderabad	232.634	276.354	18.79%	49	43.72
3	XEN, Thar Coal Water Works Division, Hyderabad	48.599	119.994	146.9%	298	71.395
Total		2,002.221	2,421.235			419.015

Audit is of the opinion that the works were awarded beyond 15% of PC-1 Cost without obtaining revised Administrative Approval which was in violation of rules.

The matter was pointed out to department in September 2021, 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 the matter besides, taking remedial measures.

4.5.10 Non-obtaining of performance security from contractors - Rs. 225.401 million

According to the clause-10.1 of Procurement Regulations (Works), “Performance Security of the standard bidding document approved by government regarding large civil work exceeding Rs. 50.000 million, the contractor shall provide

Performance Security to the procuring agency in the prescribed form. The Performance Security shall be 5% of the Contract Price stated in the Letter of Acceptance. Besides obtaining 5% as Performance Security, the Security Deposit at rate of 5% will also be deducted from running bills, thus amount equal to 10% of the Contract Price is obtained from contractor, i.e., 5% as performance security and 5% security deposit as retention money. Deductions from interim/running bills will be made from successful bidder after the bidder has furnished the required performance security and signed the contract agreement.”

During audit of the following offices of Irrigation Department, Government of Sindh for the Financial Year 2020-21, it was observed that various works amounting to Rs. 4,508.020 million were awarded to the contractors but performance security @ 5 % Rs. 225.401 was not obtained from the contractors. Due to non-obtaining of the performance security, execution of the works stands irregular. Detail is as under:

(Rs in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, East Division Khairpur	152	98.330
2	XEN, B.S Feeder Division Kashmore	272	45.851
3	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	258	31.696
4	XEN, North Dadu Drainage Division Larkana	80	27.929
5	Secretary, Irrigation Department, Government of Sindh, Karachi	19	21.595
Total			225.401

Audit is of the view that non-obtaining of the mandatory performance security at the prescribed rate, resulted into undue favour to the contractors.

The matter was reported to the management during August to December 2021. The management at Sr.#4 stated that Call Deposits (earnest money) @ the rate of 2% were obtained and security deposit at the rate of 3% was already deducted from the bills of contractors, thus totaling 5% which could be treated as performance security. Reply of the management is not tenable as the minimum requirement of performance security is 5% and remaining 5% security deposit is required to be deducted from the bills, whereas the management only obtained 2% as Call Deposit in lieu of performance security in violation of rule. Further no evidence of depositing Call Deposits was furnished. The management at Sr.#5 replied that 5% Earnest Money in the shape of Call Deposit received from the concerned agencies and the same were deposited into Government Account. Reply of the management is not tenable as no supporting record was produced to audit. Replies from other offices are still awaited.

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

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

4.5.11 Irregular payment through DDO account - Rs. 19.731 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 Executive Engineer, RBOD-II, Hyderabad for the Financial Year 2019-2020, it was observed that an expenditure of Rs.19.731 million was incurred on account of project allowance, but the payments were made through DDO account instead of direct payment to the concerned employee.

The matter was reported to the management during January to June 2021. The management stated that payment was related to the project allowance of regular employees which was paid through cheque drawn in the DDO account respectively. Reply of the management is not tenable as project allowance is part of salary which was required to be paid through payroll at the time of disbursement of salary. Further payment of project allowance paid through cheques creates doubts about its admissibility.

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.

(DP#98)

4.5.12 Double payment to the contractors on account of re-handling of debris - Rs. 14.753 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 Executive Engineer, Akram Wah Division, Badin for the Financial Year 2020-21, it was observed that an amount Rs14.753 million was paid to the contractors on account of “Re-handling of debris by wheel type hydraulic excavator machine”. However, on scrutiny it was noticed that the contractor had already executed this item under the composite item “Engaging Volvo Hydraulic Excavator machine for removing debris with jack hammer” against which he was paid Rs.15.161 million. Thus, the subject item of work had already been executed when debris was removed with Volvo hydraulic excavator machine. Due to this negligence, excess payment of Rs14.753 million was made to the contractor.

Audit is of the view that due to additional execution of item for rehandling of debris, double/excess payment was made to the contractor which indicates undue favour was extended to the contractor.

The matter was reported to the management in November 2021, but no reply was received.

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

Audit requires excess payment on account of re-handling of debris may be recovered from the contractors under intimation to audit.

(DP#280)

4.5.13 Double payment to contractor on account of compaction of earthwork- Rs. 7.677 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” **AND** 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 following offices of Irrigation Department, for the Financial Year 2020-2021, it was observed that the payment was made to the contractor against compaction of earth work under the item of work “Earth work compaction (Soft, Ordinary or hard soil) (b) Laying earth in 6” layers levelling, dressing and watering for compaction etc. complete”. However, the compaction of the same had already been carried out under another item of work “Earth work Compaction by sheep foot roller and power roller with optimum moisture content for 85% modified AASHTO density” which resulted into double payment to the contractor.

(Rs. in million)

Sr#	Name of Office	Name of work	Amount
1	Project Director, Flood Emergency Reconstruction Project, Hyderabad	Flood Protection work construction tori makhwani link Bund from 0/3 to 1/02	2.135
2	Executive Engineer Rohri Division Moro, Naushehroferoz	Earthwork Kurkaim Minor from Rd-0+0 to 46+400 Both Sides	3.548
3	Executive Engineer, Thar Irrigation Division, Mirpur Khas	CC lining of Hiral Canal from RD 0+00 to 68+840	1.994
Total			7.677

Audit is of the view that compaction under the item of work “E/Work Compaction in 6” layers, levelling dressing and watering for compaction” was unnecessarily carried out which resulted in extending undue favor to the contractor by way of double payment to contractor.

The matter was reported to the management in August 2021, but no reply was received.

Audit requires justification for the payment on execution of both items or the amount may be recovered.

(DP#112,295&187)

4.5.14 Double payment on de-silting work - Rs. 6.737 million

As per Rule-23 of General Financial Rules Volume-I, “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence

on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

During audit of Executive Engineer, North Dadu, Drainage Division, Larkana for the Financial Year 2020-21, it was observed that an amount of Rs.6.737 million was paid for the work, “hiring of wheel machine for de-silting work” carried out on various drains at different RDs, whereas de-silting work on the same drains was simultaneously being carried out through the Annual Development Programme. This resulted in double payment against the same work amounting to Rs.6.737 million.

Audit is of the view that the management made double payments for the same de-silting work thereby, causing a loss of Rs.6.737 million to the government.

The matter was reported to the management in September 2021. The management stated that the desilting of drains under A.D.P Schemes was carried out in the year 2015-16 and after that due to silting up and growing of Pun-grass in the drains, it was necessary to clear the silt from drains after lapse of 03 years of excavation (as per policy). Thus, the works of de-silting of drains were carried out through contractors and expenditure was incurred accordingly. Reply of the management was not tenable as ADP schemes were ongoing and simultaneously desilting was also being carried out through M&R. Further no MBs of ADP schemes and M&R works were produced in order to reconcile the desilting works.

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

Audit recommends that the matter may be investigated and responsibility may be fixed on the person(s) at fault.

(DP#75)

4.5.15 Irregular payment of mobilization advance - Rs. 49.920 million

According to Para 6.3(2)(b)(iii) of SPPRA Procurement Guidelines (Works), “Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs. 2.5 million and above to enable them to make initial arrangements for starting work. 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. Contractor has furnished the irrevocable bank guarantee of amount equal to

mobilization advance in specified form from a scheduled bank in Pakistan in favor of the procuring agency.”

During audit of Executive Engineer Small Dams Division, Kohistan-I Dadu for the Financial Year 2020-21, it was observed that an amount of Rs.49.920 million was paid to Contractor M/s Haji Bashir Ahmed Soomro on account of mobilization advance without obtaining bank guarantee.

The matter was reported to the management during August 2021. The management stated that mobilization advance amounting to Rs.49.920 million was paid to M/S Haji Bashir Ahmed Soomro Government Contractor for execution of works after obtaining Bank Guarantee in shape of Call Deposit receipts No: FJB01333110 to FJB01333119 dated 19/01/2021 issued by Bank Alfalah FJR Branch Hyderabad. Reply of the management is not tenable as photocopy of the documents submitted does not bear any stamp of the bank nor does it mention the expiry date and bank guarantee number. Thus, the documents cannot be authenticated as valid bank guarantee.

Audit is of the view that payment of mobilization advance without obtaining bank guarantee shows weakness of internal & financial controls.

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

Audit recommends that inquiry may be conducted and action may be taken against the person(s) at fault.

(DP#38)

4.5.16 Execution of work in deviation of revised PC-I

According to the Revised PC-I approved by ECNEC for Revamping/ Rehabilitation of Irrigation and Drainage Systems in Sindh 2008, the total number of 1,032 schemes were approved within the respective Circles of Irrigation Department, Govt. of Sindh.

During audit of Secretary, Irrigation Department, Government of Sindh, Karachi for the Financial Year 2020-2021, it was observed that out of 1001 completed schemes executed under the project RRID, 244 schemes had been executed in various

circles beyond the scope of revised PC-I (2008). This resulted in deviation from the approved PC-1 without approval of the competent authority i.e. ECNEC.

Sr#	Name of Circle	Approved scheme in Revised PC-I	Total executed schemes	No of schemes deviated from PC-I
1	Rohri Canal Circle	290	367	77
2	Pinyari Canal	60	162	102
3	Scarp Irrigation Project Sukkur	21	22	1
4	Scarp North Rohri Project N/Feroz	19	22	3
5	Left Bank Canal Area Water Board	57	74	17
6	Ghotki Canal Area Water Board	17	24	7
7	Nara Canal Area water board Mirpurkhas	15	52	37
Total		479	723	244

Audit is of the view that execution of schemes in deviation of approved PC-I without approval of the competent forum stands irregular which constitutes weak administrative management.

The matter was reported to the management during August 2021. The management stated that as per revised PC-I, total number of 1,073 schemes were approved circle wise by the Irrigation Department Government of Sindh instead of 1,032. The progress reports were prepared on the basis of numbers of schemes awarded to the contractors by the management. The works were executed/ awarded scheme wise which were mentioned in the revised PC-I. The statement prepared as per revised PC-I showed circle wise details of approved schemes, list of completed schemes, on-going schemes and sanctioned schemes not yet awarded. Thus, there was no deviation from the approved schemes as per revised PC-I. Reply of the management is not tenable as per evidence available, 244 schemes were increased in various circles which were not provided in the revised PC-I.

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

Audit recommends revision of PC-I from the competent forum or fixing of responsibility on the person (s) at fault.

(DP#13)

4.5.17 Delay in timely completion of the project

According to implementation Schedule of Revised PC-I, the Starting date of project was 2003-04 and completion date was fixed for June 2010-11.

During audit of Secretary, Irrigation Department, Government of Sindh, Karachi for the Financial Year 2020-2021, it was observed that Scheme to Improve Irrigation and Drainage Systems in Sindh costing Rs. 12,962.849 million was approved by ECNEC 2003 with phasing out period of six years. Due to revision in scheduled rates and implementation of new CSR 2004, the project cost was revised to Rs. 16,795.000 million after the approval of ECNEC in 2008 but with the condition that project would be completed within the revised cost and any further extension would not be desirable. However, despite assertion by the Irrigation Department for timely completion, even after the lapse of 10 years, the project was still on-going.

Audit is of the view that abnormal time over-run of the project resulted in increase in cost and non-achievement of targets as envisaged in PC-I.

The matter was reported to the management during August 2021. The management stated that the Federal Government capped the Project on June 30, 2019 and directed to Sindh Government to calculate amount of liabilities of the Project upto June 30, 2021. It was decided that the works awarded by the Sindh Government before June 30, 2016, any liabilities thereof would be cleared by the Federal Government and the remaining project works would be completed from provincial funds. Reply of the management is not tenable as there was abnormal delay in execution of the project and the management failed to justify the delay in execution of the project.

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

Audit recommends conducting detailed inquiry in the matter to ascertain the causes of delay.

(DP#05)

4.5.18 Non-imposition of penalty - Rs. 1,834.010 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 Irrigation Department, Government of Sindh for the Financial Years 2019-2020 & 2020-21, it was observed that various works were not completed by the contractors within the stipulated time period, but 10% penalty amounting to Rs1,834.010 million was not imposed. Details are given at **Annex-2** of Chapter-4.

Audit holds the view that non imposition of penalty on delayed works reflects extension of undue favor to the contractors.

The matter was reported to the management during August to October 2021, 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 or copies of extensions duly approved by the competent authority may be provided for verification, if any.

4.5.19 Inaction against contractors for abandoned schemes - Rs. 1,069.862 million

According to appendix 18-A of the 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”.

- i. During audit of Secretary, Irrigation Department, Government of Sindh, Karachi for the Financial Year 2020-2021, it was observed through monthly progress report for the month of June 2021 that management made payments against 83 schemes (with estimated cost of Rs1,100.868 million) of the Revamping /Rehabilitation of Irrigation & Drainage system in Sindh to the contractors for an amount of Rs. 625.495 million. However, work on the schemes was abandoned by the contractors but the management did not take

any action including blacklisting and forfeiture of security deposits of the contractors.

- ii. During audit of the following offices of Irrigation Department, Government of Sindh for the Financial Year 2020-21, it was observed that the works valuing Rs712.555 million were awarded to various contractors against which an expenditure of Rs444.367 million was incurred, but later on the work was abandoned by the contractors and the management did not take any action against the defaulting contractors including forfeiture of security deposit. This resulted in non-fulfilment of set goals and objective of the scheme.

(Rs. in million)

Sr#	Name of Office	Bid amount	Expenditure incurred
1	Executive Engineer, Small Dams Division, Nagarparkar	160.165	54.844
2	Executive Engineer, Barrage Division, Sukkur	239.966	161.857
3	Executive Engineer West Division Khairpur	177.600	91.650
4	Executive Engineer, Thar Coal Water Works Division, Hyderabad	134.824	60.165
5	Executive Engineer Phulleli Division, Badin @ Hyderabad	-	75.851
Total		712.555	444.367

Audit is of the view that the management failed to take action against the contractors who abandoned the works.

The matter was reported to the management during August 2021. The management at Part-(i) stated that notices had already been issued to the contractors. Various suggestions had also been proposed by the consultants to resolve issues of abandoned schemes. Reply of the management is not tenable as neither security deposit of defaulters was forfeited nor they were blacklisted. The management in Part-(ii) at Sr.#1 stated that the work “Construction Umeed Jo Wandio” was started in the year 2015-2016, with a cost Rs. 160.165 million. The two main components of work i.e. Earth work & R.C.C spill way had been completed, while remaining work was stopped due to hindrance created by the local people on lifting of earth and stone from Karoonjhar Hill. Subsequently, the matter had been filed in Honorable High Court vide CP no. D-2553 of 2019 and CP NO D-40 of 2021. Reply from other offices are still awaited.

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.

(DP#02,121,318,199,297&324)

4.5.20 Unjustified payment to consultant over & above PC-I - Rs. 415.214 million

According to the Revised PC-I approved by ECNEC for Revamping/ Rehabilitation of Irrigation and Drainage Systems in Sindh 2008, the original Consultancy Agreement with the Consultants for a period of four years –January 2004 to 31st December 2007 was extended for a period of three and half years till June 2011 with a total revised cost of Rs.480 million for revised phasing of the scheme.

During audit of Secretary, Irrigation Department, Government of Sindh, Karachi for the Financial Year 2020-2021, it was observed that management paid an amount of Rs.895.214 million till June 2021 to the consultants for supervision cost of the project “Revamping/Rehabilitation of Irrigation & Drainage systems in Sindh” against the approved PC-I allocated amount of Rs. 480 million. This resulted in 186% above the authorized/allocated cost in PC-I with a financial effect of Rs. 415.214 million.

Further it was noted that the original PC-I (2003) was designed for 1% consultancy charges but the same was increased to 3% in the revised PC-I (2008) with enhanced civil work estimates. Since the consultancy charges were based on % of civil works, this resulted into double financial benefit to the consultant. Thus, till the closure of the Financial Year 2021, 6.6% of the total expenditure on civil works had been incurred on consultants which was in excess of the allocated cost in the Revised PC-I. Detail is as under:

(Rs in million)			
Particulars	Amount as per revised PC-I	Amount paid till June, 2021	Extra payment to consultants
Consultancy services	480.00	895.214	415.214

Moreover, it was also noticed that agreement of consultant services had been extended for a period of ten years by the Secretary Irrigation Department, Government of Sindh without further revision of PC-1 by ECNEC.

Audit is of the view that deviation from the prescribed limit resulted in unjustified payment to the consultants beyond its provision in PC-I which constitutes weak financial management and internal controls.

The matter was reported to the management during August 2021. The management stated that the amount of consultancy service was classified in revised PC-I amounting to Rs.480.00 million. The expenditure on consultancy service was time based mainly consisting of salaries of deputed personnel and proportioned to execution of time. There would however be no excess payment beyond overall cost of PC-I of the project. Reply of the management is not tenable as payment of Rs415.214 million was made to the consultant over and above the amount allocated for consultancy charges in the revised PC-I.

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

Audit recommends regularisation of extra amount paid besides, fixing of responsibility on the person(s) at fault.

(DP#01)

4.5.21 Non-recovery of outstanding dues from defaulters - Rs. 398.817 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, for the Financial Year 2020-21, it was noticed that an amount of Rs398.817 million was outstanding on account of water and electricity charges up to the year 2020-21. The detail is as under:

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	Executive Engineer, Kotri Division Jamshoro	Water charges against WAPDA & WASA	165	360.668
2	Executive Engineer, Jamrao Division Mirpurkhas	Abiyana (water charges against Khattedars	177	2.042
3	Executive Engineer Barrage Division Sukkur	Arrears of electricity charges against residents of barrage township	314	36.107
Total				398.817

Audit is of the view that due to non-recovery of water charges and arrears of electricity charges, Government was deprived of its receipts.

The matter was reported to the management in September to October 2021, but no reply was received.

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

Audit requires that Government dues may be recovered from the concerned.

4.5.22 Excess expenditure over and above 5% of Technical Sanction-Rs. 268.732 million

As per Para-532 of Public Works Department Manual, volume-I, “A revised estimate must be submitted when sanctioned estimate is likely to be exceeded by more than 5%”.

During audit of following offices of Irrigation Department, Government of Sindh for the Financial Year 2020-21, it was observed that an expenditure of Rs.268.732 million was incurred in excess of the prescribed limit of 5% above the technical sanction without revision. The detail is as under:

(Rs. in million)

Sr#	Name of Office	PC-I cost	Bid amount	%	DP#	Amount
1	Executive Engineer East Division khairpur	1,774.215	2,024.887	14%	143	250.672
2	Project Director, Flood Emergency Reconstruction Project, Hyderabad	204.828	222.891	9%	108	18.062
Total		1,979.043	2,247.778			268.732

Audit is of the view that non-revision of technical sanction resulted in excess execution of works.

The matter was reported to the management during August and September 2021, 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 the expenditure.

4.5.23 Payment of excess premium on earthwork - Rs. 148.816 million

According to Para 11.3.3 of SPPRA Works Guidelines “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 the Engineer's Estimate by 20%".

As per Introduction to the schedule of rates (composite) for finished items of works 2012 "No lead small or long, for carriage of material for items is to be paid separately, however, provision for the carriage of materials from a predetermined nearest source of supply may be made in the estimate".

During audit of following offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-21 it was observed that an amount of Rs. 148.816 million was allowed on account of premium on earth work items which was 45% and 22% respectively over and above the prescribed ceiling of 20%. Executive engineer extended undue favor to the contractors by allowing premium on all schedule items without preparing separate estimate of earth work (part-A) and C.C Lining work (part-B), resulting in loss to the public exchequer.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	Executive Engineer, East Division Khairpur	162	146.785
2	Executive Engineer, West Division Khairpur	197	2.031
Total			148.816

Audit is of the view that excess premium beyond 20% permissible limit on schedule item i.e. "Earthwork" was unjustified which resulted in loss to public exchequer besides, extending of undue favor to the contractor.

The matter was pointed out to department in September 2021, but no reply was received.

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

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

4.5.24 Loss due to excess payment on earthwork using non-schedule item - Rs. 31.931 million

According to Composite Schedule of Rates 2012 Chapter No:1 (Excavation and Embankment) at Serial No.3, the rate of borrow pit excavation undressed lead upto 100 ft (a) Ordinary Soil %0 cft is Rs2117.50 and at Serial No.11 the rate of dressing

and levelling of earth work to designed section, etc. complete (b) Ordinary or hard soil % 0 cft is Rs187.55.

During audit of Executive Engineer, North Dadu, Drainage Division, Larkana for the Financial Year 2020-21, it was observed that an expenditure of Rs39.032 million was incurred on non-scheduled items i.e. “hiring of tractor with front blade for levelling and dressing earth” on per hour basis and “hiring of tractor with trolley for raising and restoration of banks at various RDs” on trip basis. As per Composite Schedule of Rates 2012, the payment on earth work was based on cubic feet basis. Audit worked out the difference between the two methods and found that even applying maximum ceiling of premium at 20% on schedule item for the same work, an excess payment of Rs31.931 million was found due to preferring non-scheduled item over the scheduled item.

(Rs in million)

Name of Office	Description	Quantity	Rate P.hour /P.trip	Earth work	Amount paid	Rate of dressing & levelling	Amount	Premium 20%	Excess
XEN, North Dadu, Drainage Division Larkana	Hiring of tractor	4183 hours	1850	1298700	7.738	Rs187.55 per 0%cFt	0.243	0.487	7.446
	Hiring of tractor with trolley	8325 trips	2000 (Size 13x6x2)	1298700	16.650	Rs2117.50 per 0%cFt	2.749	0.549	13.350
XEN, Nara Canal Division Khairpur at Sukkur	Hiring of tractor trolley	4002 hours	2420	700,350	9.684	Rs2117.50 per 0%cFt	1.482	0.296	7.905
	Hiring of tractor with front blade	2652.3	1870 (Size 13x6x2)	700,350	4.959	Rs2058.13 per 0%cFt	1.441	0.288	3.230
Total							5.915	1.62	31.931

Audit is of the view that the execution of non-scheduled items instead of scheduled items resulted in loss to Government.

The matter was reported to the management in September 2021, but no reply was received.

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

Audit recommends that inquiry may be conducted besides, fixing of responsibility on the person(s) at fault.

(DP#77&268)

4.5.25 Unjustified payment on account of borrow pit earth - Rs. 18.833 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”.

- i. During audit of Executive Engineer, Naseer Division, Hyderabad for the Financial Year 2020-21, it was observed that an amount of Rs. 24.137 million was paid on account of execution of item of work, “Borrow pit excavation, undressed lead upto 100 ft” and its carriage for a quantity of 3,657,144.69 cft earthwork, whereas a quantity of 1,183,465.75 cft earth was already available through execution of another item of work “Earth work excavation in irrigation channels, drain etc..”. Due to non-utilization of available earth obtained from excavation of existing channel, excess payment of Rs. 9.295 million was made.

(Rs. in million)

Borrow pit Qty (cft)	Earth Work Excavation (cft)	Rate of borrow pit / Cft	Total Borrow pit amount	Amount paid for borrow pit against available earth	Amount paid for carriage	Total
3,657,144.69	1,183,465.75	6	21.943	7.100	2.195	9.295

- ii. During audit of Executive Engineer, Upper Pinyari Division Hyderabad for the Financial Year 2020-21, it was observed that an amount of Rs. 12.65 million was paid on account of execution of item of work, “Borrow pit excavation, undressed lead upto 100 ft” and its carriage for a quantity of 3,777,278 cft earthwork, whereas a quantity of 1,575,589 cft earth was already available through execution of another item of work “Earth work excavation in irrigation channels, drain etc..”. Due to non-utilization of available earth obtained from excavation of existing channel, excess payment of Rs. 6.831 million was made.

(Rs. in million)

Borrow pit Qty (cft)	Earth Work Excavation (cft)	Rate of borrow pit /%0 Cft	Total Borrow pit amount	Amount paid for borrow pit against available earth	Amount paid for carriage	Total
3,777,278	1,575,588.69	2117.5	7.998	3.359	3.472	6.831

- iii. During audit of Executive Engineer, Thatta Drainage Division, Thatta for the Financial Year 2020-21, it was observed that payment of Rs 2.707 million was made on account of borrow pit excavation against a quantity of 2,892,733 cft. However, it was noticed that the quantity of earth compacted 338,405 cft was less than the quantity of earth acquired through borrow pit against which no compaction was carried out. This shows that additional quantity of borrow pit was acquired without any justification. The details are given as under:

(Rs. in million)

C.V. No. & Date / W. Order # & date	Name of Work	Borrow pit Qty (cft)	Compacti on Qty (cft)	Borrow pit Excess Qty (cft)	Rate /Cft	Excess Amount paid
H-05/27-10-221 / 06-04-15	Rehab:/Restoration of Rain/Flood Damages along MalirWier-I@ RD19.5 & Weir-II @ RD 39.5 Across Malir River	2,829,733	2,491,328	338,405	8	2.707

Audit is of the view that failure of the management to utilize available earth and unjustified expenditure on acquiring earth through borrow pit excavation resulted in loss of Rs. 18.833 million.

The matter was reported to the management in August 2021, but no reply was received.

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

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

(DP#52&330)

4.5.26 Excess payment to contractor on stone pitching work - Rs. 58.664 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 Executive Engineer, Nara Canal Division Khairpur at Sukkur, for the Financial Year 2020-21, it was observed that work namely “Providing stone Apron/ stone pitching” was awarded to M/s Haji Sirajuddin Soomro with a length of 34,798 Rft, later on scope of work was enhanced to 48,469 Rft by increasing six more RDs. However, as per calculation, actual length with increased scope of 06 RDs (per RD=1,000 Rft) comes out to be 40,798 Rft. This resulted in excess execution of work of 7,671 Rft against which excess payment of Rs.58.664 million was made to the contractor.

(Rs. in million)

Description	Qty in in original scope (Rft)	Qty in revised scope (Rft)	Qty according to calculation by Audit	Excess quantity claimed (Rft)	Rate per foot	Amount
Providing stone Apron/ stone pitching	34798	48469	40,798	7,671	370669264/48469=7647.553	58.664

Audit is of the view that due to calculation error excess payment was made to the contractor.

The matter was reported to the management in September 2021, 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 payment besides, fixing of responsibility on the person(s) at fault.

(DP#266)

4.5.27 Irregular refund of security deposit without completion of work-Rs. 515.539 million

According to SPPRA Procurement Guidelines (Works) under clause 7.12.3(i) Release of Security deposit, “It can be released in either of following ways, but in the same shall be mentioned in the contract data /special conditions of the contract:

- (a) On completion of the works; half the total amount retained is refunded to the contractor and half when the defects liability period has passed and the engineer has certified that all defects notified to the contractor before the end of this period have been attended to his satisfaction;
- (b) full amount be released after completion of defect liability period”.

During the audit of the various offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-21, it was observed that an amount of Rs515.539 million was refunded to the contractors prior to completion of work. Details are given at **Annex-3** of Chapter-4.

Audit is of the view that refund of security deposit was made in violation of rules which reflects weakness of financial controls.

The matter was reported to the management during August to October 2021, 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 refund of security deposit prior to completion of works.

4.5.28 Irregular/unjustified payment of secured advance - Rs. 79.767 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.

i. During the audit of Executive Engineer East Division Khairpur, for the Financial Year 2020-21, it was observed that an amount of Rs67.023 million was paid

to M/s Subhanallah construction company as secured advance against cost of material, but neither Indenture Bond in P.W. Account Form No.31 nor detailed report of consumption account of materials was available on the record. Further, during scrutiny of contractor running account bill, the work done amount shown was Rs.12.985 million against Part-B items for which advance of material was paid, whereas complete adjustment of Rs.67.023 million was made against the total work done including earth work. Thus, the supply of material at site stands unjustified.

Audit is of the view that payment of secured advance on part-B and its adjustment against earth work items shows undue favor was extended to the contractor in violation of rules.

- ii. During audit of Executive Engineer, Small Dams Division Kohistan-II, Jamshoro for the Financial Year 2020-21, it was observed that secured advance amounting to Rs12.744 million was paid to M/s Gul Trader through 1st Running bill but following observations were pointed out:
 - a. Secured advance was paid to the contractor against steel & cement through 1st R.A Bill without execution of any items of BOQ.
 - b. Total quantity of steel was 175 tons and secured advance was allowed against 145 tons, which was 83% of total quantity in violation of the above rule.
 - c. Complete adjustment was made in 2nd R.A Bill against utilization of 62.412 tons of steel & 7289 cement bags respectively against advance of 145 tons of steel & 13000 cement bags, which is evident that undue favour was extended to the contractor.
 - d. Despite reminders, measurement book was not produced to ascertain quantity of material brought at site.
 - e. Invoices of purchase of material were also not available on record.

Audit is of the view that payment of secured advance and its subsequent adjustment against the whole work resulted in extending undue favour to the contractor in violation of rules.

The matter was reported to the management in September to December 2021, 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.

(DP#139&252)

4.5.29 Loss due to theft of transformers & motors of tube-wells - Rs. 42.100 million

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

During the audit of Executive Engineer, Tube wells Division No: I, Hala for the Financial Year 2020-21, it was observed that the department installed 480 tube wells. Out of which, 272 (57%) were working and 208 (43%) were non-functional. However as per the departmental report, 86 Nos. of tube wells had been closed due to stolen Transformers and Motors. The detail is as under:

(Rs. in million)

Sr#	Item Description	Qty.	Estimated Cost	Total
1	Transformer stolen	84	500,000	42.000
2	Motors stolen	2	50,000	0.100
			Total	42.100

Audit is of the view that the management failed to safeguard the government property and did not take efforts for recovery of stolen machinery which resulted in loss of assets.

The matter was pointed out to the department in August 2021, 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(s).

(DP#56)

4.5.30 Loss due to excess payment through wrong calculation - Rs. 5.518 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 Executive Engineer East Division Khairpur, for the Financial Year 2020-21, it was observed that an amount of Rs17.412 million (Rs 0.388 million as withheld amount) was paid against the claimed amount of Rs.17.80 million. However as per actual calculation of the bill, the actual work done amount was found to be Rs.11.894 million instead of Rs.17.80 million. This resulted in excess payment of Rs.5.518 million. Detail is as under:

(Rs. in million)

ADP .NO	Name of Scheme	Name of Contractor	Total work done	Total amount paid (upto date)	actual amount of bill (3rd R.A)	over payment (due to Error)
988	Renovation/Reconstruction & improvement along Office AXEN Mirwahsub division at Thari in Irrigation East Division khairpur (Phase-I)	New Pak construction	17.8	17.412	11.894	5.518

Audit is of the view that the contractor was made excess payment on account of totaling error, which reflects weak internal and financial controls.

The matter was reported to the management in September 2021, 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 the excess amount paid besides, fixing of responsibility on person(s) at fault.

(DP#138)

4.5.31 Over payment to the contractors due to irrelevant execution of item of silt clearance - Rs. 38.989 million

As per Composite Schedule of Rates 2012 Chapter No.1 (Excavation and Embankment) Serial No.2, the rate of Earth work excavation in ashes, sand soft soil or silt clearance undressed lead upto 50 ft. % 0 Cft. is Rs 1663.75”

During audit of Executive Engineer, North Dadu, Drainage Division, Larkana for the year 2020-21, it was observed that an amount Rs.124.789 million was paid to the contractors for the item “Earth work excavation in irrigation channels, drains etc., dressed to designed section grades and profiles excavated material disposed off” @ Rs2420 per thousand cubic feet for the purpose of silt clearance of existing drains instead of executing the item “Earth work excavation in ashes, sand soft soil or silt clearance undressed lead up to 50 ft” @ Rs1663.75 per thousand cubic feet. Since the work was carried out on the existing drains, therefore using the item pertaining to excavation of new drains with higher rate was not justified. This resulted in over payment of Rs.38.989 million to the contractors.

Audit is of the view that due to incorrect execution of item of work, over payment was made to the contractor which depicts weakness of internal controls.

The matter was reported to the management during September 2021. The management stated that the item at the rate of Rs.1663.75 as pointed out by audit was not covered under schedule of rates, thus no excess payment was made. Reply is not tenable as work on existing drain was required to be carried out using the item at Sr.2 page#1 of CSR 2012 @of Rs1663.75 whereas the item of work executed by the management pertained to construction of new drain Sr.#5 page#1 of CSR 2012.

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

Audit recommends that excess payment on account of excavation of earth work may be recovered from the contractors.

(DP#73)

4.5.32 Non-recovery of stamp duty - Rs.49.174 million

According to Sub: 22-A of Stamp Act, it is the duty of the Competent Authority to recover the Stamp Duty and affix the same, while execution of agreement @ 0.30 (Currently 0.35) paisa per hundred rupees of the value of the agreement or against tender cost.

During audit of the various offices of Irrigation Department, Government of Sindh for the Financial Years 2019-20 & 2020-21, it was observed that contracts amounting to Rs14,050.00 million were awarded to various contractors but Stamp Duty @ 0.35% was not deducted. Hence, due to non-deduction of stamp duty Government sustained a loss of Rs.49.174 million. The details are given at **Annex-4** of Chapter-4.

Audit is of view that government was deprived of due revenue which indicates prevalence of poor financial discipline within the department.

The matter was reported to the management during August to December 2021, 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 amount besides, fixing of responsibility on the person(s) at fault.

(PDP#94)

4.5.33 Non-recovery of various taxes at prescribed rates - Rs. 58.361 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 Notification issued by Sales Tax Department for sales Tax Special procedure (withholding) rules, 2007 vide letter No S.R.O 77 (I) 2008 dated 2301-2008, “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 contact with Government or local authorities, etc.

During audit of the various offices of Irrigation Department, Government of Sindh, for the Financial Year 2019-20 & 2020-21, it was observed that an amount of Rs.58.361 million pertaining to Income Tax, SST and GST was either not or less deducted while making payments to contractors in violation of rules. Details are given at **Annex-5** of Chapter 4.

Audit is of the view that due to non-deduction of government taxes, undue favor was extended to the contractors besides, non-realisation of government revenue.

The matter was pointed out to management in the month of August to September 2021, 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 amount besides, fixing of responsibility on the person(s) at fault.

4.5.34 Non-deduction of shrinkage allowance on earthwork - Rs. 24.672 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 various offices of Irrigation Department, Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that an amount of Rs.24.672 million was not deducted on account of shrinkage allowance @ 6% on earthwork done through machines by various contractors. Details are given at **Annex-6** of Chapter-4.

Audit is of the view that due to non deduction of shrinkage allowance from earth works, the payments stand irregular.

The matter was reported to the management during Jan to June 2021, but no reply was received.

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

Audit recommends recovery on account of shrinkage allowance besides, taking remedial measures.

4.5.35 Irregular execution of work in deviation of estimate - Rs. 17.412 million

Para-527 of Public Works Departmental Manual, Volume-I, States, “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 Executive Engineer East Division Khairpur, for the Financial Year 2020-21, it was observed that an expenditure of Rs.17.412 million was incurred against the work “Renovation/Reconstruction & Improvement of office of AXEN Mirwah sub-division at Thari Mirwah”. Following observations were noticed:

1. The scope of work included fixing of TR & Girder in roof, but payment was made against the RCC work
2. Extra items amounting to Rs. 5.302 million were executed without approval of the Revised T.S.
3. Similarly, an amount of Rs. 1.973 million was incurred on excess execution of items without incorporating in the Revised T.S.
4. Items amounting to Rs. 14.950 million were not executed but work had been shown completed.

Audit is of the view that deviation from the approved BOQ without approval of the Revised Estimates resulted in unjustified execution of work.

The matter was pointed out to department in September 2021, but no reply was received.

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

Audit recommends justification of the matter besides, taking remedial measures.

(DP#146)

4.5.36 Unjustified payment on account of already executed item of work - Rs. 16.486 million

As per Composite Schedule of Rates 2012 Chapter No.1 (Excavation and Embankment) Serial No.5, the rate of Earth work excavation in irrigation channels, drains etc., dressed to designed section grades and profiles excavated material disposed off and dressed within 50 ft. lead. (a) Ordinary Soil % 0 Cft. is Rs2,420.

During audit of Executive Engineer, North Dadu, Drainage Division, Larkana for the Financial Year 2020-21, it was observed that an amount Rs16.486 million was paid to the contractors on account of “Re-handling & dressing and levelling of earth work to designed section, etc. complete”. However, on scrutiny it was noticed that the contractor had already executed this item under the composite item “Earth work excavation in irrigation channels, drains etc. dressed to designed section grades and profiles excavated material disposed off” against which a payment of Rs.124.789 million had already been made. Thus, excess payment of Rs16.486 million was made to the contractor.

Audit is of the view that due to expenditure on item ‘Re-handling of earth’, which had already been executed under another item of work, it resulted in excess payment to the contractor.

The matter was reported to the management during September 2021. The management stated that payment was made to contractors on account of “Earth work excavation in Irrigation Channels, Drains etc. which was executed from bed to berm through excavator machine then the same was re-handled from berm to path/ top of the drains. Therefore, there was no excess payment and rates of both items were scheduled rates and payment was justified. Reply of the management is not tenable as dressing and levelling of the earth work to designed section had already been executed through composite item of excavation; thus, executing the same work through separate item was unjustified.

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

Audit requires that the matter may be justified or excess payment may be recovered from the contractors under intimation to audit.

(DP#74)

4.5.37 Non-maintenance of consumption account - Rs. 11.496 million

According to Para-101 of Central Public Works Accounts Code, “A numerical or quantity account of receipts issues and balances has to be maintained for all kinds of store materials”.

During audit of the following offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-21, it was observed that an amount of Rs.11.496 million was paid to the contractors on account of purchase of Abkalani material i.e. Manjhadari Panjars, Column Shafts etc. for storages and utilization of the same on various works but the management did not maintain any consumption account (i.e. receipt and issuance of the material) in violation of the rules. Detail is as under:

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	Executive Engineer, North Dadu, Drainage Division, Larkana	84	4.288
2	Executive Engineer, Hala Irrigation Division, Hala at Hyderabad	69	4.140
3	Engineer East Division Khairpur	154	3.068
		Total	11.496

Audit is of the view that management failed to maintain accounts properly which indicates weakness of internal controls.

The matter was reported to the department during September 2021, 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 preparing consumption account of the store articles besides, fixing of responsibility on the person(s) at fault.

4.5.38 Unauthorized premium paid on carriage - Rs. 9.167 million

According to SPPRA Guidelines for procurement of (Works) under clause 11.3.3, “Cost of cartage is not paid separately as same is adjusted in the quoted premium but cost of escalation on materials is paid separately as per consumption”.

According to Para 766 of P.W.D. Manual Volume-I, “Technical Sanction amounts to nothing more than guarantee that the proposals are structurally sound and meet the requirements of indenting department and that the Estimates are accurately calculated and based on adequate data”.

During audit of the following offices of Irrigation Department, Government of Sindh, for the Financial Year 2020-21, it was observed that an amount of Rs.9.167 million was paid on account of premium on carriage charges whereas the same was required to be adjusted in the quoted premium by the contractor as per SPPRA Rule and CSR 2012. Detail is as under:

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, Nara Canal Division Khairpur at Sukkur	269	6.958
2	XEN, West Division Khairpur	103	1.475
3	XEN, Barrage Division Sukkur	313	0.734
Total			9.169

Audit is of the view that the contractor was paid excess amount on account of premium which resulted in undue favor to the contractor and loss to the exchequer.

The matter was pointed out to department in September 2021, but no reply was received.

Audit recommends that amount may be recovered besides, fixing of responsibility on the person(s) at fault.

4.5.39 Irregular expenditure on POL from Development and M&R budget - Rs. 7.483 million

According to letter No. FD(TR)9(25)/2(Hyderabad)/2018 dated 09th August, 2020, Government of Sindh, Finance Department which states that there is no provision to issue POL from Object Code A12270-Others-Civil Works (Capital Component) from development scheme.

During audit of Executive Engineer, Small Dams Division Kohistan-II, Jamshoro for the Financial Year 2020-21, it was observed that payment of Rs7.483 million was paid to M/s N.K.Z Enterprises on account of POL for generators and for vehicles from budget of development and M&R instead of POL head of account. Further, invoices, log books, history sheets and petrol consumption account were also not maintained.

(Rs. in million)

Sr#	Name of Office	DP#	Amount
1	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	256	5.167
2	Executive Engineer Upper Pinyari Division, Hyderabad	333	2.316
Total			7.483

Audit is of the view that the management incurred expenditure on account of POL from development and M&R budget in violation of financial rules and instructions from the Finance Department.

The matter was reported to management in December 2021, but no reply was received.

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

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

(DP#256)

4.5.40 Unjustified payment for jungle clearance to the contractors - Rs. 5.177 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. Sometimes 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 for the Financial Years 2019-21 it was observed that various works of Rs.5.177 million on account of jungle clearance were executed through the contractors instead of already employed Beldars who were drawing salaries from the department.

(Rs. in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	XEN Shahbaz Irrigation Division Sehwan Jamshoro	2019-20	99	2.224
2	Executive Engineer, Drainage Division Mirpurkhas	2019-20		0.185
3	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	2020-21	260	2.768
Total				5.177

Audit is of the view that works were required to be carried out through beldars and therefore the payment of the same to the contractors was unjustified.

The matter was reported to the management during Jan to June 2021, 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 such expenditure besides, fixing of responsibility on the person(s) at fault.

4.5.41 Excess execution of items of works beyond permissible limit - Rs. 2.415 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, for the Financial Year 2020-21, it was observed that excess quantities of items for an amount of Rs.2.415 million were allowed in excess of permissible limit of 30% of the estimated cost, without prior approval of the competent authority.

(Rs in million)

Sr.#	Name of Office	DP#	Amount
1	XEN, Small Dams Division Nagarparkar, Mithi	130	1.779
2	DAD Division, Benazirabad	132	0.636
Total			2.415

Audit is of the view that execution of items of works beyond 30% permissible limit without revision is irregular.

The matter was reported to the management during August 2021, 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 the matter besides, regularization of the expenditure.

4.5.42 Abnormal delay in execution of scheme

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”.

- i. During audit of Executive Engineer West Division Khairpur, for the Financial Year 2020-21, it was observed that an amount of Rs.694.412 million was allocated in Financial Year 2014-15 for the scheme “CC Lining of Rahuja Minor from RD-0+00 to 25+30 & Construction of Retaining wall along Faizwah from RD-0+00 to 1+575 IP RD-2” against which an expenditure of Rs.187.78 million was incurred up to the Financial Year 2020-21 which was 27.04% of the work done since inception of the scheme.

(Rs. in million)

ADP #	Name of Scheme	Year	PC-1 Cost	Exp up to 30-06-2020	Exp 2020-21	up to date expenditure	To be done	%
924	CC Lining of Rahuja Minor from RD-0+00 to 25+30 & Construction of Retaining wall along Faizwah from RD-0+00 to 1+575 IP RD-2 to 3 ...RD-24 to 26 R/sides	2014-15	694.41	167.78	20.00	187.7	506.63	72.96

- ii. During audit of Project Management Office Sindh Barrage Improvement Project-AF (Rehabilitation and Modernization of Sukkur Barrage) Karachi, for Financial Year 2020-21, it was observed that an expenditure of Rs.448.16 million was incurred, whereas the project was required to be completed within four years after the date of start of the project i.e., 13-06-2018. Thus, only 3% financial and 4% physical progress had been achieved despite lapse of more than 75% period (i.e. more than 03 years).

Audit is of the view that due to abnormal delay in execution of the schemes, it resulted in non-achievement of the targets as well as the desired benefits for the public.

The matter was pointed out to department in September 2021, 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 abnormal delay in execution of the schemes.

(DP#202,231)

4.5.43 Irregular purchase of IT equipment without provision in the PC-I - Rs. 1.234 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 Project Management Office Sindh Barrage Improvement Program-AF (Rehabilitation and Modernization of Sukkur Barrage) Karachi for the Financial Year 2020-21, it was observed that IT equipments (Laptops, Tablets etc.) amounting to Rs1.234 million were procured from M/s I.T Masters Pakistan without having their provision in the PC-I. This resulted in irregular purchase of equipments. The detail is as under:

(Rs in million)

Cheque No	Items	Quantity	Rate	Amount
202449804	Samsung Galaxy Tab A7 10.4+32 gb	2	64,500	0.129
202449793	Anti-glare Laptop dell latitude	1	244,000	0.244
202449793	Apple Mac Book Air Mi-Core	1	270,000	0.270
202449793	Laptop HP ci3	1	132,000	0.132
202449793	Printer HP LaserJet Pro	1	99,000	0.099
202449793	Nikon Z50 Camera	1	215,640	0.215
202449793	CCTV Camera 4 channel	1	145,000	0.145
Total				1.234

The management did not provide justification for the purchase of expensive items without provision in PC-1 nor were details of already procured items from the funds of SBIP (Phase-I) provided as the same Project office was being funded from both credits (IDA5684 & IDA62420).

Audit is of the view that without provision of these items in PC-I, chances of duplicate purchases of above items from both loans/credits and issuance to same persons cannot be ruled out.

The matter was reported to the management during November 2021, 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 purchases along with details of already procured items for the same project office.

(DP#233)

4.5.44 Wasteful expenditure on legal advisor/consultant – Rs. 5.400 million

As per agreement made on 24th December,2019 between Project Management Office SBIP Irrigation Department and legal consultant, following were the main Terms of Reference and Scope of Services:

- a. Legally vet the draft policy recommendation

- b. Represent and defend PMO/SBIP in all courts of Law as learned counsel.
- c. Provide sound legal advice to PMO officers and staff
- d. Review, update and implement the applicable legal framework for projects

During audit of Project Management Office Sindh Barrage Improvement Project-AF (Rehabilitation and Modernization of Sukkur Barrage) Karachi for the Financial Year 2020-21, it was noticed that an amount of Rs5.40 million was paid to M/s Sarfraz Ahmed Maitelo Advocate on account of professional consultancy/legal services. Following irregularities were noticed:

- i The consultant was hired without advertisement.
- ii The consultant was hired at an exorbitant professional fee of Rs. 450,000 per month without any justification.
- iii The services were hired on retainership basis instead of case-to-case criterion.
- iv No activity report including any single case of legal services provided by the consultant during the entire period was available on record to justify the hiring.

Audit is of the view that due the above irregularities, the expenditure on hiring of legal consultant was wasteful.

The matter was reported to the management during November 2021, but no reply was received.

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

Audit recommends that justification for hiring of legal consultancy may be provided in view of the observations raised above.

(DP#234)

4.5.45 Unauthorized payment of escalation in USD component based on Rupee index of Pakistan

According to Sub-Clause-13.8 of the contract agreement of G-2, "Table of adjustment data" means the completed table of adjustment data for local and foreign currencies included in the Schedules. If there is no such table of adjustment data, this Sub-Clause shall not apply. If this Sub-Clause applies, the amounts payable to the Contractor shall be adjusted for rises or falls in the cost of labor, Goods and other inputs to the Works, by the addition or deduction of the amounts determined by the formulae prescribed in this Sub-Clause. The adjustment to be applied to the amount otherwise payable to the Contractor, as valued in accordance with the appropriate Schedule and certified in Payment Certificates, shall be determined from formulae for each of the currencies in which the Contract Price is payable. No adjustment is to be applied to work valued on the basis of Cost or current prices.

During audit of Project Director, Sindh Barrage Improvement Project Phase-I Guddu Barrage, for the Financial Year 2020-21, it was observed that work "SBIP/G-3- River training Works" was awarded to the contractor M/S Sardar D. Baloch. The contract agreement provides for adjustment for rise or fall in the cost of labor, goods and other inputs to the works on the basis of indices for each of the currencies in which the contract price is to be paid. The IPCs for the contract G-3 disclosed that for the payment of USD component, the management used index of Government of Pakistan in PKR instead of USD index, as was being used in another contract i.e. SBIP/G-2. The escalation claimed on the basis of Rupee index of Pakistan was more than three times than that of US based index. Thus, the use of Rupee index for payment of escalation for US Dollars claimed resulted in payment of additional escalation compared to escalation applicable on US Dollar in international market.

Audit is of the view that use of Rupee index (PKR) for payment of escalation on USD component resulted in additional financial burden on the government which shows weak contract management.

The matter was reported to the management during October 2021, but no reply was received.

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

Audit recommends to provide detail justification for adopting PKR based index instead of USD index for escalation payments on USD component.

(DP#236)

4.5.46 Loss due to non-adjustment of reduced rate of income tax - Rs. 5.506 million

According to the contract clause # 37 of GCC (Change in the applicable Law related to taxes and Duties), “If the taxes are increased or decreased, the costs incurred by the consultant in performing the services, the remuneration & reimbursable expenses otherwise payable to the consultant shall be increased or reduced accordingly”.

During audit of Project Director, Sindh Barrage Improvement Project Phase-I Guddu Barrage, for the Financial Year 2020-21, it was observed that consultancy for supervision of works namely, “G-2” and “G-3” was awarded to M/s Mott MacDonald Limited. A provision for income tax @ 8% (at the time of contract) was made for calculating the applicable rate. However, the same was reduced to 3% in 2020-21 by the government, the effect of which was required to be adjusted in the contract. Hence, government sustained a loss of Rs. 5.506 million due to non-adjustment of reduced tax rate in contract price.

Audit is of the view that non-adjustment of reduced tax rate resulted in loss to the government.

The matter was reported to the department during October 2021, but no reply was received.

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

Audit recommends implementation of agreement clause and recovery of excess amount from the consultant.

(DP#237)

4.5.47 Provision of POL & maintenance of vehicles on lump sum basis instead of actual expenditure - Rs. 303.283 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 Project Director, Sindh Barrage Improvement Project Phase-I Guddu Barrage, for the Financial Year 2020-21, it was observed that payment of Rs. 303.283 million was made on account of fuel, repair and maintenance, servicing of vehicles, licensing and insurance under a single item of BOQ in the contracts “G-2” and “G-3” @ lump sum rates instead of actual expenditure.

Audit is of the view that provision of item of vehicle operation in BOQ on lump sum basis instead of actual expenditure resulted in undue favour to the contractor which reflects poor contract management on the part of the executive.

The matter was reported to the department during October 2021, but no reply was received.

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

Audit recommends justification for lump sum provision in BOQ for vehicle maintenance.

(DP#238)

4.5.48 Unjustified procurement of vehicles for operational staff - Rs. 30.692 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 Project Director, Sindh Barrage Improvement Project Phase-I Guddu Barrage, for the Financial Year 2020-21, it was observed that expenditure of Rs 30.692 million was incurred on procurement of vehicles for operational staff by a provision in BOQ of the contract G-2 whereas eleven vehicles had already been procured for same purpose as a specific provision in PC-I.

Audit is of the view that procurement of additional vehicles through items of work in BOQ apart from those already procured under PC-I stands unjustified.

The matter was reported to the department during October 2021, but no reply was received.

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

Audit recommends that justification may be provided for purchase of additional vehicles through the contract.

(DP#240)

4.5.49 Un-authorized use of vehicles by outsiders - Rs. 10.800 million

According to 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 Project Director, Sindh Water Sector Improvement Project (WSIP), Hyderabad, for the Financial Year 2020-21, it was observed that vehicles with estimated worth of Rs10.800 million were allotted/ retained by unauthorized persons who were not working in the project. The detail is as under:

(Rs. in million)			
Sr.#	Vehicle No. & Make Model	Designation of officials	Estimated cost
1	GSA-296, Parado, 2012	Minister, Irrigation Deptt	3.000
2	GSD-067, Jiminy, 2016	Chairman, LBC AWB	1.800
3	GS-9658, Vigo, 2009	PD Chotiyari	2.000
4	BF-2721, Jiminy, 2012	Assistant Director NAB sub-office Hyderabad	1.500
5	GSA-240, Hilux, 2011	Chairman, LBC AWB	2.500
Total			10.800

Audit is of the view that management failed to strengthen internal controls due to which the vehicles worth millions of rupees were being used by unauthorized persons.

The matter was reported to the department during November 2021, 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 above mentioned vehicles may be recovered from unauthorized persons.

(DP#270)

4.5.50 Non-achievement of targets due to ill-planning

According to Design Report of the Consultant Page No.01, “For generation of electric power from Thar Coal, requirement of water is a key factor. For the generation of 100 MW of electric power an estimated 5-6 cusecs of raw water is required”.

Further, according to international standards “depending on the type, quality, and age of a system, RO Plants can produce 3.25 gallons of waste water per one gallon of product water”.

During audit of Executive Engineer Thar Coal Water Works Division, Hyderabad for the Financial Year 2020-2021, it was observed that management constructed a drain required for generation of electricity through Thar Coal project with a capacity of 100 cusecs and installed 24 RO Plants each with a capacity of 1 MGD to convert brine water. In this regard, audit observed the following issues:

(i) Construction of 100 cusecs drain instead of need of 166 cusecs

As per calculation based on the estimates of the consultant, to obtain yield of 1000 MW power generation from Thar Coal Power Generation Unit at Block-II, 50 cusecs of fresh water supply from RO Plants would be required (considering wastage of 70% supplied brine water). Thus, a drain with a capacity of 166 cusecs should have been designed to supply brine water to RO plants in order to produce net 50 cusecs of fresh water to fulfill the required demand for generation of electricity, whereas the management designed the drain with a capacity of 100 cusecs of brine water which could not fulfill the above requirement. Therefore, with this capacity, the requirement for only 700 MW electricity could be fulfilled as compared to required capacity of 1000 MW as envisaged in the project documents.

(ii) Installation of RO Plants less than available supply of brine water

The management installed 24 number of RO Plants utilizing 45 cusecs of brine water, whereas the drain constructed for supply of brine water was designed for 100 cusecs. This resulted in under utilization of drain due to a shortfall of 30 RO plants. Further, the maximum capacity of fresh water produced from 24 RO Plants was 14 cusecs from which the requirement of generating 300 MW power could be fulfilled instead of full capacity of 1000 MW as envisaged in the Revised PC-I. Detail is as under:

(Rs. in million)

W.O#/ Dated	Name of Work	Name of Company	Original Amount	Revised Amount	Power Generation Unit Block-II capacity	Expected Revenue in full capacity from power generation unit	Expected Revenue in present water supply capacity from 24 RO Plants
146 22-02- 13	Installation of RO Plant capacity of 20 MGDs (35 cusecs) based on feed water TDS 10,000 PPM Revised with 24 MGDs (37 cusecs)	M/s Pak Oasis (Pvt.) Ltd.	2963.201	3238.201	1000 MW	5,620.00	1,686.00
		Total	2963.201	3238.201		5,620.00	1,686.00

Audit is of the view that due to ill-planning on the part of management, the targets fixed in the PC-I could not be achieved.

The matter was reported to the management in December 2021, 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 besides, fixing of responsibility on the person(s) at fault.

(DP#296)

4.5.51 Un-authorized advance payment without execution of works - Rs. 5.832 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 Executive Engineer Phulleli Division, Badin @ Hyderabad for the Financial Year 2020-2021, it was observed that an amount of Rs.5.832 million was paid to the contractors as advance payment without work done & measurement details.

(Rs. in million)

Sr#	C.V. # & Date	Name of Work	Amount
1	H-05 15/6/2021	Construction of Stone Pitching and Construction of 18 Nos Modules along Phulleli Main Canal RD-70 to 130” (earth work Package No. 02)	2.856
2	H-06 5/6/2021	Construction of Stone Pitching and Construction of 18 Nos Modules along Phulleli Main Canal RD-70 to 130” (earth work Package No. 02)	2.976
Total			5.832

Audit is of the view that there is no provision of advance payment except for mobilization advance and secured advance against material. Thus, the payment without work done & measurement details stands unauthorized.

The matter was reported to the department in August 2021, 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 of responsibility on the person(s) at fault.

(DP#322)

Chapter-5

PUBLIC HEALTH ENGINEERING & RURAL DEVELOPMENT DEPARTMENT

5.1 Introduction

Public Health Engineering & Rural Development Department is responsible for designing, planning & executing water supply & drainage schemes in urban & rural areas; excluding Karachi and Hyderabad cities.

Over the years, operation & maintenance function of rural based schemes kept on shifting from one agency to another and finally after promulgation of SLGO 2001 O&M of all schemes was made the mandate of PHE&RDD. Presently urban based schemes are operated and maintained by concerned Local Councils. Whereas, Rural Water Supply and Draining schemes are being looked-after by PHE&RDD. PHE&RDD had been a part of Local Government Department and was given an independent status in 2008 having its own Minister and a Secretariat. However, in 2013, the department was again merged in Local Government Department. As of today, PHE&RDD has been separated from Local Government and made a separate department.

Secretary, Public Health Engineering & Rural Development Department Sindh is the Principal Accounting Officer of all PHED&RDD subordinate offices. The department is responsible for execution of development works of water supply and drainage schemes all over Sindh with the exception of areas under KW&SB and WASA, Hyderabad. Rural Development Department is responsible for roads & buildings for community development. It has been given additional responsibility of establishment of water hubs involving 2000 water filtration plants in all districts, subsequent to the abolishment of Special Initiative Department in February 2018.

(Rs. in million)

Sr. #	Description	Total Nos	Audited	Expenditure audited FY 2020-21
1	Formations	64	34	10,999.707

5.2 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Original Budget/Grant	Suppl. Grant/Appropriation	Final Grant	Departmental Expenditure	Variation Excess/(Savings)
19,356.936	-4,723.424	14,633.51	13,177.780	(-)1,455.732

The department was unable to spend the allocated budget in time. As a result, savings of Rs. 1,455.732 million was observed which was not surrendered in time.

5.3 Classified Summary of Audit Observations

Observations amounting to Rs. 10,654.826 million were raised in this report during the current audit of Public Health Engineering & Rural Development Department. The amount also includes recoveries of Rs. 57.672 million as pointed out by the audit. However, record amounting to Rs. 7,586.395 million was not produced. 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	HR / Employees related irregularities	-
B	Procurement related irregularities	7,016.845
C	Management of Accounts	756.549
4	Value of money and service delivery issues	0
5	Others	2,881.432
	Total	10,654.826

5.4 Comments on the Status of Compliance with PAC Directives

The status of Audit Reports discussed in PAC meetings hitherto is given below:

Audit Year	No. of Paras	Status of PAC Meeting
2016-17	47	-Nil-
2017-18	28	-Nil-
2018-19	41	-Nil-
2019-20	104	Minutes of meeting still awaited
2020-21	13	-Nil-

5.5 Audit Paras

5.5.1 Non-production of record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of the various offices of Public Health Engineering & Rural Development Department, Government of Sindh for the Financial Years 2019-20 to 2020-21, the management did not produce the auditable record despite various reminders. Due to non-production, the record involving financial impact of Rs. 7,586.395 million remained unaudited. The details are given at **Annex-1** of Chapter-5.

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non production of the specified record the authenticity of the expenditure incurred could not be ascertained.

Non-production of record was reported to the management during November 2020 to March 2021, and August to November 2021. DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr#19 replied that the payment was made to the D.C Shaheed Benazirabad on account of land acquisition for various schemes after obtaining rate assessment by the competent authority. Further efforts were being taken to collect the remaining documents and produce the same to audit office. DAC directed to provide latest status regarding transfer of land in favour of the Department. Management at Sr#20 replied that the sanctioned estimates and rate analysis for non-schedule item were available in the office. DAC directed the management to produce detailed estimate along with rate analysis for non-schedule items to the audit for verification. Management at Sr#29 replied that all formalities and documentation were duly fulfilled. DAC directed the management to provide all relevant record within 15 days to audit for verification. Office at Sr# 30 replied that

neither objected work was awarded nor any payment was made to the contractor. DAC directed the management to reconcile the amount showing in Cost Centre of XEN PHE with District Accounts Office and submit the report to audit for verification. No reply was received from other offices.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

5.5.2 Splitting up of work to avoid international tenders - Rs. 1,852.240 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”.

As per para 2.10 of SPPRA Guidelines for works, a group of work which form one project shall be considered as one work.

During audit of the Executive Engineer, Public Health Engineering (O&M) Division, Tharparkar @ Mithi for the Financial Year 2020-21, it was observed that the work for Rehabilitation of RO Plants amounting to Rs. 1,852.240 million was awarded to M/S Oslo Lighting Solution (Pvt ltd) in April 2021, which was split up into 03 parts i.e. (10,000GPD -100,000GPD, 623 units, 2.0 MGD & 1.5 MGD) to avoid inviting international tender, in violation of SPPRA rule.

(Rs. in million)

Sr#	Name of work	W/O	Date	Estimated Amount	Bid Amount
1	Rehabilitation of RO Plants 2.0MGD	201	12/4/2021	187.298	211.326
2	Rehabilitation of RO Plants 1.5MGD	202	12/4/2021	181.718	207.154
3	Rehabilitation of RO Plants 10000-100,000GPD 623 units	325	23-04-21	1,280.586	1,433.759
Total				1,649.602	1,852.240

Audit is of the view that the major rehabilitation work of RO plants was required to be tendered as one work in order to fetch most economical and competitive price, but procurement of the work into piece-meal by way of splitting stands irregular.

The matter was reported to the management during November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit requires to provide justification for splitting up the work into packages to avoid international tendering.

(DP#177)

5.5.3 Uneconomical procurement due to award of contract to single bidder - Rs. 1,437.158 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 the following offices of Public Health Engineering & Rural Development Department for the Financial Year 2020-21, it was observed that following contracts were awarded on single bid basis without fulfilling the requirements as under:

i. XEN, PHE (O&M) Division, Tharparkar @ Mithi

- a) Contract was awarded to M/S Oslo Lighting Solution on single bid amounting to Rs. 1433.759 million for Rehabilitation of Reverse Osmosis (RO) Plants, but the estimates from market survey were prepared on defective quotations. i.e. out of three quotations, two were obtained from local market @ Mithi instead from well-known suppliers of Karachi city as the successful bidder (3rd bidder) was also Karachi based.
- b) Quotations were defective as the rates of some items were not mentioned such as membrane, carbon media, bag filters etc.

- c) Quotations for market analysis were without quoting any reference and date.
- d) Similar items of work of RO plants were executed/obtained at low price from other contractor i.e. M/S F&F during the current year 2020-21, which were not considered in the instant case, resultantly extra burden of Rs. 15.11million was placed on public exchequer. **Annex-2** of Chapter-5.

(DP#180&181)

ii. XEN, PHE Division, Mirpurkhas

- a) The work of “Rehabilitation of Rural Water supply Scheme Qadir bux Laghri Taluka Shujabad District Mirpurkhas” was awarded to M/s M. Ibrahim Rajar at a cost of Rs. 3.399 million without market survey to assess the reasonability of the compatible rates as per SPPRA rule.
- b) The assessment of the qualification criteria of the bidders showed that the bidder was lowly marked for qualification and experience which reflects that government interest was compromised.

(DP# 224)

Audit is of the view that due to non-conducting proper market survey and analysis of other procurements of similar items resulted in uneconomical procurement. Thus, the management violated the laid down procedure in accepting single bid. The above lapse on part of the management indicates absence of systemic internal controls.

The matter was reported to the management during November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends to conduct inquiry in the matter besides, fixing of responsibility on the persons at fault.

5.5.4 Irregular execution of work beyond 15% of the original contract amount - Rs. 900.201 million

According to SPPRA 2013 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 items shall not exceed 15% of the original contract amount.

During audit of the Executive Engineer, Public Health Engineering Division, Larkana & Sukkur for the Financial Year 2020-21, it was observed that works were awarded at a cost of Rs. 460.820 million. Later on, cost and scope of the works were enhanced to Rs. 1361.02 million with an average increase of 200% beyond the permissible limit of 15% of the original work in violation of the above rule.

(Rs. in million)

Sr#	Name of Office	Name of work	Work awarded	Work done	Excess in %	Excess work done
1	XEN, PHE Division Larkana	Construction of various disposal works in Larkana	415.532	1260.233	203.28	844.701
		Construction of CC drains and CC Blocks in various villages in Larkana	26.965	38.212	41.71	11.247
2	XEN, PHE Division Sukkur	Const. of paver block flooring and drains mohalla No.1 Bhoosa line road UC-15 old sukkur	1.921	9.753	407.81	7.832
		Repair & Maintenance of water supply Scheme thattaaukaRohri	8.855	15.642	76.65	6.787
		Const. of CC Topping and open drains of shah Khaild Colony Tauka Sukkur New District Sukkur 2012-13	1.950	17.384	791.56	15.434
		Const. of drains & Paving blocks for UC-02 Mir Masoom shah taluka sukkur2013-14	5.594	19.794	253.81	14.200
Total			460.82	1,361.02	195.35	900.201

Audit is of the view that the quantities exceeded more than 100% with overall impact exceeding 15% of the work order, which required separate tender under Rule 16(1)(e) of SPPRA. Thus, the execution of work beyond 15% limit without tendering is held irregular.

The matter was reported to the management during August and November 2021. DAC meeting was held on 31st December 2021. Management at Sr#02 replied that the scope of works was increased due to requirement at site and work was executed after approval of revised A.A and TS. DAC directed the management to submit revised reply along-with relevant record for verification. No reply was received from office at Sr#01.

Audit recommends to conduct inquiry besides, compliance of DAC directives.
(DP# 54&89)

5.5.5 Doubtful expenditure on replacement of R.O Plant parts-Rs. 290.163 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 the Executive Engineer, Public Health Engineering (O&M) Division, Tharparkar @ Mithi for the Financial Year 2020-21, it was observed that contract for Rehabilitation of Reverse Osmosis (RO) Plants was awarded to M/S Oslo Lighting Solutions Pvt Ltd, in which expenditure of Rs. 290.163 million was incurred on replacement of various parts of R.O plants. However, no evidence regarding proper installation, fixing of the necessary parts in units/plants along with satisfactory functioning report was available on the record. Further, the whereabouts of replaced parts of R.O plants such as membranes, submersible pumps and VFD inverter were not available on stock. The management failed to arrange visit of store for audit team and stated that the store was empty and store keeper was not available. Old spare parts register was also not produced to audit. The details are given at **Annex-3** of Chapter-5.

Audit is of the view that in absence of old spare parts register and store verification, payment could not be authenticated.

The matter was reported to the management in November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit requires justification for violation of rules and fixing of responsibility on the person(s) at fault besides, taking remedial measures.

(DP#182)

5.5.6 Blockage of funds due to overstated estimate - Rs. 186.000 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 Executive Engineer, Public Health Engineering (O&M) Division, Tharparkar @ Mithi for the Financial Year 2020-21, it was observed that contract amounting to Rs. 1433.759 million was awarded to M/s Oslo lighting Solution for Rehabilitation of RO Plants 623 Nos vide work order No.325 dated 23-04-21 for which estimates were prepared for Rs. 1280.586 million. On scrutiny of status report and estimates of RO plants following short comings were observed:

1. Estimates were prepared for 623 R.O plants, whereas as per status report of R.O plants, total No. of Non-Functional R.O plants of different capacities were 448 Nos. due to various shortcomings. Thus, estimates of remaining 175 functional R.O plants were added without any requirement/justification.
2. As per Status report of R.O plants, replacement membranes were required for 304 units of different capacities, whereas, 623 units were included in the estimates for purchase of membranes with excess of 319 units.
3. The required quantity of submersible and HP pumps of 10000 GPD and 15000 GPD capacity were 46 Nos and 74 Nos respectively, whereas as per estimates the quantity was kept twice the required number (95 Nos and 150 Nos).
4. In case of solar panels, the required quantity was 163 Nos (i.e. from 01 to 10 panels per unit), whereas the estimates were prepared for 550 panel i.e. 10 panels for each unit. Therefore, 387 solar panels were included in estimates more than the required quantity. Details are given at **Annex-4** of Chapter-5.

Audit is of the view that due to inclusion of excess items in estimate, government funds amounting to Rs. 186.000 million were blocked on account of additional purchases beyond requirement.

The matter was reported to the management in November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends that inquiry may be conducted in the matter and responsibility be fixed on the person(s) at fault.

(DP#189)

5.5.7 Defective completion of work due to variation in executed quantities - Rs. 57.616 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 Executive Engineer, Public Health Engineering Division, Larkana for the Financial Year 2020-21, it was observed that an amount Rs. 57.616 million was paid to M/s M.Iqbal Sheikh against the component (RCC channel 3.5ft wide) of the scheme, “Construction of disposal works (collecting tank, screening chamber, pump house, pump machinery, rising mains and nalas for extension & Improvement of existing sewerage system of Larkana city”. The scheme was shown completed in June 2018, however abnormal variations were found in the execution of various items i.e. quantities were executed (-) 85% below to (+) 252% above the estimates. Details are as under:

Sr#	Name of Item	Unit	Qty as per PC-I & Estimates	Qty Executed	Qty Above/less	%
1	Length of RCC Nala	Rft	3000	10575	7575	252.50
2	Excavation of earthwork refilling	Cft	232638	34590	-198048	(85.13)
3	Concrete Cement Plain(1:4:8)	Cft	35368	64367	28999	81.99
4	Cement Concrete Plain 1:2:4	Cft	9253	3525	-5728	(61.90)
5	Fabrication of mild steel	Cwt	3008	2036.37	-971.63	(32.30)
6	RCC		140277	70682	-69595	(49.61)

Audit is of the view that work of 3.5ft wide RCC channel was not executed as per technical sanction and approved scope without approval of Superintendent/Chief Engineer.

The matter was reported to the management in August 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

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

(DP#80)

5.5.8 Unjustified payment on finished item at initial stage of work - Rs. 17.012 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 Executive Engineer, Public Health Engineering Division, Larkana for the Financial Year 2020-21, it was observed that various works for “Construction of cement concrete drains and laying of paver blocks” were awarded to the contractors, wherein an amount of Rs. 17.012 million was paid in the first running account bills against the supply for paving blocks (which constitutes 92 % of the cost of paving blocks) before execution of main items of drainage work.

Audit is of the view that paver block is a finishing item of work which should be executed along the drainage line after the completion of work on the drainage line, but in these works, contractors were paid for paving blocks before execution of any work on the main drains, which resulted in extending of undue favour to the contractors in the month of June only to utilize the budget.

The matter was reported to the management during November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends payment on account of paving blocks before execution of main work may be justified.

(DP#60)

5.5.9 Abnormal delay in completion of scheme /work

As per Rule-88 of Sindh Financial Rules Volume-I, “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from

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

During audit of Executive Engineer, Public Health Engineering Division, Jacobabad for the Financial Year 2020-21, it was observed that an expenditure of Rs. 200.474 million was incurred on the following scheme which was required to be completed in 06 months, but despite lapse of 07 years the scheme could not be completed. In addition, pipes of Rs. 9.459 million were still shown un-laid which created doubts about authenticity of the expenditure incurred. Details are given below:

(Rs. in million)

Name of scheme: “Supply Fixing Black Steel pipe 18" dia made with Hot Rolled Api %1 Grade X-42 (4.80) Thick Electric Resistant welded straight welded externally cement lining 8.0 mm thick lining including laying jointing with welded for urban water supply scheme Thull taluka Thul District Jacobabad.” Awarded to: M/s Abdul Khalique Dayo							
Vr.#	Date	W/O Date	RA	Date of start	Stip: date of completion	Status	Upto date expenditure
H-11	10-06-21	100 18-02-14	25th	21-02-2014	24-07-2014	WIP	200.474

Audit is of the view that public was deprived of the benefits of scheme besides, possibility of structural damages and theft of un-laid pipes could not be ruled out.

The matter was reported to the management during August 2021. DAC meeting was held on 31st December 2021. Management replied that Scheme was launched in the year 2012, which was to be completed within 3 years as per PC-I. Unfortunately, the funds could not be received timely and hence, contractor could not complete work within stipulated time. DAC directed the management to produce the year wise releases of scheme along-with justification of the audit observations.

Audit recommends compliance of DAC directives besides, taking efforts to complete the scheme without further delay.

(DP# 03)

5.5.10 Loss due to unfair bidding process - Rs. 7.911million

As per para2.10 SPPRA Guideline (Works), a group of work which form one project shall be considered as one work.

During audit of the Executive Engineer, Public Health Engineering Division, Tharparkar@ Mithi for the Financial Year 2020-21, it was observed that the following

work was split-up into two parts and awarded to the same contractor at different premium rates. Details are as under:

(Rs. in million)

Sr#	Name of work	W/ O # & Date	Schedule price	Premium	Bid value
1	P/L/J/T Black steel pipe 10" dia for Up gradation of Pipe Line Water Scheme Naukot - Mithi up to Chelhar District Tharparkar Part-V	<u>490</u> 28-05-20	81.429	(-)1.00%	80.642
2	P/L/J/T Black steel pipe 10" dia for Up gradation of Pipe Line Water Scheme Naukot - Mithi up to Chelhar District Tharparkar Part-VIII	<u>495</u> 29-05-20	36.734	20.50%	44.277
3	*If the work (Part-VIII) was awarded at 1% below as awarded Part-V	-	36.734	(-)1.00%	36.366
Loss due to unfair bidding process					7.911

Audit is of the view that had the work not been split up and both the contracts were awarded as one work, an amount of Rs. 7.911million would have been saved which was paid in shape of excess premium quoted by the bidder. This indicates unfair bidding process and extending of undue favor to the contractor causing loss to Government exchequer.

The matter was reported to the department in November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends that the matter may be inquired upon and responsibility may be fixed on the person(s) at fault.

(DP#160)

5.5.11 Excess payment to the contractor on RCC work - Rs. 6.963 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 Executive Engineer, Public Health Engineering Division Larkana for the Financial Year 2020-21, it was observed that an amount of Rs. 19.065

million was paid to M/s Shahnawaz Bhatti in the final bill against the work “Construction of 2.6" wide brick lined RCC Covered BLIS via central jail Larkana”. Audit observed that the executed quantities of steel remained below the estimates whereas the quantities of RCC exceeded. Thus, the quantity of RCC executed did not commensurate with the quantity of steel utilised. This resulted into excess payment of Rs. 6.963 million against the item RCC for the work. Details are as under:

(Rs. in million)

Description	Qty as per BOQ	Executed Qty	Due qty of RCC as per executed steel	Excess Qty
Mild Steel	1694.80 cwt	1238.38	RCC ratio* Steel executed	-
RCC	47454.31 cft	54626	27.999x1238.38 =34674.57 cft	54626-34674.57 = 19951.425 cft
Ratio (RCC / Steel)	47454.31/1694.8 = 27.999cft/1cwt		Rate of RCC	349 per cft
Excess Amount				6.963

Audit is of the view that due to excess execution of the item ‘Reinforcement Cement Concrete’, excess payment of Rs. 6.963 million was made which reflects extending of undue favour to the contractor.

The matter was reported to the management in August 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends holding of inquiry besides, recovery of excess payment.

(DP# 65)

5.5.12 Excess payment on various items of work - Rs. 4.260 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 following offices of Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Year 2020-21, it was observed that over payment of Rs. 4.260 million was made to contractor over and above work done.

i. XEN, PHE Division, Larkana

As per Technical Sanction, the calculation for quantities of items brick work in foundation, plaster and on earth work were based on the length of drain. However as per executed work, the length of drain was reduced when compared to the technical sanction estimate. But the management did not adjust the quantities of said items commensurately. This resulted in over payment of Rs. 3.953 million to contractor.

ii. XEN, PHE Division, Tharparkar @ Mithi

Quantities of earthwork for tanks & reservoir were executed 27%-230% in excess of the quantities provided in the estimates, whereas the RCC work remained same as per estimates. This indicates that quantity of earth work was claimed/paid in excess of the actual work done for an amount of Rs. 0.307 million.

Audit is of the view that due to excess claiming for the items, an amount of Rs. 4.260 million was paid in excess to the contractor which reflects undue favour was extended to the contractor.

The matter was reported to the management in August and November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

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

(DP#88 &161)

5.5.13 Defective completion of work on shallow well - Rs. 3.832million

As per Rule 23 of G.F.R, "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 Executive Engineer, Public Health Engineering Division, Tharparkar@ Mithi for the Financial Year 2020-21, it was observed that payment of Rs. 3.832 million was made to M/S Harish Kumar on account of construction of

shallow well 16” Dia Part-1 under the scheme, “Providing, laying & joining 8”/6” dia Water Supply Pipe Line from Wells of Kasbo Village to Village Surachand i/c Pump House & Pumping Machinery” to be operated through solar. The work was shown completed on 15/01/20 in 6th & Final bill, however following discrepancies were noticed:

- i. Against the item “Dry sinking of well i/c loading & removal of excavated material in hard soil”, the quantity of 9403.31 cft with depth of 45’-80’ was estimated whereas the work was actually carried out for 1343.33 cft with depth of 5’ only (i.e. from 45’ to 50’). Thus, work for the depth from 50’-80’ was not executed by the contractor.
- ii. Likewise, payment was made to the contractor on account of RCC work for quantity of 4781.33 cft i.e. (80 ft. depth) without executing the same work. Therefore, the payment of the RCC work for the same depth of well was not justified and resulted in excess payment of Rs. 357,372 as under:

(Rs. in million)

Item	As per Estimates				As per bill	Excess		
	Qty	Depth Ft	Per 01 ft depth	Qty due for 64 ft depth	Qty Executed	Qty	Rate	Amount
RCC work	5602 cft	94	59.628 cft	3816.192 cft	4781.33 cft	965.138	337	0.325
Mild steel	275.098 cft	94	2.926 cwt	187.301 cwt	193.723	6.422	5001.7	0.032
Total								0.357

- iii. Item C.I footsteps 75 Nos was not carried out.
- iv. Completion report along with functionality of shallow well was not provided.
- v. MB date was neither shown on the bill, nor MBs were provided

Audit is of the view due to the above reasons, the work on shallow well from depth 50’-80’ and C.I footsteps 75 Nos was not carried out. Further in absence of MBs and Completion/Functionality report of shallow well, the required objectives could not be achieved despite expenditure of Rs. 3.832 million.

The matter was reported to the management in August 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit requires conducting inquiry in the matter and responsibility may be fixed on the person(s) at fault.

(DP#152)

5.5.14 Doubtful execution on account of paving blocks - Rs. 2.883million

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 Executive Engineer, Public Health Engineering Division, Tharparkar @ Mithi for the Financial Year 2020-21, it was observed that payment of Rs. 2.883 million was made to M/s Ali Builders on account of providing and fixing of paving blocks under the scheme, “Construction of R.C.C underground reservoir for R.O plant Improvement & Extension of Distribution network for Mithi Town & Islamkot Towns District Tharparkar”. Audit found that bills were passed for payment on the same date on which the work orders were issued i.e. 10/06/21. Furthermore, MB date was neither mentioned on the bill, nor MB was provided to audit thus, rendering the work doubtful.

Audit is of the view that actual work was not carried out and payments were made to contractor in advance in the month of June to avoid lapse of budget besides, extending of undue favor to the contractor.

The matter was reported to the management in November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends to conduct inquiry in the matter to ascertain the facts besides, fixing of responsibility on the person(s) at fault.

(DP#153)

5.5.15 Irregular payment on account of un-laid pipes - Rs. 1.283 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 Executive Engineer, Public Health Engineering Division, Larkana for the Financial Year 2020-21, it was observed that an amount of Rs. 1.283million was paid on reduced rate to the contractor on account of “Providing, laying and Jointing RCC pipes”, but the management finalized the contractor’s bill without execution of laying of pipes, resulting in abandonment of the said item.

(Rs. in million)

Sr#	Name of work	Name of contractor	Component	Specification	Quantity	Rate	Amount
1	Construction of various disposal works in Larkana	M/s Muhammad Iqbal	P.E Pipe rising Main	16" Dia	38	3299 P.Rft	0.114
				12" Dia	105.89	1635	0.169
2	Enhancement & Augmentation of existing disposal work in Larkana	M/s Muhammad Iqbal	P.E Pipe rising Main	20" dia	250.09	$\frac{4205}{4000}$	1.000
Total							1.283

Audit is of the view that the pipes were un-laid, but the work was shown as completed which reflects either there was no requirement of these pipes or the payment was made to extend undue financial benefit to the contractor.

The matter was reported to the management in August 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

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

(DP#73)

5.5.16 Non-hoisting of Contract Evaluation Report and other documents on SPPRA website - Rs. 695.925 million

According to Rule 10 of Sindh Public Procurement Rules, 2010, “The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement public through hoisting on the Authority's website as well as on procuring agency's website, if the procuring agency has such a website”.

Further, Rule, 50 states that within fifteen (15) days of signing of contract, procuring agency shall publish on the website of the Authority and on its own website, if such a website exists, the results of the bidding process, identifying the bid through procurement identifying number, if any, and the following information: (1) Contract Evaluation Report; (2) Form of Contract and Letter of Award; (3) Bill of Quantities or Schedule of Requirement.

During audit of following offices of Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that the management awarded works amounting to Rs. 695.925 million, but failed to hoist their contract agreements, contract evaluation reports and award of contracts on SPPRA website.

(Rs. in million)

Sr#	Name of Office	Financial Year	DP #	Amount
1	XEN, PHE Division, Tando Muhammad Khan	2019-20	103	40.941
2	D.G, Rural Development Department			52.000
3	XEN, PHE, Khairpur – II			123.489
4	XEN PHE, Division, Shikarpur	2020-21	96	479.495
			Total	695.925

Audit is of the view that non-hoisting of documents on SPPRA website resulted in violation of SPPRA Rules.

The matter was reported to the management in October 2020, March 2021 and August 2021. The management at Sr#02 replied that tenders were invited publicly and posted on SPPRA website. The reply is not tenable as the management is silent about hoisting BER on SPPRA website. DAC meeting was held on 27th January 2022. Management at Sr#04 replied that Bid Evaluation Report and Contract Agreement along with the required documents as per SPPRA Rule-2010 were hoisted on SPPRA website. DAC directed to provide proof of hoisting of contract evaluation report (CER) on SPPRA web site (PPMS). No reply was received from other offices.

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

5.5.17 Irregular expenditure on non-scheduled items without rate analysis - Rs. 563.807 million

According to Para 8(3) of Introduction under Schedule of Rates-2012, non-scheduled items in all engineering field are unavoidable. Hence Superintendent Engineer and Chief Engineer of the department may sanction the rate analysis for non-scheduled items upto Rs. 1000 per standard unit and the rates exceeding this amount shall be sanctioned by the Chief Engineer/officers exercising powers of Chief Engineer.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Year 2020-21, it was observed that an expenditure of Rs. 563.807 million was incurred on various non-scheduled items, but rate analysis based on market rates approved from the Superintendent/Chief Engineer was not available on record.

(Rs. in million)

Sr#	Name of Office	DP#	Amount
1	XEN, PHE (O&M) Division Benazirabad	20	111.610
2	XEN, PHE, Division, Larkana	55	118.684
3	XEN, PHE Division-I Khairpur	125	9.490
4	XEN, PHE (O&M) Division, Tharparkar@ Mithi	185	324.023
		Total	563.807

Audit is of the view that due to non-preparation of rate analysis for market items, audit could not authenticate the rationale/basis of the actual rates obtained for the items, besides chances of uneconomical procurements cannot be ruled out.

The matter was reported to the management during August to November 2021. DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr#01 replied that the copy of estimate sanctioned by Chief Engineer (O&M) Public Health Engineering Department is enclosed herewith for perusal of audit. Management at Sr#03 replied that Rate Analysis was approved from competent authority. DAC directed the department to produce detailed rate analysis of non-schedule items duly approved by the competent authority to audit for verification. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, rate analysis of non-schedule items may be produced for verification.

5.5.18 Irregular expenditure in excess of provision in PC-I - Rs. 287.503 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 following offices of Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Year 2020-21, it was observed that following components were executed in excess than provision in PC-I, resulting in irregular expenditure of Rs. 287.503 million.

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	XEN PHE, Dadu	P.E pipes-above the PC-I and Land acquisition	24	8.448
2	XEN, PHE, Division, Larkana	surface drain, RCC pipe, Cement concrete block and pumping machine -above the PC-I	57	76.626
3		pumping machines above the PC-I	59	30.546
4		02Nos 200 KVA Diesel Engine Generator	62	10.976
5		Construction of RCC Nala	87	160.907
Total				287.503

Audit is of the view that the works were executed in excess beyond the provision in PC-I, resultantly chances of uneconomical procurement cannot be ruled out.

The matter was reported to the management during August to November 2021. DAC meeting was held on 31st December 2021. Management at Sr#01 replied that the distribution line has been increased according to demand of the locals and newly developed area from saving of the other components. However, the expenditure remained under the approved cost of PC-I. DAC directed the department to produce PC-I, Estimate and Financial Review to audit for verification. No reply was received from other office.

Audit requires compliance of DAC directives besides, justification of above expenditure without provision in the PC-I.

5.5.19 Unauthorized allowing of premium on non-schedule items - Rs. 267.637million

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 the audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Year 2020-21, it was observed that management allowed premium on market items. Since premium is applicable on schedule items to cover difference of cost on scheduled rates 2012, whereas in case of non-scheduled items, the rate analysis is prepared on current market rates which includes contractor profit, however in the instant case premium was allowed on non-schedule items resulting in excess payment of Rs. 267.637 million.

(Rs. in million)

Sr#	Name of Office	DP#	Amount
1	XEN, PHE, Division, Larkana	76	0.237
2	XEN, PHE (O&M) Division, Tharparkar@ Mithi	179	209.675
3		184	57.725
		Total	267.637

Audit is of the view that due to allowing premium on non-schedule items, the management made excess payment of Rs. 267.637 million besides, extending of undue benefit to the contractor.

The matter was reported to the management during August to November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

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

5.5.20 Non-imposition of penalty on delay - Rs. 230.523 million

As per para-10.3(c) of contract, Liquidities damages shall be deducted from the contract amount for every day or part of a day, which will elapse between the dates on which the prescribed time expired and the date the work is completed at the rate

specified in the contract agreement. The amount of the liquidated damages for each day of delay in completion of the whole of the works, or if applicable for any section thereof, shall be a sum equal to 5 to 10 % (it is to be mentioned in the agreement) of the estimated cost of the works divided by one fourth of the number of days specified as completion time.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that various works were awarded to the contractors, but the same were neither completed within stipulated time period nor penalty amounting to Rs. 230.523 million @ 10% was imposed.

(Rs. in million)

Sr#	Name of Office	F.Y	DP#	Amount
1	XEN PHE Division Sukkur	2019-20	100	2.820
2	XEN PHE, Khairpur – I			8.031
3	XEN PHE, Badin			1.041
4	XEN PHE, Shaheed Benazirabad			4.281
5	XEN PHE, Hyderabad			10.683
6	XEN PHE, Division Jacobabad			39.010
7	XEN PHE, Kambar Shahdadkot			3.770
8	XEN PHE, Shikarpur			2.838
9	D.G, Rural Development Department, Hyderabad			2.394
10	XEN PHE, Mirpurkhas			10.846
11	XEN PHE Division-II, Khairpur			4.571
12	XEN PHE, Thatta			10.609
13	XEN, PHE, (Development) Division Benazirabad	2020-21	15	16.176
14	XEN PHE, Division Sukkur	2020-21	37	6.828
15	XEN PHE Hyderabad	2020-21	43	15.021
16	XEN, PHE, Division, Larkana	2020-21	82	6.148
17	XEN PHE, Division, Shikarpur	2020-21	95	11.097
18	XEN, PHE Division, Kamber Shahdadkot @ Kamber	2020-21	119	6.579
19	XEN, PHE Division, Jamshoro	2020-21	217	28.874
20	XEN, PHE Division, Mirpurkhas	2020-21	225	22.991
21	XEN, PHE Division, (O&M) Mirpurkhas	2020-21	230	0.196
22	XEN, PHE Division, T.M.Khan	2020-21	234	15.719
			Total	230.523

Audit is of the view that non imposition of penalty on the delayed works resulted in extending of undue favor to the contractors besides, loss incurred to the public exchequer.

The matter was reported to the management during September 2020 to February 2021, and August to November 2021. DAC meeting was held on 31st

December 2021 and 27th January 2022. Management at Sr#13, 14 & 15 stated that extensions had already been granted on genuine grounds due to release of funds in piece meal. Management at Sr#17 replied that due to reasons beyond control likewise Law & Order situation, monsoon season, and non release of funds owing to Covid-19 situation, hampered the progress of work, resultantly the contractors were unable to complete the work within due time. Hence, XEN as per Clause 6 of Agreement to granted extension in the time limit. DAC directed the management to produce extension letters along with details of releases of the funds by the Finance Department justifying extension of time frame to audit for verification. No reply received from other offices.

Audit recommends compliance of DAC directives.

5.5.21 Split-up of work to avoid tender - Rs. 102.178 million

As per Rule-12(1) of SPPRA Rules, 2010, all procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in procurement plan.

Further Para 2.10 of SPPRA Guidelines for Works states that a group of works which forms one project shall be considered as one work, and the necessarily of obtaining the sanction of the competent authority to such group of works is not avoided by the fact that the cost of each particular work in the group is within the powers of sanctioning of any authority sub-ordinate thereto. The contents shown in italic clearly states that word WORK is used for project and project have various components. Tenders for each component can be invited separately but each component should not be divided in to sub-components. The components of work/scheme/project cannot be further split for tendering purpose.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that works of various schemes and M&R amounting to Rs. 102.178 million were awarded to different contractors by splitting up the similar nature works just below the limit of Rs. 300,000 in order to avoid the tender.

(Rs. in million)

Sr.#	Name of Office	F.Y	DP#	Amount
1	XEN, PHE (O&M) Division Jacobabad	2020-21	01	3.686
2	XEN, PHE (O&M) Division Shahdadt Kot @ Kamber	2020-21	39	4.074
3	XEN, PHE (O&M) Division Larkana	2020-21	47	62.550
4	XEN, PHE (O&M) Division Thatta	2019-20	101	9.627
5	XEN, PHE (O&M) Division Tharparkar @ Mithi	2020-21	150	15.770

6	XEN, PHE (O&M) Division, Badin	2020-21	200	4.608
7	XEN, PHE Division, T.M.Khan	2020-21	239	1.863
			Total	102.178

Audit is of the view that due to splitting of the works, chances of uneconomical procurements cannot be ruled out.

The matter was reported to the management in March and August to November 2021. DAC meeting was held on 31st December 2021. Management at Sr#01&02 replied that all works under observations are carried out through quotations on emergency basis. DAC directed management to submit revised reply along with justification that works were of emergent nature and tendering process was not possible. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, justification for emergency nature of works.

5.5.22 Irregular execution of work over and above the estimated cost - Rs. 48.508 million

According to Para 532 of P.W.D. Manual, “A revised estimate must be submitted when a sanctioned estimate is likely to be executed by more than 5% either from the rate being found insufficient or from any cause whatever, except as mentioned in the foregoing rules. It must be accompanied by a comparative statement (Public Works Department Form NO. 119) and by a report showing the progress made to date and explaining fully the cause of the revision”.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Year 2020-21, it was observed that an expenditure of Rs. 48.508 million was incurred over and above 5% of estimated cost of various works without approval of revised estimates.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, PHE Division-I Khairpur	124	44.673
2	DG, RDD, Hyderabad	145	1.078
3	XEN, PHE Division, Tharparkar @ Mithi	162	2.757
			Total
			48.508

Audit is of the view that execution of works beyond permissible limit of 5% and without revised technical sanction stands irregular.

The matter was reported to the management during August to November-2021. DAC meeting was held on 27th January 2022. Management at Sr#01 replied that revised estimate was submitted to Chief Engineer for approval, and the same would be produced to audit after approval. Management at Sr#02 replied that the scheme was still in progress and excess item would be adjusted before final bill. DAC directed to provide revised technical sanction dully approved from the competent authority for verification. No reply was received from Office at Sr#03.

Audit recommends compliance of DAC directives besides, justification for execution of works over and above the permissible limit of the estimated cost.

5.5.23 Irregular award of works in violation of SPPRA rule - Rs. 42.864 million

As per Para 4.10 (I&II) of SPPRA guidelines, procuring agency may extend the dead line for submission of bids, as per conditions mentioned in Rule 22. In case, corrigendum or addendum is issued, following points be taken into consideration: (I) notice of corrigendum or addendum is issued prior to expiry date of submission of bids or at least published within 3 days of expiry date/opening date and hoisting on the same date.(II) notice is to be advertised in a manner similar to the original advertisement. Affixing of corrigendum on notice board of office of the procuring agency cannot a substitute to the requirement of publication in newspaper or hoisting on SPPRA website as the case may be.

During audit of Executive Engineer, Public Health Engineering Division-II, Khairpur @ Ranipur, for the Financial Year 2019-20, it was observed that the management awarded different development works amounting to Rs. 42.864 million, wherein bid opening date was extended from 24-02-2020 to 17-03-2020 without issuing any corrigendum in violation of above guidelines. Furthermore, it was observed that the same discrepancies were also conveyed by the SPPRA authorities through PPMS Public Portal, but no reply was filed by the management to settle the query raised by SPPRA.

(Rs. in million)

S.N.	Name of work	Name of Contractor	W.O	NIT	Sanctioned Cost
1	Construction of surface drains cc collecting tank screening chamber, pump house, staff quarter compound wall, P.E pumping main 8 dia& pumping machinery of drainage Sobhodero	M/s WSKB & Company	TC/WO/787/20 20 dt 24.06.2020	TC/16 5/2020 dt 28.01. 2020	13.231

2	Construction of surface drains, cc block, RCC sewer line 15, dia 15 dia for improvement/extension of drainage scheme Gadeji Taluka Sobhodero	M/s Javed Hussain Shaikh	TC/WO/788/20 20 dt 24.06.2020		15.773
3	Construction of drainage system village Adur Narejo Deh Golo Wahan Gambat	M/s Siraj Ahmed Panhwar	TC/WO/789/20 20 dt 24.06.2020		13.861
Total					42.864

Audit is of the view that extending of bid opening date without issuing any corrigendum stands irregular.

The matter was reported to the management in March 2021, DAC meeting was held on 27th January 2022. Management replied that the bid validity period started from date of opening of bid covering 90 days. This office opened the bid on 17.03.2020. Bid evaluation report (BER) was prepared and hoisted on SPPRA website. DAC did not agree with the reply of the executive and directed to submit revised reply.

Audit recommends compliance of DAC directives.

(DP#105)

5.5.24 Un-authorized execution of extra items of works - Rs. 10.378 million

As per Para-711 of Public Works Department Manual, “The officer competent to sanction tender to the execution of extra item of work not provided in the tender subject to the condition that the amount of the extra item together with the amount of the tender does not exceed the amount of sanctioned estimates”.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh for the Financial Year 2020-21, it was observed that an amount of Rs. 10.378 million was paid on execution of extra items of works without approval of the Superintendent/Chief Engineer. The said items of works were neither included in the Technical Sanction nor separate sanction for the said items was available on the record.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, PHE, Division, Larkana	90	8.956
2	XEN, PHE Division, Kamber Shahdaktot @ Kamber	121	1.422
Total			10.378

Audit is of the view that execution of extra items of work without approval stands irregular.

The matter was reported to the department in August 2021, but neither reply was received nor para was discussed in DAC till finalization of the report.

Audit requires to conduct inquiry in the matter besides, fixing of responsibility on the person(s) at fault.

5.5.25 Variation in figures of receipts and Expenditure between monthly account and SAP Data - Rs. 651.464million

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 receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Account. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Account.

During audit of the following offices of Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Year 2020-21, it was observed that variation amounting to Rs. 651.464 million was found in the figures of receipts and expenditure between monthly accounts and SAP data.

(Rs. in million)						
Sr#	Name of Office	Head of account	Form	As per account	As per SAP	Variation
1	XEN, PHE Division, Tharparkar @ Mithi	Professional tax	46	0.070	0.267	(0.197)
		Sales tax	46	1.372	7.098	(5.727)
		Tender fee	46	0.164	0.939	(0.776)
		Sub-total		1.606	8.304	(6.700)
2	XEN, PHE (O&M) Division, Tharparkar@ Mithi	Sales Tax	46	525.081	55.404	469.677
		Income Tax	78	33.476	3.976	29.499
		Security deposit	78	121.749	0.525	121.223
		Expenditure	64	588.953	564.587	24.366
		Sub-total		1,269.258	624.493	644.765
					G.total	651.464

Audit is of the view that the variations in the monthly accounts and SAP data of the above divisions reflects negligence on part of the management.

The matter was reported to department in the month of November 2021, but neither reply was received nor para discussed in DAC till finalization of the report.

Audit recommends that reconciliation be made and same may be produced to audit for verification.

(DP#155 & 175)

5.5.26 Non-crediting of revenue into Government account - Rs 74.379 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 following offices of Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Year 2020-21, it was observed that an amount of Rs. 74.379 million was realized on account of Income tax, SST, Stamp Duty etc., but the same was not credited in the government account.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, PHE (O&M), Division, Shikarpur	92	2.389
2	XEN PHE, Division, Shikarpur	94	39.801
3	XEN, PHE, Sanghar	115	5.864
4	XEN, PHE Division-I Khairpur	127	0.525
5	XEN, PHE Division-II Ranipur	139	0.074
6	DG, RDD, Hyderabad	144	2.940
7	XEN, PHE (O&M) Division, Tharparkar@ Mithi	173	9.774
8	XEN, PHE (O&M) Division, Thatta	205	2.511
9	XEN, PHE (O&M) Division, Sukkur	211	8.925
10	XEN, PHE Division, T.M.Khan	240	1.576
Total			74.379

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

The matter was reported in September 2021, DAC meeting was held on 27th January 2022. Management at Sr#01 & 02 replied that amount pertains to Income Tax of Rs. 365,000 & Rs. 756,666 which was paid to Income Tax Department, whereas amount of Rs. 2.024 million & Rs. 38.976 million pertains to security deposit for on-going works which could not be classified as lapsed deposit. DAC directed office at Sr#01 & 02 to provide documentary evidence that the amount does not pertain to lapsed deposit and also details of ongoing works against which the deposit has been credited. DAC agreed with the amount deposited i.e. Rs. 305,109 and Rs. 756,666 respectively and reduced the amount of para. Management at Sr#03 replied that various development works were assigned to this office from Petroleum Social and Production Bonus Funds of Oil & Gas authorities by Deputy Commissioner Sanghar and the same are under process for execution. The Funds available in deposits for work to be done should not be treated as revenue whereas, the same would be disbursed to contractors on work done basis. The tenders were invited according to Sindh Public Procurement Rules and the works were under execution. DAC directed the XEN to provide updated progress of deposit works to audit. Management at Sr#04,05 & 06 stated that the amount had been deposited in government account and certificate for clearing the same into proper head is awaited from District Account Office. DAC directed offices at Sr#04,05 & 06 to provide reconciled monthly account of next month to verify the credit and debit entries.

Audit recommends compliance of DAC directives.

5.5.27 Misclassification of expenditure - Rs. 25.435 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 the following offices of Public Health Engineering & Rural Development Department, Government of Sindh for the Financial Year 2020-21, it was observed that an expenditure of Rs. 25.435 million was incurred by way of misclassification under different heads.

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	XEN, PHE (O & M), Dadu	Other Services rendered was charged from head of R/M of building structure	31	23.580
2	XEN, PHE (O & M) Division Khairpur	Motor registration authority from head of O&M	169	0.363
3	XEN, PHE (O & M) Division Mirpurkhas	Exp. of POL was charged from water supply and drainage scheme	228	1.492
Total				25.435

Audit is of the view that the misclassification of the expenditure reflects negligence on part of the management.

The matter was reported to the management during December 2018 to November 2019. DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr# 01 replied that the expenditure incurred on other services rendered under Head of Account SC-21143(143) PHE. DAC directed the department to produce copy of budget and detail of payment under which expenditure was booked in SAP from District Account Office to audit for verification. No reply was received from other offices. Management at Sr#02 replied that expenditure was incurred against the registration of vehicles because no any proper head of account was available in the budget estimate. DAC directed to regularize the expenditure from Finance Department. No reply was received from office at Sr#03.

Audit recommends compliance of DAC directives besides, re-appropriation of funds from Finance Department.

5.5.28 Overstatement of expenditure in monthly account - Rs. 2.946 million

As per APPM Section 2.3.2.2, “The information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omission. This shall include correct and consistent classification of transactions and the recognition of revenues and expenditures in the correct time period.”

During audit of the Executive Engineer, Public Health Engineering Division, Tharparkar @ Mithi for the Financial Year 2020-21, a variation of Rs. 2.946 million was observed while reviewing the payment bills and expenditure statement (Form-64).

(Rs. in million)

S.No	Works	Date of bill	Contractor	Amount as per bill	Amount as per Form 64	Variation
1	R/W /S Sarangihar	10/6/21	Rohit traders	5.151	6.240	1.089
2	R/W /S Malji Jo Wandhio	17/02/21	Aneel & Brothers	4.576	5.937	1.361
3	R/W /S Udani	10/6/21		6.666	7.162	0.496
Total				16.396	19.339	2.946

Audit is of the view that either the accounts of the division do not present true and fair picture or the actual amount of expenditure has been concealed.

The matter was reported to department in the month of November 2021, but neither reply was received nor para was discussed in DAC till finalization of the report.

Audit recommends that reconciliation be made and same may be produced to audit for verification.

(DP#157)

5.5.29 Non-crediting of lapsed deposits into government account - Rs. 2.325 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 Executive Engineer, Public Health Engineering Division Larkana for the Financial Year 2020-21, it was observed that lapsable deposits of Rs. 2.325 million were lying in Public Works Deposits (Form-78) since 2012, which were required to be credited into government account being unclaimed balances.

Audit is of the view that due to non crediting of lapsed deposits in the government account, the public exchequer sustained loss.

The matter was reported to the management in August 2021, but neither reply was received nor para was discussed in DAC till finalization of the report.

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

(DP# 85)

5.5.30 Non/less-recovery of various taxes - Rs. 45.143 million

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

As per SRB letter dated 29-08-2019, Sindh sales tax on service providers contractors/vendors deducted/withhold and deposit on payment bills of for all civil

works including Civil work/construction works & repair of all government building works and similar other works @5% of the value of the bill and deduct all other taxable services at the applicable rate of tax prescribed in 2nd schedule to the Act 2011.

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 Public Health Engineering & Rural Development Department, Government of Sindh, for the Financial Years 2019-20 to 2020-21, it was observed that an amount of Rs. 45.143 million against Income Tax, Sindh Sales Tax & General Sales Tax was either not or less deducted while making payments to various contractors. Detail are tabulated as under:

(Rs. in million)

Sr#	Name of Office	Particulars	F.Y	DP#	Amount
1	XEN, PHE Division-I Khairpur	Non-deduction of income tax	2019-20	106	0.071
2	Secretary PHE & Rural Development	Non-deduction of Sindh Sales tax	2020-21	13	28.939
3	XEN, PHE Division, Shahdadkot @ Kamber	Non-deduction of Sindh Sales tax	2020-21	122	0.416
4	DG, RDD, Hyderabad		2020-21	148	3.949
5	XEN, PHE Division, Tharparkar @ Mithi		2020-21	154	2.550
6	XEN, PHE (O&M), Division, Larkana	Less deduction of Sales Tax	2020-21	51	2.171
7	XEN, PHE, Division, Larkana		2020-21	86	6.334
8	XEN, PHE (O&M) Division, Tharparkar@ Mithi		2020-21	178	0.638
9	XEN, PHE (O&M) Division, Sukkur	Non-deduction of SST	2020-21	212	0.075
Total					45.143

Audit is of the view that non-recovery of taxes resulted in non-realization of government revenue.

The matter was reported to the management during November 2020 to February 2021 and August to November 2021. DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr#01 replied that Income Tax would be deducted in the subsequent bills. The DAC directed to recover the amount of tax and intimate to audit for verification. Management at Sr#02 replied that as per instruction issued by the Sindh Board of Revenue letter dated 10-06-2021, addressed

to Secretary Finance GoS, the same instructions have been issued to various execution offices. DAC directed that a letter may be written to the field offices regarding recovery of Sindh Sales Tax from the contractors and same may be reconciled with Sindh Revenue Board (SRB). Management at Sr#04 replied that administrative approval of these schemes was issued in June-2020. Hence Sindh Sales Tax was not applicable. DAC directed the management to provide the evidence that scheme started before July 2020 whereas Sindh sales tax on works was applicable from July 2020. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, recovery of taxes from contractors at the earliest.

5.5.31 Non-recovery of stamp duty from various contractors - Rs. 11.489 million

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

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Years 2019-20 to 2020-21, it was observed that works were awarded to various contractors, but the stamp duty amounting to Rs. 11.489 million @ 0.35% was neither affixed on the agreements nor deducted from the subsequent bills.

(Rs in million)

Sr#	Name of Office	F.Y	DP#	Amount
1	XEN, PHE (O&M) Division Jacobabad	2020-21	02	0.058
2	XEN, PHE Division Jacobabad	2020-21	04	0.031
3	XEN, PHE Division Sukkur	2020-21	38	0.130
4	XEN, PHE (O&M) Division Larkana	2020-21	50	0.223
5	XEN, PHE Division Larkana	2020-21	69	2.995
6	XEN, PHED, Sukkur	2019-20	112	1.338
7	XEN, PHED, Jamshoro			0.444
8	XEN, PHED, Khairpur-I			0.388
9	XEN, PHED, NaushahroFeroze			1.027
10	XEN, PHED, Kashmore			0.637
11	XEN, PHED, Jacobabad			0.842
12	XEN, PHE Division Thatrparkar @ Mithi	2020-21	159	0.341
13	XEN, PHE (O&M) Division Sanghar	2020-21	165	0.200
14	XEN, PHE (O&M) Division Tharparkar @ Mithi	2020-21	176	0.906
15	XEN, PHE Division, Badin	2020-21	199	0.110
16	XEN, PHE (O&M) Division, Badin	2020-21	201	1.032

17	XEN, PHE Division, Thatta	2020-21	214	0.629
18	XEN, PHE Division, Mirpurkhas	2020-21	221	0.158
			Total	11.489

Audit is of the view that non-recovery of stamp duty resulted in non-realization of government revenue.

The matter was reported to the management during November 2020 to February 2021 and August to November 2021. The DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr#01, 02 & 03 replied that the stamp duty would be recovered from Government Contractors. Management at Sr#13 replied that contract agreement was executed and stamps were duly affixed. DAC directed the management to provide original agreement to audit and get the stamp duty reconciled from audit as per work awarded amount. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, prompt recovery of stamps duty.

5.5.32 Excess payment due to wrong calculation - Rs. 1.040 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 of Director General, Rural Development Department for the Financial Year 2020-21, it was observed that excess payment amounting to Rs. 1.040 million was made to M/s Nawab Khan Brothers under the scheme, “Construction of road from village Sukhial Jatoi to Soomra Panhwari via Ali Sher Indher village Sukkur” against the item stone pitching. Details are as under:

(Rs. in million)					
Unit	Qty Executed	Rate	Amount Paid	Amount Due	Excess paid
%cft	27099.29	5377.63	2.497	1.457	1.040

Audit is of the view that due to wrong calculation, the government sustained loss besides, extending of undue favor to the contractor.

The matter was reported to the management in September 2021. DAC meeting was held on 27th January 2022. Management replied that quantity shown in Para was for one culvert whereas four culverts were in the estimate. DAC directed the management to provide MB, T.S, and running account bill to audit for verification. In case of excess payment, the same may be recovered before finalization of work.

Audit recommends compliance of DAC directives besides, recovery /adjustment of the excess payment.

(DP# 147)

5.5.33 Irregular advance payment without obtaining adjustment voucher - Rs. 2,735.555 million

As per rule 668 of Central Treasury Rules, “Advances granted under the special orders of the competent authority to officers / officials for department or allied persons needs to be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as needs to be necessary”.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that an amount of Rs. 2,735.555 million was paid to various agencies/departments, but adjustments of bills/vouchers were not obtained from the same.

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP#	Amount
1	Secretary PHE & Rural Development	Adjustment bills/ Vouchers of expenditure of made by 18-Division Cantonment Hyderabad on water Supply lines	2020-21	5&12	2,715.788
2	XEN, PHE (Development) Division Benazirabad	Adjustment of miscellaneous Public Work Advances	2020-21	14	7.571
3	XEN, PHE, Division, Larkana	Advances payment to SEPCO	2020-21	66	6.339
4	XEN PHE, Division, Shikarpur	Misc P.W.D Advances	2020-21	97	1.736
5	XEN, PHE Hyderabad	Advances	2019-20	102	0.531
6	XEN, PHE (O&M) Division, Jamshoro	Advances payment to HESCO, Kotri	2020-21	202	2.269

7	XEN, PHE Division, Jamshoro	Advances payment to HESCO, Kotri	2020-21	219	1.321
				Total	2,735.555

Audit is of the view that non-adjustment of advances reflects negligence on part of the management besides, chances of loss to public exchequer cannot be ruled out.

The matter was reported to the management during September 2020 to February 2021, and August to November 2021. DAC meeting was held on 31st December 2021. Management at Sr#01 replied that expenditure was incurred on account of operation and maintenance of water Supply lines (WSLs) in Tharparkar through Law & Enforcement Agency. In this regard various letters were sent to concern (Pak Army Headquarters 18-Division Cantonment Hyderabad). The DAC decided that letter would be written to the concerned for production of supporting vouchers and same would be produced to audit for verification. Management at Sr#02 replied that the control of schemes after completion were not taken over by the municipal authority/ committee, and thus the schemes were operated/ maintained by the PHE& RDD on their behalf in anticipation of receipt of funds. The matter had already been taken up with the local administration and higher authorities for adjustment of funds to clear the outstanding arrears lying in miscellaneous PW Advance. DAC directed the department that matter maybe taken up with Finance Department through Chief Engineer for writing off/adjustment of the advances. Management at Sr#04 replied that amount against P.W Advance was not adjusted. DAC decided the matter may be taken up with the Finance Department for its final resolution. Management at Sr#05 replied that Misc.: PWD advance amounting to Rs. 0.531 million had been adjusted through transfer entry. DAC directed the XEN to provide vouchers and complete account to verify the Transfer Entry and its effect in subsequent months. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, providing adjustment/supporting documents for verification.

5.5.34 Irregular refund of security deposit - Rs 45.554 million

As per clause 7.12.3(i) of SPPRA, Procurement Regulation (Works), "It can be released in either of following ways, but the same shall be mentioned in the contract data /special conditions of the contract:-(a) On completion of the works; half the total amount retained is refunded to the contractor and half when the defects liability period has passed and the engineer has certified that all defects notified to the contractor

before the end of this period have been attended to his satisfaction;(b) full amount be released after completion of defect liability period”.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Year 2020-21, it was observed that security deposit amounting to Rs. 45.554 million was refunded to the contractors before completion of works. As per rule the SD is required to be refunded after completion of defect liabilities period and fulfillment of other codal formalities. Thus, the payment was made in violation of above clause.

(Rs. in million)

Sr#	Name of Office	DP#	Amount
1	XEN, PHE Division Benazirabad	17	3.490
2	XEN, PHE Division Sukkur	35	1.704
3	XEN, PHE Division Larkana	72	1.343
4	XEN, PHE Division Sanghar	118	22.684
5	XEN, PHE Division Jamshoro	218	8.636
6	XEN, PHE Division Mirpurkhas	226	7.697
Total			45.554

Audit is of the view that refund of security deposit before completion of work reflects undue favour was extended to the contractors and government interest was not safeguarded.

The matter was reported to the management in August to November 2021. DAC meeting was held on 31st December 2021 and 27th January 2022. Management at Sr#01,02 & 04 replied that the security deposit on works were released to the contractors after completion of the works. DAC directed the management to provide hand receipts and final bills along-with Technical Sanctions in order to justify security deposit was refunded to the contractors after defect liability period. No reply was received from other offices.

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

5.5.35 Non-obtaining bank guarantee/ performance security - Rs. 42.651 million

According to Sindh Public Procurement Rules 2010, Rule 39, “Performance security, (1) Procuring Agency shall, in all procurement of goods, works and services, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee, an amount sufficient to protect the procuring

agency in case of breach of contract by the contractor or supplier or consultant provided that the amount shall not be more than 10% of contract price”.

During audit of the following offices of Public Health Engineering & Rural Development Department Government of Sindh, for the Financial Year 2020-21, it was observed that various works were awarded to different contractors without obtaining performance security/bank guarantees amounting to Rs. 42.651million.

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN PHE Division Dadu	28	21.807
2	XEN, PHE, Division, Larkana	81	4.589
3	XEN, PHE Division, Kamber Shahdadkot @ Kamber	120	16.255
Total			42.651

Audit is of the view that public interest was not safeguarded and undue favour was extended to the contractors at the expense of government interest.

The matter was reported to the management during August to November 2021. DAC meeting was held on 31st December 2021. Management at Sr#01 replied that 5% earnest money was obtained with the bid and 5% was deducted from running bills. DAC directed the management to produce evidence of call- deposit/earnest money at the rate of 5% obtained from contractors and deposited in government account to audit for verification. No reply was received from other offices.

Audit recommends compliance of DAC directives besides, fixing of responsibility on person(s) at fault for not safeguarding public interest.

5.5.36 Non-preparation of feasibility report of major schemes

As per Rule 3.4 of planning commission’s manual for development projects, “PC II is required to be prepared in large development projects”.

According to Circular of P&D GoS vide No.2/1892-AC(Coord)/P&D/2016 Dated: September 27, 2016 “All development projects should be based on feasibility studies. In case of projects of Infrastructure & production sectors costing Rs. 500 million and above, the feasibility study would be mandatory. The project-oriented TORs should be prepared and experienced and professional consultants should be engaged for preparing feasibility studies. In case of projects costing less than Rs. 500 million, it should be based on in-house feasibility study”.

Further, according to Regulation for Procurement of Works as notified vide letter No.Dir (A&F)SPPRA/BoD/12-13/9316 Dated: 22-03-2013, Para-2.21 Pre-requisite conditions: Procuring Agency/ Committee shall not invite bids for development works, unless following conditions are fulfilled: (i) approval of PC-I/PC-II from Competent Forum.

During audit of Executive Engineer Public Health Engineering Division Larkana, for the Financial Year 2020-21, it was observed that management allowed execution of major schemes amounting to Rs. 1,406.00 million, but did not prepare PC-II “Feasibility Studies” and Project TORs of respective schemes, which was in violation of standing instructions.

Audit was of the view that feasibility study is the back bone of successful schemes/ projects. Due to non-conducting of feasibility study the project may face cost and time over-run.

The matter was reported to the management during August 2021, but neither reply was received nor para was discussed in DAC till finalization of the report.

Audit requires justification besides, remedial measures to be taken for future.

(DP# 78)

Chapter-6

WORKS AND SERVICES DEPARTMENT

6.1 Introduction

After promulgation of SLGO 2001, Communication & Works Department was renamed as Works & Services Department, which is responsible for providing services in the form of road network and building facilities to various departments of Government of Sindh. Its main activities are planning, designing, construction and maintenance of Roads/Highways and Buildings.

The following key functions are undertaken by the department:

- a) Implementation of Annual Development Program (ADP) in terms of construction and improvement of new and existing infrastructure. 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 and relevant fields.
- h) Providing technical/execution assistance to other departments and agencies.

(Rs. in million)

Sr.#	Description	Total Nos	Audited	Expenditure audited FY 2020-21
1	Formations	75	36	31,657.782
2	Foreign Aided Projects (FAP)	1	1	1,594.946

6.2 Comments on Budget and Accounts (Variance analysis)

The accounts for the Financial Year 2020-21 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/Appropriation	Final Grant	Departmental Expenditure	Variation Excess/(Savings)
44,099.50	107.20	44,206.71	38,087.81	(-)6,118.90

The department was unable to spend the allocated budget in time. As a result, savings of Rs. 6,118.90 million was observed which was not surrendered in time.

6.3 Classified Summary of Audit Observations

Observations amounting to Rs. 11,223.152 million were raised as a result of this audit. This amount also includes recoverable of Rs. 203.604 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	135.190
3	Irregularities	
A	HR/Employees related irregularities	12.034
B	Procurement related irregularities	10,316.986
C	Management of Accounts with Commercial Banks	-
4	Value for money and service delivery issues	-
5	Others	758.942
	Total	11,223.152

6.4 Comments on the Status of Compliance with PAC Directives

The status of Audit Reports requiring compliance of the PAC directives by the department is tabulated as follows:

Sr. #	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	

6.5 Audit Paras

6.5.1 Non-production of record

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

- (2) The officer 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 all 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, applicable to such person.

During audit of the various offices of Works & Services Department, Government of Sindh for the Financial Years 2018-19 to 2020-2021, the management did not produce the auditable record despite repeated requisitions. Due to non-production, the record involving financial impact of Rs. 5,123.023 million remained unaudited. The details are given at **Annex-1** of Chapter-6.

Audit is of the view that non-production of record is a violation of AGP ordinance and reflects negligence on part of the management. Due to non-production of the specified record the authenticity of the expenditure incurred could not be ascertained.

The matter was reported to the management during December 2020 to November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires production of record besides, initiating disciplinary proceedings against the person(s) at fault in accordance with the provisions stipulated in Section-14 of AGP Ordinance.

6.5.2 Doubtful execution of capital works - Rs. 98.975 million

Para 40-B Appendix 18-A (1) of SFR volume-I states that 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 XEN, Highways Division Coastal, Hyderabad for the Financial Year 2020-21, it was observed that payments amounting to Rs. 98.975 million were made against various works within a very short period of time after issuing the work orders. It was noted that after just 15 days of receiving work order, 27% of the work was completed, measured, checked and billed. Furthermore, in less than a month, payment of more than 70% of the awarded work was claimed and allowed. Details are as under:

(Rs. in million)							
WO# & Date	Scheme	Stp comp	Bill Date	Vendor Name	%of work completed	work award	Amount
TC/G-55/CHD/669	Special M&R of Road from Ghorabari Ghara road @mile 3/6 to Shahpur village mile 0/0-3/6 (6.00km)	5/9/2021	18-May-21	M/S Preety Constt: Co.	27%	79.024	21.048
06.05.2021			25-May-21	M/S Preety Constt: Co.	26%		20.186
			31-May-21	M/S Preety Constt: Co.	18%		13.933
			Total		70%		
TC/G-55/CHD/670	Special M&R Road from Var Mitho Sheikh Road @ mile 3/3 (Jara Mori) To Abdul Karim Chandio Mile 0/0-3/1 (5.0km)	5/9/2021	24-May-21	M/S United Eng:Const:Company	27%	64.269	17.516
06.05.2021			-	M/S United Eng:Const:Company	41%		26.292
			Total		68%		
Grand total							98.975

Audit is of the view that award and execution of work within unrealistically short period of time was doubtful.

The matter was reported to the management in the month of August 2021. The management in its reply stated that after receiving work order on 06-05-2021 the contractor immediately mobilized machinery and material at site considering the short

period in closing of Financial Year and therefore payment was made after execution of work done. The reply was not tenable as the management could not justify the execution of work and subsequent to that 70% release of payment within a short period of time i.e. 15 to 30 days against the stipulated completion duration of 4 months. Therefore, series of payment made in the month of June creates doubt about authenticity of work done and probability of advance payment made to the contractor to avoid lapse of funds cannot be ruled out.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends conducting inquiry in the matter and fixing of responsibility on the person(s) found at fault.

(DP#13)

6.5.3 Doubtful expenditure on M&R works - Rs. 32.907million

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 XEN, Highway Division, Tharparkar for the Financial Year 2020-21, it was observed that payment of Rs. 32.907 million was paid to contractors on account of various M&R schemes, in which following irregularities were noticed:

1. Majority of work orders were issued on 07/06/2021 and works were shown started on 10/06/21 and payment was made on 11/06/2021, thus completion of works in single day was doubtful.
2. No details of Measurement Book numbers and date were recorded on some bills.
3. Other details which includes Technical Sanction, Work order, MBs and Contractor files were also not available on record.

Audit is of the view that execution of work within a single day after its award was unjustified and created doubts about the whole expenditure.

The matter was reported to the management in September 2021. The management in its reply stated that the works pointed out were of simple nature of the

contractors considering closing of Financial Year 2020-21, utilized all efforts in mobilizing the required machinery and material brought at site to complete the works within due date. However, photo copies of contract files, technical sanction, work order and M.B showing date of recording of works are also enclosed for verification. The reply was not tenable as management failed to produce any relevant record along with the reply. Further, payments made in the month of June within single day of work award not only creates doubt about authenticity of work done, but probability of advance payment made to the contractor in order to avoid lapse of funds cannot be ruled out.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry may be conducted to ascertain the actual facts.

(DP#138)

6.5.4 Difference in opening & closing balances in monthly account - Rs. 3.308 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 XEN Provincial Building Division, Larkana for the Financial Year 2020-2021, it was observed that variations in closing and opening balances pertaining to Security Deposit of Contractors in Form 78 were observed. These accounts showed a difference of Rs. 3.308 million. In response to pointation by audit, the management produced tampered accounts showing no difference. Audit reconciled the figures of these monthly accounts with the copy of accounts submitted by the management in AG Sindh which confirmed the difference in opening and closing balances. Details are as under:

(Rs. in million)			
Month	Opening Balance	Closing Balance	Difference
July 2020	74.241	74.241	-
August 2020	74.326		(0.085)

February 2021	79.311	79.387	-
March 2021	80.399	77.091	1.012
April 2021	79.387		2.296
Total			3.308

Audit is of the view that the difference in monthly accounts reflects improper maintenance of accounts and concealment of payment pertaining to security deposit.

The matter was reported to the department in August 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter besides, conducting reconciliation of monthly accounts.

(DP#111)

6.5.5 Excess payment of honorarium - Rs. 10.086 million

According to the Government of Sindh Finance Department (Regulation Wing) vide letter No.FD(SR-VII) 20/37/95 dated 15-05-1995, the following decisions regarding grant of honorarium to Government servants were 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.

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

During audit of the Secretary, Works & Services Department, Government of Sindh, Karachi, for the Financial Year 2020-21 it was observed that payment of Rs.

10.086 million was made in excess on account of honorarium. In some instances, honorarium up to 12 basics was paid in violation of the rule.

Audit is of the view that payment of honorarium beyond the specified limit was unauthorized which reflects weakness of financial and internal controls.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Payment of honorarium without specifying reasons may be justified and excess payment may be recovered.

(DP#121)

6.5.6 Irregular payment of various allowances - Rs. 1.948 million

According to Finance Department notification No. FD(SR-III)5-54/2016 Sindh Civil Secretariat Allowance @ 20% of the basic pay was allowed to Sindh civil secretariat employees with effect from 01-07-2017. Secretariat allowance shall not be admissible to the officers / officials of Sindh Civil Secretariat Departments, on deputation or posted by transfer outside the Sindh secretariat including attached departments, sub-ordinate offices and autonomous bodies.

As per Finance Department notification No. So(SR-III)5-145/2011 the rate of utility allowance was enhanced / revised for the employees of Sindh civil secretariat and provincial assembly, Sindh w.e.f. 1st March, 2017.

During audit of the Secretary Works and Services, for the Financial Year 2020-21, it was observed that the following allowances amounting to Rs. 1.948 million were paid to the officers & staff without entitlement. Details are as under:

(Rs. in million)

Sr #	Head of account	Paid to	Amount
1	Secretariat allowance	Non-secretariat of officers / officials	0.527
2	Utility allowance		0.234
3	Hiring allowance in addition to house rent allowance		0.347
4	Conveyance allowance	Officers availing transport facility	0.840
Total			1.948

Audit is of the view that undue favour was extended to the government employees due to payment of inadmissible allowances.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#123 & 124)

6.5.7 Irregular award of work without pre-qualification of contractors - Rs. 1,348.411 million

As per Rule 27 (1) of the Sindh Public Procurement Rules, 2010 “A procuring agency, may engage in pre-qualification of bidders in the following cases:

- (a) In case of contracts for large and complex works and services related to, in which there are high costs of preparing detailed bids;
- (b) In the contracts to be let under turnkey, design and build, or management contract;
- (c) In case of expensive and technically complex equipment and works with a view to ensuring that invitations to bid are extended only to those who have adequate capabilities, competence and resources”.

During audit of the XEN, Provincial Highways Division, Hyderabad for the Financial Year 2020-2021, it was observed that management awarded work amounting to Rs. 1,348.411 million without pre-qualification of the firms. Details are as under:

(Rs. in million)

W.O No.	Dated	Name of work	Name of contractor	Amount
1158	17-08-2016	Construction of overhead bridge on railway line between Kotri City and Industrial Area, Kotri District Jamshoro	M/s Qalandar Bux Abro	1,348.411
Total				1,348.411

Audit is of the opinion that the award of work without pre-qualification constituted weak financial management.

The matter was reported to the management in October 2021 but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on person(s) at fault for award of work without pre-qualification process.

(DP#214)

6.5.8 Irregular expenditure by splitting up of works - Rs. 1,337.298 million

According to Regulation No.2.10 of SPPRA Regulations for Procurement of Works, “A group of works which forms one project shall be considered as one work, and the necessity of obtaining the sanction of the competent authority to which group of works is not avoided by the fact that the cost of each particular work in the group is within the powers of sanctioning of any authority subordinate thereto. The contents shown in italic clearly state that word Work is used for project and project have various components. Tenders for each component can be invited separately but each component should not be divided into sub-components”.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Years 2019-2020 & 2020-2021, it was observed that an expenditure of Rs. 1337.298 million was incurred on various works through splitting in order to favor maximum number of contractors. Details are as under:

(Rs. in million)

Sr #	Name of Office	Financial Year	DP#	Amount
1	XEN, Highways Division, Ghotki	2019-20	38	596.238
2	XEN, Provincial Highways Division Dadu	2019-20	38	519.621
3	XEN, Highway Division, Mithi	2019-20	38	56.5
4	XEN, Provincial Highways Division Hyderabad	2020-21	206	162.049
5	XEN, Building Division, Jamshoro	2020-21	267	1.690
6	XEN, District Building, Hyderabad	2020-21	295	1.200
Total				1,337.298

Audit is of the view that tendering by economy of scale as a single work would have fetched better competitive prices. In the instant case works were awarded by means of splitting which was contrary to SPPRA Rules.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification regarding expenditure by way of splitting of grouped work besides, fixing of responsibility for violation of SPPRA rules.

6.5.9 Irregular execution of work over & above the estimated cost - Rs. 1,089.836 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 Works & Services Department, Government of Sindh for the Financial Years 2019-2020 & 2020-21, it was observed that an expenditure of Rs. 1,089.836 million was incurred over & above 5% of the estimated cost of various works without approval of revised estimates. Details are as under:

(Rs. in million)

Sr.#	Name of Office	Financial Year	DP#	Amount
1	XEN, Highway Division, Mirpurkhas	2020-21	231	40.540
2	XEN, Provincial Buildings Division, Sukkur	2019-20	57	882.476
3	XEN, Provincial Building Division, Sukkur	2019-20	57	86.873
4	XEN, Provincial Highway Division, Larkana	2019-20	57	15.193
5	Superintendent Engineer Police works Hyderabad	2019-20	57	9.723
6	XEN, District Highways Sujawal	2019-20	57	1.778
7	XEN, District Highways Tando Allahyar	2019-20	57	1.687
8	XEN, Provincial Highways Sukkur	2020-21	259	37.980
9	XEN Provincial Highway Division Naushero Feroz @ Khairpur	2020-21	113	10.332
10	XEN, District Highways, Hyderabad	2020-21	279	3.254
Total				1,089.836

Audit is of the opinion that the works executed without revised Technical Sanction are irregular.

The matter was reported to the management during December 2020 to November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends revision of Technical Sanction besides, fixing of responsibility on the persons at fault.

6.5.10 Irregular payment at higher rates than approved scheduled rates - Rs. 556.571 million

According to para 8 (4) section-introduction under schedule of rates - 2012, the schedule of rate may be found in adequate to carry out certain item of works. In such cases, the only competent body to review the position is the standing rate committee. All such cases should therefore, be referred to the secretary, standing rate committee, for decision of the committee.

During audit of the various offices of Works & Services Department, Government of Sindh for the Financial Years 2019-2020 & 2020-2021, it was observed that works were awarded to contractors on higher than the scheduled rates. It resulted in excess payment of Rs. 556.571 million to the contractors. The details are given at **Annex-2** of Chapter-6.

Audit is of the view that execution of items of work more than the scheduled rates and without the concurrence of competent authority shows weakness of financial controls.

The matter was reported to the management during December 2020 to November 2021. The management in its reply at serial no. 23 stated that the rate of sub-base course and base course was based on rate analysis prepared and attached with detailed estimate sanctioned by the Chief Engineer, Highways Hyderabad. The reply was not tenable as no justification was provided by the management for opting market rate against same items already provided in Schedule 2012. No reply was received from remaining offices.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for excess rate allowed besides, fixing of responsibility on the person(s) at fault(s).

6.5.11 Non-obtaining of performance security - Rs. 449.508 million

According to the clause-10.1 Performance Security of the standard bidding document approved by government regarding large civil work exceeding Rs. 50.000

million, the contractor shall provide Performance Security to the procuring agency in the prescribed form. The Performance Security shall be 5% of the Contract Price stated in the Letter of Acceptance. Besides obtaining 5% as Performance Security, the Security Deposit at rate of 5% will also be deducted from running bills, thus amount equal to 10% of the Contract Price is obtained from contractor, i.e., 5% as performance security and 5% security deposit as retention money. Deductions from interim/running bills will be made from successful bidder after the bidder has furnished the required performance security and signed the contract agreement.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Years 2019-2020 & 2020-21, it was observed that the performance security amounting to Rs. 449.508 million was not obtained from contractors.

(Rs. in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	XEN, Provincial Buildings Division, Sukkur	2019-20	39	88.248
2	XEN, Provincial Building Division(GMMC), Sukkur	2019-20	39	88.248
3	XEN, Provincial Highways Division, Sukkur	2019-20	39	53.123
4	Superintendent Engineer Police works Hyderabad	2019-20	39	30.367
5	XEN, District Building Division Hyderabad	2019-20	39	9.928
6	XEN, District Road Highway Division, Karachi	2019-20	39	9.092
7	XEN, District Building Division Jamshoro	2019-20	39	8.800
8	XEN, Building Division Dadu	2019-20	39	4.315
9	XEN, provincial Highway division Mirpurkhas	2019-20	39	3.661
10	XEN, District Highways Division Dadu	2019-20	39	2.799
11	XEN, Provincial Highways Division, Dadu	2020-21	93	53.955
12	XEN, District Highways Division, Dadu	2020-21	104	28.902
13	XEN, Provincial Highway Division, Neushero Feroze @Khairpur	2020-21	119	68.070
Total				449.508

Audit is of the view that the execution of contract in the absence of performance security indicates extension of undue favour to the contractors at the cost of Government interest.

The matter was reported to the management during December 2020 to November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification in the matter besides, taking remedial measures.

6.5.12 Irregular refund of security deposit - Rs. 460.930 million

According to Clause-I of the Contract Agreement, “The security deposit lodged by a contractor (in cash or recovered in installment from his bills) shall be refunded to him after the expiry of three months from the date on which work is completed”.

During audit of various offices of Works & Services Department, Government of Sindh for the Financial Years 2019-20 & 2020-21, it was observed that security deposit amounting to Rs. 460.930 million was refunded to the contractors before completion of works. As per rule the SD is required to be refunded after the completion of defective liabilities period and fulfillment of other codal formalities. Thus, the payment was made in violation of above clause. The details are given at **Annex-3** of Chapter-6.

The matter was reported to the management in December 2020 to November 2021. The management in its reply at serial no. 16 produced hand receipts and nil bills mentioning the date of start and completion. However, evidence of deduction made against running bills was not produced to ascertain the genuineness of claim. No reply was received from remaining offices.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, 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.

6.5.13 Inaction against defaulting contractors for abandoned works -Rs. 354.321 million

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

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2019-2020, it was observed that contracts worth Rs. 354.321 million were awarded to various contractors, but were abandoned subsequently. However, no action was taken by the management against these contractors. Details are as under:

(Rs. in million)

Sr #	Name of Office	Amount
1	XEN, Highways Division, Ghotki	222.512
2	XEN, District Building Division, Ghotki	51.45
3	XEN, Provincial Highways Division Tharparkar @ Mithi	47.551
4	XEN, District Highways Mirpurkhas	28.056
5	XEN, Highways Division, Jamshoro	4.752
Total		354.321

Due to this negligence by the management government interest was not safeguarded and resulted in loss of public money.

The matter was reported to the management in December 2020 to May 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for not taking action against defaulting contractors besides, fixing of responsibility on the person(s) at fault.

(DP #40)

6.5.14 Irregular procurement through publication of advertisement in un-certified newspapers and without hoisting on SPPRA website - Rs. 835.551 million

According to Para 2 (t) of the Press, Newspaper, News Agencies and Books Registration Ordinance, 2002, “Unauthorized newspaper means any newspaper in respect of which there is not for the time being, a valid declaration under section 6”.

Further, according to Rule 17(1) of Sindh Public Procurement Rules, 2010 “Procurements over three hundred thousand rupees and up to two million rupees shall

be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules".

- (i) During audit of the Executive Engineer, Highways Division (Roads & Transport), Karachi for the Financial Year 2020-2021, it was observed that management made procurements amounting to Rs. 319.805 million without prior publication of the same on SPPRA website. Further, the NIT was published in Evening News (Daily English), The Times (Daily English), Eagle (Daily Urdu), Dharti (Daily Sindhi) and Roshan Sindh (Daily Sindhi) which were not certified from Audit Bureau of Circulation and two newspapers i.e. Evening News, Islamabad (Daily English) and The Times, Karachi (Daily English) showed same registration No.111. The details are given at **Annex-4** of Chapter-6.
- (ii) During audit of the Executive Engineer, District Highways Division, Hyderabad, for the Financial Year 2020-21, it was observed that two NITs amounting to Rs. 515.746 million were hoisted on SPPRA website vide No.TC/G-55/747/2021 dated 26-04-2021 & No.TC/G-55/725/2021 dated 23-04-2021 without advertisement of same in the three leading newspapers in violation of above rule.

Audit is of the view that procurement through publication of advertisements in un-certified newspapers and without hoisting on SPPRA website was irregular.

The matter was reported to the management in November 2021. The management in its reply at serial no. 1 stated that NIT was submitted in SPPRA office and procurement was initiated accordingly after submission of NIT with the authority as hoisting on SPPRA website was beyond the control of procuring agency. The reply was not tenable as scrutiny of evidence revealed that actual SPPRA receiving date was 25th of July 2016 instead of 11th July, 2016, whereas NIT was published on 19-07-2016 in un-certified newspapers and newspapers with same registration numbers. Hence manipulation in the procurement process record seems evident. No reply was received from the office at serial No.(ii).

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter and fixing of responsibility on the person(s) at fault.

(DP#147 & 278)

6.5.15 Unjustified payments on account of carriage of material - Rs. 2.287 million

As per Composite Schedule of Rates 2012, no premium on carriage will be allowed to the contractor.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2020-21, it was observed that payment of Rs. 2.287 million was made on account of premium on carriage of material which was unjustified. Details are as under:

(Rs. in million)

Sr#	Name of Office	Particulars	DP #	Amount
1	XEN, Highway Division, Tharparkar	Excess payment of premium on carriage	139	1.547
2	XEN, Highways Division (Roads & Transport), Karachi	Premium on carriage	148	0.740
Total				2.287

Audit is of the view that undue benefit was given to contractor in shape of premium on carriage.

The matter was reported to the management during November 2021, the management in its reply at serial no.1 stated that rough cost estimate was prepared for approval of item of work as composite item consisting of BOQ items as per schedule, carriage of miscellaneous items etc. added with prima-ceiling as approved by the competent authority. Further cost of escalation was also allowed on monopolized items.

The reply is not tenable as the management failed to clarify the payment of premium on carriage included in schedule items through rate analysis.

The management in its reply at serial no.2 stated that no premium was allowed on the non-scheduled item and payment of premium on the scheduled items as applicable was within permissible limit duly approved by the competent authority. Hence no excess payment was made on account of premium. The reply is not tenable as the management failed to clarify the payment of premium allowed on composite item which also included carriage.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends recovery of premium from the contractors.

6.5.16 Unjustified payments to contractor on doubtful execution of work - Rs. 258.426 million

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

During audit of XEN, Highways Division, Hyderabad for the Financial Year 2020-2021, it was observed that management allowed 10% mobilization advance amounting to Rs. 92.140 million to the contractor on 04.06.2021 prior to verification of the bank guarantee from head office of the issuing bank and authentication of the mobilization of machinery and equipment by the contractor on site. Further, MB showed that the contractor finished 12 km road clearing Grubbing, Cold Milling, debris, dismantling of road, dressing levelling, granular sub-base course, aggregate base course and DST 55 Lbs. with quantity of 1691197 Rft. in four days only after receipt of mobilization advance and was allowed first RA Bill for Rs. 140.810 million. Moreover, 2nd RA Bill was paid within 02 days of receipt of 1st RA Bill for Rs. 25.476 million. However, as per letters dated 28.06.2021 and 26.07.2021, the management admitted that the work was started on 28.06.2021. The details are given as under:

(Rs. in million)

(Name of work : Reconditioning/ re-build of Mehran Highway from 89 Landhi Karachi to Port Qasim Road, Karachi (0.00-12.00 kms))						
W.O No. & Dated	Name of Contractor	Tender Cost	Stipulated Date of Completion	Bank Guarantee	C.V No. & Date	Amount
1677 Dated 05-05-2021	M/S Niaz Muhammad Khan and Brothers	921.398	07.05.2024	No.MD 2114558380 dated 25-05-2021 issued by M/s Soneri Bank Ltd. having validity 24-05-2022	D-06 04.06.2021	46.070
					D-07 04.06.2021	46.070
					D-24 10.06.2021	140.810
					11.06.2021	25.476
Total						258.426

Audit is of the view that entire payment was made on recording of doubtful measurements in MBs.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter and fixing of responsibility on the person(s) at fault.

(DP#196)

6.5.17 Award of works without technical evaluation of bids- Rs. 285.759million

As per SPPRA Rule 8 of 2010, Functions and Responsibilities of Procurement Committee(s) - Procurement committee(s) shall be responsible for:

- (1) Preparing bidding documents;
- (2) Carrying out technical as well as financial evaluation of the bids;
- (3) Preparing evaluation report as provided in Rule 45;
- (4) Making recommendations for the award of contract to the competent authority; and
- (5) Perform any other function ancillary and incidental to the above.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2020-21, it was observed that works amounting to Rs. 285.759 million were awarded to various contractors on single stage single envelop basis without technical evaluation of the works despite the fact that civil works require technical evaluation by adopting single stage-two envelope procedure of bidding process. The details are as under:

(Rs. in million)				
Sr#	Name of Office	Particulars	DP#	Amount
1	XEN, District Highway Division, Dadu	Without technical evaluation	98	251.30
2	XEN, District Highways Division Hyderabad	Single stage without technical bid	273	34.459
Total				285.759

Audit is of the opinion that such works require at least single stage-two envelop procurement method to evaluate the bids technically before opening of financial bids. As the works were awarded without technical evaluation of bids, it reflects that undue favor was extended to the contractor(s).

The matter was reported in August 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for not conducting the technical evaluation.
(DP#98 & 273)

6.5.18 Irregular payment of secured advance - Rs. 178.202 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”.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2019-2020, it was observed that an amount of Rs. 178.202 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 of advance was prepared. The details are as under:

(Rs. in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	2019-20	53	68.165
2	XEN Building Division-I, Karachi	2019-20	53	50.00
3	XEN Provincial Building Division Mirpurkhas	2019-20	53	32.733
4	XEN Building Division-III, Karachi	2019-20	53	12.00
5	Superintendent Engineer Police works Hyderabad	2019-20	53	3.694
6	Executive Engineer, Provincial Buildings Division, Sukkur	2019-20	53	3.492
7	XEN provincial Building division-II Karachi	2019-20	53	2.349
8	XEN Provincial Building Division, Larkana	2019-20	53	1.875
9	XEN, District Building Division Jamshoro	2019-20	53	0.247
10	XEN, Building division, Hyderabad	2020-21	290	3.647
Total				178.202

Audit is of the view that payment of secured advance without maintaining consumption account and thereby adjusting the same under the work done shows weakness of internal control.

The matter was reported to the management during December 2020 to May 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for payment of secured advance without following the proper procedure.

6.5.19 Irregular award of work without open tender - Rs. 154.720 million

Rule 17 (1) & (2) & 50 of Sindh Public Procurement Rules, 2010 states that procurement over one hundred thousand rupees and up to two 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 following offices of Works & Services Department Government of Sindh, for the Financial Year 2019-2020, it was observed that an expenditure of Rs. 154.720 million was incurred on various works without calling open tenders. Details are as under:

(Rs. in million)		
Sr#	Name of Office	Amount
1	XEN, Provincial Buildings Division, Sukkur	89.142
2	XEN Provincial Highway Division Mirpurkhas	29.654
3	XEN Provincial Building Division-II Karachi	34.924
4	XEN Building Division, Khairpur	1.000
Total		154.720

Audit is of the view that by not inviting tenders, chances of uneconomical purchases and repairs cannot be ruled out.

The matter was reported to the management in the month of August 2021 but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, 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.

(DP # 37)

6.5.20 Excess payment over and above PC-I-Rs. 146.000 million

As per PC-I of Sindh Provincial Road Improvement Project, cost estimate for Project Management Consultants was Rs. 400.000 million.

During audit of Project Director, Sindh Provincial Road Improvement Project, Hyderabad of Works & Services Department for the Financial Year 2020-21, it was observed that an excess expenditure for an amount of Rs. 146.000 million was incurred on account of project management consultants over & above the PC-I provision of Rs. 400 million. Moreover, the approval of excess expenditure was not obtained from the competent forum.

Audit is of the view that excess payment beyond provision of PC-I reflected poor financial management.

The matter was reported to the management in the month of August 2021 but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that excess expenditure over and above PC-I may be regularized.

(DP # 301)

6.5.21 Irregular obtaining of performance security from insurance company- Rs. 135.00 million

According to clause 10.1 (Performance Security) of the contract of the work and Special Stipulations (Appendix-A to Bid), the Contractor shall provide Performance Security to the Employer in the prescribed form. The said Security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. The Performance Security shall be of an amount equal to 10% of the contract Price stated in the Letter of Acceptance or 20% of bid cost as

Insurance Bond. Such Security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any Scheduled Bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan dual counter-guaranteed by a Scheduled Bank in Pakistan or an insurance company having at least AA rating from PACRA/JCR.

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management awarded work “Construction of road head bridge on railway line between Kotri city and Industrial Area Kotri, District Jamshoro (including road work and approaches)” to M/s Qalandar Bux Abro amounting to Rs. 1348.411 million against which the contractor provided performance security of Rs. 135.000 million from Pakistan General Insurance Co. @10% of contract amount, instead of Rs. 269.682 million at 20%. The performance security was obtained for one year only and was not extended and verified from head office of the issuing insurance company. Further, credit ranking of the insurance company was below the required AA ranking from Pakistan Credit Rating Agency (PACRA)/JCR.

Audit is of the opinion that by obtaining less than the required performance security from insurance company, undue favor was extended to the contractors.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification for obtaining less than the required performance security and fixing of responsibility on the person(s) at fault.

(DP#199)

6.5.22 Irregular award of work below 30% of engineer’s estimate - Rs. 119.330 million

According to Para 02 of the Sindh Public Procurement Regulatory Authority Notification No.Dir(A&F)/ SPPRA/Policy-03/2019-20/0488 dated 28th August, 2019, it is clarified that the procuring agencies while considering bid(s) which are more than 30% below the Engineer’s Estimate or Composite Schedule of Rates are advised to obtain the breakup of BOQ item’s rates from bidder and ensure quality of works and

also seek concurrence/approval from the Finance Department, before approving tender.

During audit of the XEN, District Highways Division Sanghar for the Financial Year 2020-2021, it was observed that works amounting to Rs. 119.330 million were awarded which were more than 30% below the estimated amount i.e. Rs. 200.441 million. Hence, amount of Rs. 81.084 million in excess reflected defective estimates. Further, as per the policy, neither breakup of BOQ item rates was obtained from the bidder nor consultation of the Finance Department, Government of Sindh, was ensured before award of work. The details are given at **Annex-5** of Chapter-6.

Audit holds the view that approval of bids 30% below the limit from engineer's estimate and without obtaining breakup of BOQ item rates from the bidder and without approval of the Finance Department, Government of Sindh creates doubts at the quality of work.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#152)

6.5.23 Award of works without publication of advertisement- Rs. 115.136 million

As per SPPRA Rule 17, Methods of Notification and Advertisement (1) Procurements over three hundred thousand rupees and up to two million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in 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 XEN, District Highways Division, Dadu, for the Financial Year 2020-21, it was observed that works amounting to Rs. 115.136 million were awarded to various contractors without publication of advertisement in newspapers. Audit observed that all works were of more than Rs. 2.000 million which required advertisement of NIT through newspapers.

Audit is of the opinion that award of works to the contractors without advertisement of tenders stands irregular and chances of uneconomical procurement cannot be ruled out in the whole process due to absence of transparency.

The matter was reported in August 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that inquiry may be conducted to investigate the matter.

(DP#103)

6.5.24 Non-reconciliation of outstanding water charges dues raised by KW&SB - Rs. 101.925 million

According to recommendation No.44 at Page 17 of the Judgement of the Honorable Supreme Court of Pakistan in CP No.38/2016 dated 16-03-2016 “All the Department/Agencies of Government of Sindh and Government of Pakistan etc. may be directed to clear off the outstanding dues/bills of civic bodies (KW&SB, WASA etc.). And they may be bound down for future not to commit default in respect of water and sanitation charges so that improvement in service delivery system could be achieved”.

Further, according to Rule-28 of the 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 competent authority for their adjustment must be sought”.

During audit of XEN, Buildings Division-III, Karachi for the Financial Year 2020-2021, it was observed that management failed to reconcile dues of bulk water supply amounting to Rs. 101.925 million raised by the KW&SB on account of water supply & sewerage connections of residential accommodation under the jurisdiction of the division. Further, no recovery was made from the allottees of the residential accommodations on account of water supply and sewerage charges which raised extra burden on the public exchequer. The details are as under:

(Rs. in million)

Sr. No.	Location	Name of Consumers	Total Current Charges	Total Arrears	Total Demand
1	GOR-II, SMCHS, Karachi	Xen-Provincial Building Div Iii G.O.S	0.454	50.986	51.440
2	-	The Ex-Engineer Provincial Building Div No.Iii Kara	-	13.378	13.378
3	-	The Ex-Engineer Provincial Building Div.No.Iii Kara	-	13.166	13.167
4	222 Flats GOR-II, SMCHS, Karachi	Ex.Engineer Electrical Div	-	20.385	20.385
5	Humayun House, Garden West, Karachi	Ex.Engineer Electrical Division Karachi	0.011	3.544	3.555
Total					101.925

Audit is of the view that non-reconciliation of water and sewerage charges with KW&SB and non-recovery of the same from the concerned residential occupants resulted in the inclusion of the department in defaulters list of KW&SB and created undue liability on the public exchequer.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends reconciliation of the figures with KW&SB and recovery of the claims from the allottees concerned in liaison with Estate Office (SGA&CD).

(DP#164)

6.5.25 Irregular acceptance of single bid without market analysis - Rs. 103.117 million

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

During audit of the following offices of Works and Services Department Government of Sindh for the Financial Years 2019-20 to 2020-21, it was observed that contracts of various schemes costing Rs. 103.117 million were awarded on single bid basis without comparison of market rates. Further, the market rate analysis and rates of previous contracts of similar nature of works were also not produced to audit for further scrutiny. Details are as under:

(Rs. in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	XEN Provincial Highways Division, Dadu	2020-21	87	65.872
2	XEN, Highway Division Ghotki	2019-20	66	33.148
3	XEN, Highway Division Ghotki	2020-21	250	4.097
Total				103.117

Audit is of the view that participation of single bidder in the routine M&R works raises suspicion of favouritism therefore, chances of uneconomical procurement cannot be ruled out.

The matter was reported to the management during December 2020, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification for award of work on single bid.

6.5.26 Excess execution of items of work - Rs. 319.520 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 Financial Years 2019-2020 & 2020-21, it was observed that an expenditure of Rs. 319.520 million was incurred on account of execution of excess quantity of items of work beyond permissible limit of 30% as provided in BOQ. The details are given at **Annex-6** of Chapter-6.

Audit is of the view that expenditure on excess items of works without justification and without sanction of competent authority is irregular.

The matter was reported to the management during December 2020 to May 2021, the management in its reply at serial no.13 stated that the expenditure was within the permissible limit of 5%. The reply of the management was not tenable as any item exceeds permissible limit of 30% would also require revision of technical sanction. No reply was received from remaining offices.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends that sanction for excess execution of items of work may be obtained from the competent authority.

6.5.27 Irregular execution of extra items of works without sanction-Rs. 195.216 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 the following offices of Works & Services Department, Government of Sindh for the Financial Year 2018-2019 to 2020-21, it was observed that an expenditure of Rs. 195.216 million was incurred on execution of extra items of various works without sanction of competent authority. The details are as under:

(Rs. in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	Project Director, Sindh Provincial Road Improvement Project, Hyderabad	2020-21	304	104.912
2	XEN Highways Division, Tando Muhammad Khan	2019-20	49	37.483
3	XEN District Highways Division, Khairpur	2019-20	49	14.31
4	XEN, Provincial Highways Division, Sukkur	2019-20	49	12.629
5	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	2019-20	49	5.368
6	XEN, Provincial Building Division (GMMC), Sukkur	2019-20	49	1.748
7	XEN, Provincial Building Division-II, Karachi	2020-21	240	3.178
8	XEN, District Highways Division, Dadu	2020-21	100	0.490

9	XEN, Provincial Highway Division, Neushero Feroze @Khairpur	2020-21	115	12.976
10	XEN District Building Division, Shaheed Benazirabad	2019-20	220	1.880
11	XEN Building Division, T.M. Khan	2018-19		0.242
			Total	195.216

Audit is of the opinion that the management did not exercise due care while preparing original estimates, thus resulting in irregular execution of work without sanction of the competent authority.

The matter was reported to the management during December 2020 to May 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires regularization of expenditure through revised technical sanction duly approved by the competent authority.

6.5.28 Un-authorized payment of secured advance before supply of material- Rs. 72.000 million

According to Para 9.3 (2) (a) of the Procurement Regulations (Works), 2011 “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: - (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; (vi) advance amount is calculated on the basis of 75% of the market value of that material”.

During audit of XEN, Buildings Division-III, Karachi for the Financial Year 2020-2021, it was observed that management paid secured advance amounting to Rs. 72.000 million to the contractor on 14-03-2017. The approval of the secured advance was accorded on the confirmation of XEN, Provincial Buildings Division-III, Karachi vide letter No.782 dated 09-03-2017 that actual quantity of 800 tons of MS Steel Bar was brought on site by the contractor. However, the progress report of the consultant reveals that first batch of steel actually reached on site dated 16-03-2017 and total

quantity of steel reached upto 835.21 tons on 14-04-2017. Hence the recording of supply of material made in MB was doubtful which resulted into irregular payment of secured advance. Further, payment was made prior to signing of contract agreement. The details are given at **Annex-7** of Chapter-6.

Audit is of the view that fake recording of supply of material without actual quantity of material present at site and payment of secured advance thereof reflects that undue benefit was extended to the contractor.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#163)

6.5.29 Irregular execution of work beyond 15% of the original contract amount - Rs. 300.906 million.

As per Rule 16 (1) (e) of Sindh Public Procurement Regulatory Authority (SPPRA) Rules 2010 on Alternate Methods of Procurements, a procuring agency may utilize Repeat Orders for procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme, provided that the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount.

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2020-21, it was observed that works were awarded at a cost of Rs. 300.906 million. Later on, cost and scope of the works were enhanced with an overall average increase of 100% beyond the permissible limit of 15% of original work in violation of above rule. The details are as under:

(Rs. in million)

Sr#	Name of Office	DP #	Amount
1	XEN, Highway Division, Jamshoro	156	54.802
2	XEN, Highways Division Ghotki	253	18.118

3	XEN, Provincial Highway Division, MirpurKhas	172	10.764
4	XEN Highway Division Mirpurkhas	223	30.00
5	XEN Highway Division Mirpurkhas	224	7.800
6	XEN, District Building, Hyderabad	293	65.735
7	XEN, District Highways, Hyderabad	281	113.687
		Total	300.906

Audit is of the view that quantities exceeded more than 100%, contrary to the permissible limit of 15% of the work order which required separate tender under Rule 16 (1) (e) of SPPRA. Thus, the execution of work beyond 15% of prescribed limit resulted in irregular execution.

The matter was reported to the management in November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends providing justification in the matter.

6.5.30 Loss due to award of work on higher rates by way of re-tendering - Rs. 90.780 million

According to Para 14 of the decision of the Review Committee vide No.AD(L-II) /SPPRA/CMS-1321/2019-20/0175 dated 23rd July, 2020 against NIT No.TC/. G-55/1326/2020 Dated 19-05-2020 having SPPRA PPMS ID No.T00606-19-0014 dated 21-05-2020 for procurement of 07 works “In view of the foregoing findings/observations, as mentioned under Para-13 and after due deliberation, the Review Committee unanimously declare the instant procurement as Mis-procurement in light of Rule32(7)(g) of SPP Rules, 2010 read with Section -2(i) of SPP Act, 2009 and decides to refer the matter to the Competent Authority for initiating disciplinary proceedings against the officer(s)/officials responsible for mis-procurement in terms of Rule-32(A) (2) of SPP Rules, 2010”.

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management invited tender vide NIT No.TC/.G-55/662/2020 Dated 25-05-2020 in which M/s Farooq Ali submitted lowest bid for the work amounting to Rs. 120.000 million. However, without assigning any reason/the tender was cancelled and same work was re-tendered and awarded to M/s Imtiaz Ali Memon for an amount of Rs.174.080 million with excess of Rs. 54.080

million. The lowest bidder in the 1st N.I.T i.e. M/s Farooq Ali lodged complaint with SPPRA and resultantly the SPPRA declared the award of contract to M/s Imtiaz Ali Memon as a mis-procurement. However, the procurement committee awarded contract despite decision of the SPPRA review committee.

Audit is of the view that award of works contrary to SPPRA directives is a serious negligence on part of the management.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends to conduct inquiry in the matter besides, fixing of responsibility on the procurement committee.

(DP#195)

6.5.31 Irregular award of work on cancelled NIT- Rs. 36.700 million

As per SPPRA Rule-25. Cancellation of Bidding Process (1) A procuring agency may cancel the bidding process at any time prior to the acceptance of a bid or proposal; (2) The procuring agency shall incur no liability towards the bidders, solely by virtue of its invoking sub-rule (1).

During audit of Executive Engineer, District Highways Division, Hyderabad, for the FY-2020-21, it was observed that 10 works amounting to Rs. 36.700 million (under District ADP Schemes) were awarded to various contractors despite the fact that the NIT ID:T00544-20-0001 (TC/G-55/340/2020) dated 06-07-2020 was cancelled by the management vide letter dated 10-08-2020.

Audit is of the view that the award of works without re-invitation of tenders tantamount to mis-procurement.

The matter was reported to management during October 2021, but no reply was received till to-date.

Audit recommends fixing of responsibility on persons at fault.

(DP# 271)

6.5.32 Undue benefit to contractors through payment of more than one Running Bills on same date - Rs. 37.074 million

According to Clause-2 of the Contract Agreement “The quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time”.

During audit of XEN, Highways Division, Hyderabad for the Financial Year 2020-2021, it was observed that management made payments amounting to Rs. 37.074 million to the contractors through R.A bills frequently. As per rule, the contractor shall consolidate the quantum of the work executed and raise a RA Bill once in a month against progress on a specific work and measurement of quantities by the engineer/surveyor in the measurement book. However, in this case multiple R.A bills were raised on the same date which shows that either the quality of work was compromised, or measurements were recorded merely to benefit the contractor. Details are as under:

(Rs. in million)

Contractor Name	Dated	Amount bill
M/S Bilal Builders	10.03.2021	6.195
	10.03.2021	4.106
	10.03.2021	2.276
M/S Niaz Muhammad Khan & Brothers	22.09.2020	5.000
	22.09.2020	17.650
	22.09.2020	1.847
Total		37.074

Audit is of the view that raising of multiple claims on the same dates rendered the whole work doubtful.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#216)

6.5.33 Inordinate delay in completion of schemes.

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

During audit of the following offices of Works & Services Department, Government of Sindh for the Financial Year 2020-21, it was observed that different schemes were initiated with total amount of Rs. 702.779 million but the same remained incomplete despite lapse upto 9 years. Details are as under:

(Rs. in million)			
Sr#	Name of Office	DP #	Amount
1	XEN, Highways Division, Mirpurkhas	236	442.255
2	XEN, Highways Division, Mirpurkhas,	230	143.931
3	XEN, Building Division, Jamshoro	266	83.954
4	XEN, Machinery Maintenance Khairpur @ Shikarpur	79	32.639
Total			702.779

Audit is of the view that due to abnormal delay in execution of schemes the benefit of the project could not be extended to the general public.

The matter was reported to the management in August 2021 but no reply was received

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

The reasons for the delay require justification and responsibility may be fixed on the persons at fault.

6.5.34 Loss to the government due to rescinding of contracts- Rs. 26.964 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 Works and Services Department Government of Sindh, for the Financial Year 2020-21, it was observed that works

amounting to Rs. 43.022 million were awarded to various contractors. However, the contractors could not complete the works and the same were rescinded after payment of the partially completed works. Subsequently these leftover works were awarded to other contractors at higher rates without considering risk and cost of the previous contractors. Details are as under:

(Rs. in million)

Name of work	Name of contractor	Original amount	Work done amount	Remaining amount	Re-tendered amount for remaining work	Excess amount / loss
A-XEN, Provincial Highway Division, Mirpur Khas (DP # 175)						
MP15163617- Construction of Mirpurkhas Bypass road connect Hyderabad Road Tando Adam	M/s Riazuddin Qureshi	34.334	23.702	10.632	28.636	18.000
B-XEN, Provincial Highway Division, Hyderabad (DP # 212)						
Scheme W/R of Bulri Shah Karim to Khorwah Chowk mile 0/0-21/0= 21-0 mile (33.81 kms)	M/s Bashir Ahmed	8.688	3.335	5.353	14.317	8.964
Total						26.964

Audit is of the view that instead of making recovery from the previous contractor, the same works were re-tendered and awarded to different contractors due to which the government sustained a loss of Rs. 26.964 million.

The matter was reported to the department during September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires action against the contractor in terms of risk and cost besides, forfeiting of security deposit.

(DP#175 &212)

6.5.35 Un-justified payment without completion of work - Rs. 26.129 million

According to Clause-2 of the Contract Agreement “The quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time”.

During audit of Executive Engineer, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management awarded work

amounting to Rs. 20.904 million with completion period of 31-07-2021 (02 months), however the total payment amounting to Rs. 26.129 million was paid within 13 days (from the date of actual start of work and recording of MB) and work was shown completed in the progress report while on other hand the bill reflected that work was still in progress. Details are as under:

(Rs. in million)

W. O. No.	Name of work	Name of contractor	Bid Amount	T.S Amount	C.V No. & Date
1843 31-05- 2021	Special M&R of road from National Highway to G.M Syed Colony, Village Saeed Khan Leghari, Taluka Hala Road mile 0/0-2/4 (4 kms) with approach to Pattel Paro	M/s A.M.B & Co.	20.904	26.129	D-55 Dated 17-06- 2021
Total			20.904	26.129	

Audit is of the view that execution of work which includes base course, brick edging, surface dressing, laying asphalt concrete and earth work against the stipulated time period of two months seems un-justified and it reflects that undue favor was extended to the contractor.

The matter was reported to the management in October, 2021 but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#203)

6.5.36 Irregular award of work on declared mis-procurement by SPPRA - Rs. 25.888 million

According to Para 14 of the decision of the Review Committee Decision taken vide No.AD(L-II) /SPPRA/CMS-1321/2019-20/0175 dated 23rd July, 2020 against NIT No.TC/G-55/1326/2020 Dated 19-05-2020 having SPPRA PPMS ID No.T00606-19-0014 dated 21-05-2020 for procurement of 07 works “In view of the foregoing findings/observations, as mentioned under Para-13 and after due deliberation, the Review Committee unanimously declare the instant procurement as Mis-procurement in light of Rule32(7)(g) of SPP Rules, 2010 read with Section -2(i) of SPP Act, 2009

and decides to refer the matter to the Competent Authority for initiating disciplinary proceedings against the officer(s)/officials responsible for mis-procurement in terms of Rule-32(A) (2) of SPP Rules, 2010”.

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management made payment amounting to Rs. 5.957 million to the contractor against work at Sr. No.01 of NIT No.TC/G-55/1326/2020 Dated 19-05-2020 having SPPRA PPMS ID No.T00606-19-0014 dated 21-05-2020. Scrutiny of the contractor file and PPMS ID revealed that the work was awarded for Rs. 25.888 million despite the fact that the same work was notified as mis-procurement by the Review Committee of SPPRA. Details are as under:

(Rs. in million)

W.o# & Date	Name of Work	Name of contractor	Payments			Amount
			R.A#	Date	Net amount	
1620 25-06- 2020	Construction of road from Bhit Shah Tando Adam Road to Sher Khan Malookhani via Chhutto Malookhani road mile 0/0-1/7 (3.00 kms)	M/s Al Hassan Electric & Civil Works	1 st	08-2020	0.737	25.888
			02 nd	10-2020	0.744	
			03 rd	11-2020	1.498	
			04 th	12-2020	1.489	
			05 th	01-2021	1.489	
Total					5.957	25.888

Audit is of the view that award of work despite notified mis-procurement by SPPRA was irregular.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter and fixing of responsibility on the procurement committee.

(DP#201)

6.5.37 Irregular award of work due to change in bid opening date - Rs. 83.629 million

As per SPPRA 21(2), any information that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the interested bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement. Read with SPPRA Rule-24 Submission of Bids, (1) Bids shall be submitted on the place, date and time and in the manner specified in the tender notice and bidding documents and any bid submitted late due to any reason whatsoever, shall not be considered by the procurement committee.

During audit of Executive Engineer, District Highways Division, Hyderabad, for the Financial Year 2020-21, it was observed that the management floated NITs amounting to Rs. 83.629 million on SPPRA website. As per NIT, the bid opening date was 12 & 13 May, 21 whereas the management opened the bids on 17-05-21 as evident from BER. This shows that bid opening date was changed without issuing corrigendum in the newspaper as required by SPPRA. Detail is as under:

S.No	Name of Scheme	Opening date of NIT as per Website	As per Record (BER)
1	Special M&R	13-05-2021	17-05-2021
2	M&R	12-05-2021	

Audit is of the opinion that chances of favour to specific bidders cannot be ruled out by non issuance of corrigendum.

The matter was reported to management during October 2021, but no reply was received till to-date.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends fixing of responsibility on the persons at fault.

(DP # 277)

6.5.38 Irregular execution of work in violation of standard specification - Rs. 162.049 million

According to AASHTO LRFD (Load and Resistance Factor Design) Bridge Design Specifications Table 11.5.6.1, the following specification for welding shall be used: For Mild steel (e.g., ASTM A615 bars) and for High strength steel (e.g., ASTM A722 bars).

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management awarded works for pre-stressed bridge construction amounting to Rs. 162.049 million and allowed ASTM-A615 standard of welding on deformed steel instead of ASTM-A722 standard as required in the standard specification. Audit observed that ASTM-615 standard is used for mild steel welding and in this case mild steel standard was used for welding of high strength steel in violation of standard specification. Details are as under:

(Rs. in million)

Work Order		Name of work	Name of contractor	Item		Amount
No.	Dated			Name	Amount	
1167	18-03-2021	Extension of pre-stressed bridge and re-decking of existing bridge slab over railway crossing on Tando Allahyar bypass (46 Rft.) @ mile 0/1-2	M/s Qalandar Bux Abro & Co.	Item No.15	4.285	44.144
1166	18-03-2021	Extension of pre-stressed bridge and re-decking of existing bridge slab over Naseer Canal on Tando Allahyar bypass (120 Rft.) @ mile 2/4-5	M/s Qalandar Bux Abro & Co.	Item No.19	8.562	63.846
1165	18-03-2021	Extension of pre-stressed bridge and re-decking of existing bridge slab over railway crossing on Tando Allahyar bypass (70 Rft.) @ mile 3/4-5	M/s Qalandar Bux Abro & Co.	Item No.19	8.414	50.733
1164	18-03-2021	Extension of bridge and re-decking of existing bridge slab over Bulgar Minor on Tando Allahyar bypass @ mile 3/5	M/s M.N International (Pvt.) Ltd.	Item No.19	-	3.326
Total					21.261	162.049

Audit is of the view that deviation from AASHTO and Bridge Welding Code of American Welding Society standards may compromise strength and quality of the work.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification in the matter.

(DP#207)

6.5.39 Variation in estimated cost disclosed in NIT and tender files - Rs. 78.372 million

As per SPPRA 21(2), any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the interested bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement. Read with SPPRA Rule-24 Submission of Bids, (1) Bids shall be submitted on the place, date and time and in the manner specified in the tender notice and bidding documents and any bid submitted late due to any reason whatsoever, shall not be considered by the procurement committee.

During audit of Executive Engineer, District Highways Division, Hyderabad, for the Financial Year 2020-21, it was observed that NITs were floated for execution of work on three (03) schemes with estimated cost of Rs. 405.921 million, whereas in BER the estimated amount mentioned was Rs.327.549 million. The details are as under:

(Rs. in million)

Name of scheme	Estimated cost as per NIT uploaded	As per Comparative Financial Statement	Variation
Special M&R Widening/Reconditioning of Main Wadhu Wah Asphalt Concrete road from Poonam Chowk to Hyderabad Bypass (Dual Carriage Way) Taluka Qasimabad.	258.921	197.488	61.433
Special M&R Widening/Reconditioning of Main Wadhu Wah Asphalt Concrete road Women Police Station to baddi Chowk via Shah Bhattai Hospital i/c links Mile 0/0-1/1+420 ft RFT (Dual Carriage Way Taluka Latifabad	80.000	69.251	10.749
Special M&R Widening/Reconditioning of Asphalt Concrete road from Ali CNG Alamdar Chowk road (Dual Carriage Way) Taluka Qasimabad	67.000	60.810	6.190
Total	405.921	327.549	78.372

Audit is of the view that due to huge variation in the estimated amount mentioned in NIT and in Bid Evaluation Reports, chances of extending favour to specific bidders cannot be ruled out.

The matter was reported to management during October 2021, but no reply was received till to-date.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification in the matter.

(DP # 275)

6.5.40 Unauthorized payment of secured advance to avoid lapse of budget - Rs. 12.500 million

As per Rule 290 of Central Treasury Rules, 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.

As per SPPRA Regulations for Procurement of Works-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 / noncombustible 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.

During audit of XEN, Provincial Building Health Works Division, (Lower Sindh), Hyderabad for the Financial Year 2020-21, it was observed that the payment amounting to Rs. 12.500 million was made to the contractor against secured advance for steel on the same date when the work was started. Details are as under:

(Rs. in million)

C.V.No.& Date	W.O No&Date	Name of Contractor	Name of work	Amount
D-73/ NIL	1270/08-06-21	M/S Mumtaz & Company	Establishment/Construction of new OPD Block for Neurosurgery, Neurology, Urology, Paeds Surgery and Construction of 2 storey emergency Operation Theater of surgical ICU at Peoples Medical College Hospital, Benazirabad.	12.500
			Total	12.500

Audit is of the view that as the work was for the construction of new OPD block but payment of secured advance against steel etc. was paid before execution of excavation on site. This clearly reflects that payment of secured advance against purchase of 86 Tons of steel at the rate of Rs. 145,000 per ton was made only to avoid lapse of funds in the month of June without execution of essential component of work.

The matter was reported to the department during September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for the payment of secured advance before execution of essential component of work.

(DP#179)

6.5.41 Overpayment of Three Coat Surface layer-Rs. 12.392 million

As per approved sanctioned estimate of various works the quantities of item of work “providing surface dressing 3 coat on new or existing surface 79 lbs. of bitumen 9.75 Cft of crash bajri of required size (3/8" - 3/4") including cleaning the road surface, rolling etc. complete rate i/c all cost of material T&P and carriage upto site of work” were approved by doubling the quantities executed on providing base course of the work.

During audit of Executive Engineer, Highways Division, Mirpurkhas, it was observed that the quantities of Base course layer were varied during execution but the quantities of item of Three Coat Surface were not proportionately changed as the length, width and thickness remained constant. This shows that the quantities of item Three Coat Surface were executed more than the due / required quantities. Hence an excess payment of Rs. 12.392 million was allowed on three coat surface layer.

Audit is of the view that excess quantities of items three coat surface were allowed by giving undue favor to the contractor.

The matter was reported to the management in November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends to recover the amount of excess payment from the contractor.

(DP# 226)

6.5.42 Excess execution of contract agreement than bid amount - Rs. 11.106 million

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

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management awarded work amounting to Rs. 985.450million, however contract agreement was executed for Rs. 996.556 million with excess amount of Rs. 11.106 million from the accepted bid of the contractor. Details are as under:

(Rs. in million)

W. O. No.	Dated	Name of work	Name of contractor	W.O Amount	Contract amount	Difference
4240	29-08-2017	Dualization of Hyderabad to Tando Muhammad Khan Road mile 13/4-19/6+370 (10.170 kms)	M/s Manjhi Construction (Pvt.) Ltd.	985.450	996.556	11.106
Total				985.450	996.556	11.106

Audit holds the view that execution of contract agreement in excess of offered bid resulted into undue favor to the contractor and caused loss to the public exchequer.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#210)

6.5.43 Defective estimates with inclusion of extra items in violation of specifications - Rs. 45.803 million

According to Sr. No.11 Page No.15 of the Schedule of rates for Highways Works-2012 “Dismantling of existing Asphalt Concrete Road including base, sub-base and disposal of dismantled materials to designated places”.

According to Sr. No.7 Page No.15 for laying pre-mix carpet or asphalt on existing surfaces, “Making diagonal grooves of 1 ½” - 1 ½” at 2 feet center to center in road surface”.

During audit of Executive Engineer, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management approved defective estimate for Reconditioning and M&R of roads in following cases by including extra items in violation of specifications for an amount of Rs. 45.803 million. The details are given at **Annex-8** of Chapter-6.

a) Un-justified inclusion of base course item in the estimates - Rs. 10.781 million

Executive prepared estimate for reconditioning of road for laying fresh layer of Base Course on existing surface for an amount of Rs. 10.781 million through making diagonal grooves. Audit observed that execution of item of Base course as fresh layer without dismantling of existing layer was in violation of specification. This shows that the execution of fresh layer of base Course was not required owing to non-dismantling of existing layers.

b) Un-justified inclusion of aggregate base course, two coats of surface dressing and asphalt in the estimates - Rs. 35.022 million

An estimate was prepared for M&R of road without inclusion of item of dismantling of previous layers or even applying diagonal grooves on existing layer as done in first case. Hence, inclusion of estimates for preparation of fresh layers of aggregate base course, two coats of surface dressing and asphaltic concrete without dismantling of previous layers was against the specifications.

Audit is of the view that un-justified inclusion of extra items beyond specifications and need resulted into extra burden on the public exchequer.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#204 & 213)

6.5.44 Un-authorized modification in the scope of work without approval of PDWP - Rs. 10.749 million

According to SPPRA guidelines issued for procurement of (Works) 11.1.3 Revised Administrative Approval: PC-I of the scheme/work is required to be revised when any of the following conditions exists:-

- i. Original scope is modified/changed, even though the cost of the same may possibly be covered by savings on other items in the original rough cost estimate;
- ii. When the expenditure on a work/scheme exceeds or is found likely to exceed the administratively approved amount by more than 15 percent.

Timely submission of revised rough cost estimate is required for revised administrative approval to maintain un-interrupted continuity in execution and same should be obtained from the authority competent to approve the enhanced cost. No excess can be allowed over the revised cost.

During audit of the XEN, Highways Division (Roads & Transport), Karachi for the Financial Year 2020-2021, it was observed that management awarded work amounting to Rs. 101.989 million on the basis of modified PC-I and increased the scope of work from 3.81 KM to 4.42 KM resulting into excess cost amounting to Rs. 10.749 million from original PC-I. Details are as under:

Audit is of the view that modification in the scope of work and initiation of procurement process prior to approval of modified PC-I from PDWP resulted into unauthorized deviation from approved project scope with excess of 16%.

The deviation from prescribed approval mechanism resulted into weak internal controls.

The matter was reported to the management in September, 2021. The management replied that the work was awarded on the basis original PC-I and was executed accordingly. Later on, modification in the PC-I was unavoidable due to

increase in length and cost of work and was submitted to the competent forum for approval on the basis of site requirements. Therefore, the ongoing work could not be stopped due to want of modified approval. The reply is not tenable as management admitted the contention of audit regarding increasing the scope of work from 3.81 KM to 4.42 KM on the basis of modified PC-I, however failed to provide prior approval of the same from PDWP as cost of the Modified PC-I was increased.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends approval of the modified PC-I besides, fixing of responsibility on the person(s) at fault.

(DP#146)

6.5.45 Overpayment due to allowing excess quantities in base course - Rs. 9.714 million

As per approved sanctioned estimate of various works the quantities of item of work “Providing Base Course” are required to be same to the quantities executed on item of work “Providing Sub-base course”.

During audit of Executive Engineer, Highways Division, Mirpurkhas, it was observed that an overpayment of Rs. 9.714 million was paid on account of various works by allowing excess quantities of providing base-course as compared to the quantities executed for the item of work sub-base course. Whereas the volumetric calculations of length, width and thickness of the layer of both items are same.

As per specifications approved in the estimate, the quantities of base course were required to be changed proportionately as compared to the quantities of sub-base course of the work as the length, width and thickness remained constant. This shows that the quantities of item base-course were executed more than the due / required quantities.

Audit is of the view that excess quantities of item base-course amounting to Rs. 9.714 million were allowed by giving undue favor to the contractor.

The matter was reported to the management in November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report

Audit recommends to recover the amount of excess payment from the contractor.

(DP# 227)

6.5.46 Un-authorized repair & maintenance work beyond delegated powers - Rs. 6.767million

According to Sr. No.08 (iii) of the Second Schedule (See Rule-3) Part-I (Powers common to all departments) of the Sindh Delegation of Financial Powers and Financial Control Rules-2019 under the category, “Minor repair and maintenance works which states that, full Powers in each case of minor repairs on the recommendation of the committee Administrative concerned, Secretary (Technical) Works & Services Department, a representative of Finance on minor repair and maintenance. Further, as per Note-b, work shall not be more than five percent of the approved rates of per square construction notified by Works and Services Department”.

During audit of XEN, Buildings Division-III, Karachi for the Financial Year 2020-2021, it was observed that management awarded work amounting to Rs. 6.767 million on account of M&R works without obtaining approval of committee headed by Additional Secretary (Technical) and Committee headed by the Secretary, Works & Services Department in each case respectively as per delegated authority. Further, management failed to authenticate the minor works below 05% on the approved rates per square foot notified by Works & Service Department, Government of Sindh. Moreover, the works were carried out by way of splitting into parts to avoid tender process. The details are given at **Annex-09** of Chapter-6.

Audit is of the view that expenditure on repair and maintenance of minor works of buildings without obtaining approval of the respective committees and its authentication within 05% of the per square foot notified rates, resulted into un-authorized expenditure beyond delegated powers and constituted weak financial management.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#167)

6.5.47 Loss due to modification in technical sanction without approval of the District Oversight Committee - Rs. 5.202 million

As per Rule 2.22 (2) of the West Pakistan Building & Roads Department Code “Before any detailed plan and estimates are prepared the administrative approval of government or the head of the department concerned or other officers competent to accord such approval should be obtained. As soon as administrative approval has been received from the competent authority, the Divisional Officer will take up the preparation of the detailed estimate, Technical Sanction to which will be accorded by the authority competent in order as that the work may be started as soon as funds are allotted”.

During audit of XEN, Highways Division, Hyderabad for the Financial Year 2020-2021, it was observed that contractor was awarded work amounting to Rs. 20.904 million against technical sanction of Rs. 26.129 million with savings of Rs. 5.225 million which was 20% less than original estimate. The original estimate was sanctioned for M&R of road with 1 ½” thick pre-mix carpet @ rate of Rs. 7,040.52 per Sft; however, road was repaired with 2” thick asphalt concrete @ rate of Rs. 9,026.10 per Sft. Resultantly, excess expenditure of Rs. 3.051 million was incurred due to modification in estimate with inclusion of extra item without approval of the District Oversight Committee. It was essential for all M&R work to obtain DOC approval for incorporating any change in scope of work having financial impact. Further, it was observed that as per SOP for a link road with 12 ft. width pre mix carpet was to be used that is why in original estimates the pre-mix carpet was allowed instead of Asphalt Carpet. Whereas in the instant case the management bypassed the competent authority i.e District Oversight Committee and executed Asphalt Concrete on 12 feet road and gave undue favor to the contractor resulting into loss to government in term of savings of Rs. 3.051 million on a single item. Moreover, overall excess expenditure of Rs. 5.202 million (26.106 million - 20.904 million) was incurred than offered bid of the contractor which is 24.88% excess than original bid of the contractor. Details are as under:

(Rs. in million)

W.O No.	Name of work	Name of contractor	Bid Amount	T. S	Bill Amount	Name of item	Total area	Rate per Sft.	Total Amount
1843 & Dated	Special repair & maintenance of road from National Highway to G.M Syed colony, village Saeed Khan Leghari, Taluka Hala Road	M/s A.M.B & Co.	20.904	26.13	26.106	Work actually done Item No.04 2" Thick	154,440 Sft.	9,026.10	13.94
31-05-2021						C.V No. D-55 Dated 17-06-			
						Quoted Rates Item No.05	154,668 Sft.	7040.52	-10.889
						(1 ½" Thick Pre-Mix Carpet)			
		Total	20.904	26.13	26.106		Excess payment		3.051

Audit is of the view that unauthorized modification in the approved estimates caused loss to the public exchequer.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends inquiry in the matter for undue exercise of power beyond competency.

(DP#193)

6.5.48 Revision of estimates without prior approval of District Over-sight Committee - Rs. 2.253 million

According to Rule 2.22 (2) of the West Pakistan Building & Roads Department Code, "Before any detailed plan and estimates are prepared the administrative approval of government or the head of the department concerned or other officers competent to accord such approval should be obtained. As soon as administrative approval has been received from the competent authority, the Divisional Officer will take up the preparation of the detailed estimate, Technical Sanction to which will be accorded by the authority competent in order as that the work may be started as soon as funds are allotted".

During audit of XEN, District Highways Division Sanghar for the Financial Year 2020-2021, it was observed that the work "Reconditioning of road from Café Kamran Chowk to Mr. Abdul Salam Thaheem Flyover Road mile 0/0-0/6" was awarded to M/s Abdul Wahab Memon for Rs. 10.505 million against the estimate of Rs. 11.984 million

with a savings of Rs. 2.253 million. The estimate was later on modified by Superintendent Engineer, (W&S) District Sanghar by enhancing scope of work without approval of the District Over-sight Committee.-The details are given at **Annex-10** of Chapter-6.

Audit holds the view that the non-shifting of cost benefit of savings to the public exchequer and enhancement of scope of work without prior approval of the District Over-sight Committee resulted into undue burden on the public exchequer.

The matter was reported to the management in September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification for unauthorized revision of estimates.

(DP#153)

6.5.49 Non-completion of work as per PWD Specification due to reduced rate payment on final bill- Rs. 8.042 million

Clause-8: Reduced Rates: of the standard bidding document for the works provides that, in cases where the items of work are not accepted as so completed, the Engineer-in-charge may make payment on account of such items at such reduced rates as he may consider reasonable in the preparation of final or on running account bills with reasons recorded in writing.

During audit of the following offices of Works and Services Department Government of Sindh for the Financial Year 2020-21, it was observed that the payment for various items of work costing Rs. 8.042 million was allowed on reduced rates to the contractor on completion without recording any reasons. Furthermore, the reduced rates were not got sanctioned by the competent authority. The details are as under:

(Rs. in million)			
Sr#	Name of Office	DP#	Amount
1	XEN, Provincial Building Division-II, Karachi	246	6.883
2	XEN, Provincial Building Health Works Division, (Lower Sindh), Hyderabad	180	1.159
		Total	8.042

Audit is of the view that allowing reduced rate on final bill implies that defective work was executed.

The matter was reported to the department during September 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires justification for the payment on reduced rates besides, fixing of responsibility on the person(s) at fault.

6.5.50 Excess payment of mobilization advance- Rs. 1.106 million

Para 9.3.2 (b) of the SPPRA, Procurement Regulations (Works), “Mobilization advance is extended to the contractors, up to 10% of contract cost stated in the letter of acceptance, usually for the projects worth Rs. 2.5 million and above to enable them to make initial arrangements for starting work. 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 conditions (j) Contractor has signed the contract, (ii) Contractor has provided the performance security; (iii) Contractor has furnished the irrevocable bank guarantee of amount equal to mobilization advance specified form from a scheduled bank in Pakistan to the procuring agency”.

During audit of XEN, Provincial Highways Division Hyderabad for the Financial Year 2020-2021, it was observed that management awarded work amounting to Rs. 985.450 million to the contractor and paid mobilization advance amounting to Rs. 99.650 million, resulting in excess payment of Rs. 1.106 million than the prescribed limit. Details are as under:

(Rs. in million)

W.O.#.	Dated	Name of work	Name of contractor	W.O Amount	Comparative Statement amount	BER amount	Mobilization Advance		Difference
							Due	Paid	
4240	29-08-2017	Dualization of Hyderabad to Tando Muhammad Khan road mile 13/4-19/6+370 (10.170 kms)	M/s Manjhi Construction (Pvt.) Ltd.	985.450	985.450	985.450	98.545	99.650	1.106
Total				985.450	985.450	985.449	98.545	99.650	1.106

Audit holds the view that payment of mobilization advance in excess than the 10% of work order amount shows that undue favor was given to the contractor.

The matter was reported to the management in October 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP#211)

6.5.51 Overpayment to contractor by revising technical sanction rates - Rs. 1.018 million

According to Rule-23 of GFR Vol-I, “Every Government officer should realize fully and clearly that he will be 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 Executive Engineer, Highways Division, Mirpurkhas, it was observed that a work “Construction of road for village Faizabad Deh 127 UC Chitori Taluka Sindhri Mile 0/0-0/7+330 (1.5KM)” was technically sanctioned for an amount of Rs. 8.00 million on the basis of approved Technical Sanction, to M/s Mugheera Const. Co through the bidding process in 2016 for an amount of Rs. 7.248 million (Part A 2.5% below & Part-B 13.00% above). Later, after the lapse of 14 months of award of work order, the technical sanction dated 12-10-2017 was revised by reducing the quantities and increasing the unit rate of the various items of work as summarized below which resulted in excess payment of Rs. 1.018 million against the items quoted in bid. The details are as under:

(Rs. in million)

Name of Item	Original Estimate				Revised Estimate			Overpayment		
	Unit	Qty	Rate	Amount	Qty	Rate	Amount	Qty	Rate	Amount

Formation Earth Work upto 85% Density	%0cft	162,500 %0cft	3656.23	0.594	158503	7726.23	1.225	158503	4070	0.645
Formation Earth Work 95-100% Density	%0cft	47586 %0cft	6190.17	0.295	47586	10260.17	0.488	47586	4070	0.194
Earth Work Berms	%0cft	50569 %0cft	2208.37	0.112	50569	6278.37	0.317	50569	4070	0.206
Total										1.045
Less 2.5% below										0.026
Total Over Payment										1.018

Audit is of the view that allowing excess rates after tendering process shows undue favour was given to the contractor, resultantly government sustained a loss of Rs. 1.018 million.

The matter was reported to the management in November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends justification in the matter.

(DP # 222)

6.5.52 Un-authorized lease of government land for CNG Station

Appendix 18 (a) Section-I 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.” Read with Rule-10 (4) of General Financial Rules Volume-I, Public money should not be utilized for the benefit of a particular person or section of the community”.

During audit of XEN, Provincial Highway Division Benazirabad for the Financial Year 2020-21, it was observed that land was allotted to Al-Rehman CNG on

lease for three years i.e. 2020 to 2022 @ the rate of Rs. 30,000 per year and same amount Rs. 90,000 was deposited into Govt. treasury. In this regard following observations were noticed:

- 1- W&S Dept allotted land to private contractor without permission of the government.
- 2- Land was allotted on lease for commercial use at a meagre amount of Rs. 30,000 per year without obtaining market rate.
- 3- Open auction was not invited to get highest rate of land.
- 4- Total area of land was not available in record.

Audit is of the view that due to unauthorized lease of land to contractor at a meagre amount, the interest of the Government was not safeguarded.

The matter was reported to the management in August 2021. The management replied that the owner of CNG pump utilized some portion of land for which they pay the charges @ Rs. 30,000 per year which is fixed by the Chief Engineer Highways, Hyderabad. The reply is not tenable as the notification regarding competency of allotting land for any commercial purpose empowered to the Chief Engineer was not furnished nor rate assessment / market rate was furnished. The detail of total land allotted to the CNG station was also not provided.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

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

(DP # 12)

6.5.53 Non-crediting of government revenue - Rs. 560.603 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 various offices of Works & Services Department, Government of Sindh, for the Financial Years 2019-2020 & 2020-2021, it was observed that an amount of Rs. 560.603 million was realized on account of

Government revenue, but the same was not credited into the government account. The details are given at **Annex-11** of Chapter-6.

The matter was reported to the department in August 2021 but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends to credit the amount into relevant government account and fixing of responsibility on the person(s) at fault for negligence.

6.5.54 Non-recovery of various taxes at prescribed rates - Rs. 113.489 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 Notification issued by Sales Tax Department for sales Tax Special procedure (withholding) rules, 2007 vide letter No S.R.O 77 (I) 2008 dated 2301-2008, "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 contact with Government or local authorities, etc.

During audit of the various offices of Works & Services Department, Government of Sindh for the years 2019-2020 & 2020-21, it was observed that an amount of Rs. 113.489 million on account of income tax, SST and GST was either not deducted or was less deducted while making payments to contractors in violation of rules. The details are given at **Annex-12** of Chapter-6.

Audit is of the view that due to non-deduction of above taxes government revenue remained un-realized.

The matter was reported to the management during December 2020 to December 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit recommends prompt recovery of the specified amount.

6.5.55 Non-recovery of shrinkage allowance - Rs. 46.705 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 various offices of Works & Services Department, Government of Sindh, for the Financial Years 2019-20 & 2020-21, it was observed that an amount of Rs. 46.705 million was not recovered/ deducted from the bills of contractors on account of shrinkage allowance. The details are given at **Annex-13** of Chapter-6.

Audit is of the opinion that non-deduction of shrinkage allowance from earth work measured quantity stands irregular.

The matter was reported to the management in August 2021, but no reply was received yet.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, DAC meeting was not convened by the PAO till finalization of this report.

Audit requires that non deduction of shrinkage allowance may be recovered and its final entry from measurement book may be provided for verification.

6.5.56 Non-recovery of stamp duty - Rs. 25.103 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 the various offices of Works & Services Department, Government of Sindh for the Financial Years 2019-2020 & 2020-21, it was observed that stamp duty of Rs. 25.103 million was not recovered from the contractors against the agreements executed. The details are given at **Annex-14** of Chapter-6.

Audit is of the view that, government was deprived of revenue due to non recovery of stamp duty.

The matter was reported to the management during December 2020 to October 2021, the management in its reply at serial no. 19 stated that amount as pointed out by audit has been recovered / deducted. No evidence regarding recovery of amount was produced to audit. No reply was received from remaining offices.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, 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.

6.5.57 Non-recovery of government dues - Rs. 7.575 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 XEN Building Division, Khairpur, for the Financial Year 2019-2020, it was observed that an amount of Rs. 7.575 million on account of various government dues i.e. water and electricity charges were not recovered. As a result, government sustained financial loss.

Audit is of the view that non-recovery of government dues by management indicates poor financial management.

The matter was reported to the management during December 2020 to May 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, 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.

(DP#56)

6.5.58 Excess payment to contractors- Rs. 5.467 million

As per Rule 290 of Central Treasury Rules, “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 XEN Highway Division Mirpurkhas for the Financial Year 2020-21, it was observed that excess payment of Rs. 5.467 million was made to various contractors due to wrong calculations in the bill. The Divisional Accounts Officer is responsible for verifying the total quantities executed and payments eligible to be paid. However, pre-audit functions failed to deduct the variant amount which resulted into excess payment of Rs. 5.467 million.

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

The matter was reported to the management in November 2021, but no reply was received.

Despite written requests vide letters dated 05-10-2021, 31-12-2021 & 20-01-2022, 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.

(DP# 228)

7.1 School Infrastructure Investment for Improving Enrolment and Retention Rate**7.1.1 Introduction**

Education plays a pivotal role in the creation of a progressive and saturated society. It is a foundation upon which the edifice of human development stands. It introduces the human faculty with the best social, ethical, economic and political norms along with pragmatic comprehension of the fundamental rights. Education develops the sense of equality, integrity and coherence among the nations and help in achieving national prosperity. It empowers and creates ability among the individuals and the societies to utilize their human capabilities and build a strong correlation with socioeconomic development. In this regard the development of a well-articulated and accessible educational system would serve as bedrock for a prosperous society.

Sindh is the second largest province with a population of more than 47.8 million people⁴, which is projected to increase by 90 million in 2030. Sindh is in the grip of severe poverty, unemployment, law and order constraints with rural-urban division and other cheerless socio economic factors. In educational perspective, Sindh's literacy rate is alarmingly low i.e. 58 percent. As per Pakistan Economic Survey 2020-21 the literacy rate of Sindh has declined by 2 percent in last five years. More than 6 million children are out of school and about 50 percent leave primary education before completing their studies. One of the integral reasons behind low literacy rate is poor infrastructure resulting to which dropout rate in schools and low female literacy trend is on the rise especially in the rural areas. In order to address the socioeconomic backwardness, the government of Sindh has taken various policy interventions. These policy interventions are aimed to help mitigate various challenges such as dismal school enrolments, high dropout rates at primary and secondary levels with special reference to the girls in the rural areas.

Infrastructure plays an important role in attracting and encouraging children to stay in school. Nevertheless, a large number of schools suffer from poor infrastructure or are missing basic facilities. The total number of schools in the province is 49,446. Out of which 7,634 are for boys, 6,420 for girls and 35,392 offer co-education. As per the Annual School Census 2020-21 almost 46 percent of the schools in Sindh lack boundary walls, 44 percent washrooms and 46 percent drinking water facility, thus

⁴ Pakistan Bureau of Statics, 2017

casting a negative impact on the overall attendance. The problem is compounded by the lack of adequate facilities for special/disabled children. About 7,185 schools are based upon single-room structure and 24,228 have a single-teacher. Around 3,331 schools have no permanent shelter. These circumstances deny children an ample and appropriate space for learning, thus compromising strength and quality. There is a severe shortage of post-primary schools. The data as per Annual School Census 2020-21 indicates that about 90 percent schools in the system are primary, while only 6 percent of the schools offer middle and elementary level education, whereas higher secondary schools are less than 1 percent as compared to the total strength of the schools. A considerable rate of gender imbalances relevant to education access is prevalent in the province. As per the study conducted by Sindh Education Foundation in 2020, the primary Net Enrolment Rate (NER) for girls in rural areas is just 41 percent compared to 61 percent overall, which drops to 14 percent at middle level and 6 percent at secondary level. Various barriers including long distance to reach school and inadequate sanitation facilities hinder the prospects of attaining education. A school environment that caters to the basic facilities is expected to increase the confidence of parents to send their children especially the girls to school.

In the aftermath of above infrastructure challenges the Government of Sindh has taken various initiatives for school infrastructure development. The instant report based upon Thematic Audit would highlight the endeavors on part of Sindh Education and Literacy Department (SELD), Government of Sindh to elevate enrolment and assess compliance of the relevant Sustainable Development Goals set by the United Nations.

7.1.2 Background:

After 18th amendment in the Constitution of Pakistan, the Sindh Education and Literacy Department (SELD) attained full jurisdiction of the education in the province. Keeping in view the poor infrastructure conditions of schools across the province and absence of school buildings in most of the districts; the main priority of the government should be strengthening the existing infrastructure. Moreover, the infrastructure issues were coupled with problems like inequitable access, absence of quality education and inefficient management. Initially, in 2014, SELD introduced the first Sindh Education Sector Plan (SESP) for 2014-18, that was focused on building provincial education policies. During the period, the government launched many schemes like Rehabilitation & Expansion of High Priority 4560 Schools Primary / Elementary Schools, construction of buildings for shelter less primary schools & Early Childhood Education (ECE) Intervention. The 2014-18 plan was followed by Sindh Education Sector Plan & Roadmap (SESP & R) for 2019-24 aiming at Access, Quality and

Governance (AQG). SESP & R 2019-24 Plan is committed to achieve the United Nations Sustainable Development Goal 4 by constructing buildings for shelter less primary schools along with addition of missing facilities in existing schools like lavatories, boundary walls and drinking water. SELD has successfully executed the above mentioned schemes to some extent, but a mammoth task lies ahead to achieve the optimum targets.

7.1.3 Establishing the Audit Theme

7.1.3.1 Reasons of Selection

According to Economic Survey of Pakistan 2020-21, Sindh has the lowest Net Enrolment Rate (NER) i.e. 55 percent in the country. In contrast to rest of the provinces the rural literacy rate in Sindh is also lowest i.e. 39 percent. These indicators substantiate that education standard in Sindh has deteriorated over the period of time. In terms of spending, Sindh province budgetary provision against development expenditure was lowest as compared to other provinces during the year 2019-20. The constitution of Islamic Republic of Pakistan ordains free and compulsory education for all. The enrolment and retention rate in Sindh education has been decreasing despite conceiving numerous developmental schemes by the government to elevate school infrastructure. Therefore, in order to attain a holistic comprehension of the matter, the instant issue was selected for conducting thematic audit.

Further the issue is relevant to the SDGs under Goal # 4 to which Pakistan is also a signatory. Details are as under:

SDG No.	Relevance of the theme with SDGs.	Target	Audit Entity	Formations Identified
4	Quality Education	4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all	Works Divisions of Education & Literacy Department, Government of Sindh	10

In order to align with the SDGs, Government of Sindh has initiated a number of development schemes to enhance the school infrastructure with the aim to create an effective learning environment in the province.

7.1.3.2 Purpose/Objectives

The purpose of this thematic audit is to find out the grey areas in the execution of the infrastructure schemes and to review how effective the measures taken by the

authorities concerned have been to enhance enrolment and retention rate. The report shall be helpful to the Government of Sindh and the administrative department SELD in assessing their prevalent position regarding the attainment of targets relevant to Sustainable Development Goals i.e., “Education for all”. It will also be prolific to evaluate vital indexes pertaining to human development and education policy.

The outcome of the report is expected not only to sensitise the executive & legislature for taking necessary corrective measures in achieving the desired results, but also to create awareness among the general masses.

The objectives of audit are also to determine effectiveness of current policies, framework, rules and implementation strategy related to the subject. Moreover, audit will also assess the commitment towards implementation of Early Childhood Education Policy Sindh 2014 and the Sindh Right of Children to Free and Compulsory Education Act, 2013.

7.1.3.3 Scope

Scope of this audit was to assess whether the huge investment against school infrastructure benefited in the shape of increase in the enrolment and retention rate or otherwise. Within this context audit assessed the enrolment data of Sindh for the years 2018 and 2020 with respect to execution of schemes i.e. Rehabilitation & Expansion of High Priority 4560 Schools Primary / Elementary Schools, Construction of Buildings for Shelter Less Primary Schools (450 units) and Early Childhood Education (ECE) Intervention, Phase – I & Phase – II. Furthermore, the scope of audit was broadened by review of School Education Sector Plan and Roadmap for Sindh 2019 – 2024 chalked out by the Government of Sindh in pursuance of improving enrolment and retention rate by means of providing basic and advanced infrastructure for schools.

Following ToRs were chalked out for the thematic audit activity:

- To review whether provincial framework aligned with SDGs or otherwise.
- To review whether the schemes were executed in timely and efficient manner or not.
- To assess the role and responsibilities of different government agencies.
- To assess the inter-departmental coordination between various government agencies.
- To evaluate non-achievement of set targets of the government despite utilization of funds.

- To evaluate effectiveness and outcome of such policies against the intended targets.
- To assess retention rate on the basis of gender comparison.
- To analyse gaps in planning, implementation and monitoring stages of various schemes.

7.1.4 Legal framework governing the theme

Article 25A of the constitution of Islamic Republic of Pakistan regarding right to education stipulates that, the state shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as may be determined by law.

The Sindh Right of Children to Free and Compulsory Education Act, 2013 and Early Childhood Education Policy Sindh, 2014 was developed to implement Article 25A. Both of these are the striking features governing the legal framework of theme.

7.1.5 Stakeholders and governmental organizations identified as directly/indirectly involved

1. Sindh Education and Literacy Department (SELD)
2. Reform Support Unit (RSU)
3. Directorate of Planning, Development and Research
4. Education Works
5. Finance Department, Government of Sindh
6. Planning and Development Department, Government of Sindh

7.1.6 Role of important organizations

Sindh Education and Literacy Department has the mandate to look after the educational affairs within the province and co-ordinate with Federal Government and donor agencies regarding promotion of education in the province. SELD has been entrusted for planning and execution of infrastructure schemes throughout Sindh. The work is executed through Chief Engineers of Education Works, stationed at Karachi, Hyderabad and Sukkur who execute all the development schemes through sub-ordinate offices involving Superintendent Engineers at circles and Executive Engineers at district levels. In pursuance of the targets envisaged in SDG Goal 4, the SELD has framed a comprehensive strategy by formulating “School Education Sector Plan and Roadmap for Sindh 2019 – 2024” for Sindh.

The Planning Development and Research Directorate plans, reviews and approves the PC-I of all developmental schemes.

Reform Support Unit (RSU) under SELD maintains comprehensive data base of schools, students and teachers. It also maintains school profiling and conducts annual enrolment census in the month of October.

Finance Department manages the province's fiscal, tax and economic policy. It is also entrusted to generate the financial periodic reports as required under the law.

Planning and Development Department is responsible for all development schemes, programs and proposals submitted by other departments and making recommendations to the government thereon. It monitors the progress and evaluation of development schemes and writing their critical appraisal.

7.1.7 Organization's Financials

Sindh Education and Literacy Department (SELD) manages the funding of all schemes through the Government of Sindh. The infrastructure schemes are fully funded by the Government of Sindh and no foreign borrowing is involved. The Government of Sindh has earmarked Rs. 20225.334 million for the scheme Rehabilitation & Expansion of High Priority 4560 Schools Primary / Elementary Schools against 4,150 schools as per the data available to audit, out of which Rs.12740.319 million expenditure was incurred⁵. For the project, Construction of Buildings for shelter less primary schools (450 units) Rs.521.702 million were allocated out of which Rs.475.356 million were spent⁶. Moreover, the department allocated Rs. 539.46 million for the scheme Early Childhood Education Intervention Phase I & II out of which Rs.215.97 million expenditure has been incurred⁷.

7.1.8 Field Audit Activity

7.1.8.1 Methodology

The audit teams conducted audit of the available data relevant to the infrastructure schemes against which a questionnaire was developed while focusing on quantitative

⁵ Vol V, Budget Book 2021-22, Government of Sindh

⁶ *ibid*

⁷ Progress Report provided by SELD

and qualitative aspects of the theme. During the desk audit following documents were reviewed:

1. School Education Sector Plan and Roadmap for Sindh (2019 – 2024)
2. Early childhood education Policy Sindh, 2014
3. The Sindh Right of Children to Free and Compulsory Education Act, 2013
4. PC-I copies of the schemes
5. Progress reports of the schemes

Subsequent to desk audit, the field audit teams visited the selected client formations responsible for the execution of schemes. The response to the questionnaire was obtained from Reform Support Unit (RSU) which maintains the complete profile of Sindh education with detailed statistics. Feedback from Planning, Development and Research wing of SELD was also obtained on the PC-I and progress reports of projects under audit purview. In addition to that, useful and relevant data from the internet was also extracted to supplement the thematic audit exercise.

7.1.8.2 Audit Analysis

7.1.8.2.1 Review of Internal Controls

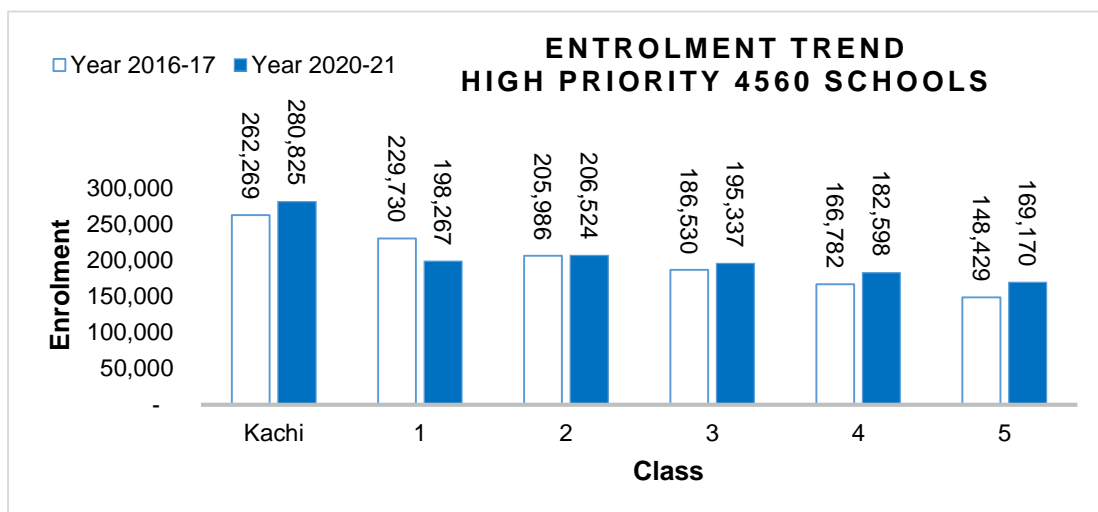
To determine the effectiveness of government policies and endeavors towards school infrastructure for improving enrolment and retention, the audit made a detailed scrutiny of relevant documents pertaining to various schemes and education plans. The audit observed that delay in the preparation and approval of PC-I is one of the major reasons that has caused hindrance in the execution of the schemes. Slow funding process and non pre-qualification of contractors also hampered the smooth execution of the schemes. There was a gap of monitoring and execution between SELD and the executing agency i.e. Education works, which resulted in time overrun. It was also observed that absence of internal audit mechanism resulted in excess payment to contractors against the actual work done. Moreover, it was also noticed that some schools were completed, but were not handed over to the management.

7.1.8.2.2 Critical Review

Apropos of the discussion above, it can be emphatically inferred that school infrastructure plays an important role in attracting and encouraging children to stay in school. Steps towards addressing infrastructure related problems in Sindh have been inadequate to meet existing demands vis-à-vis improving enrolment. Consequent upon

the comparison of enrolment rate for the years 2018 and 2020, it was found that the overall enrolment rate in Sindh witnessed a meagre increase of 0.34 percent⁸. With respect to scheme for “Rehabilitation & Expansion of High Priority 4560 Schools Primary / Elementary Schools” it has been transpired that enrolment rate has merely increased by 4.23 percent⁹ despite a huge expenditure of Rs. 12740.319 million¹⁰.

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This indicates that as compared to huge spending, there was a nominal enhancement in the overall enrolment rate, thus casting a negative impact on the efficiency of the authorities concerned. Subsequent to analysis of the enrolment data of the entire province for the years 2018 and 2020, it was observed that there was a decline in

⁸ Annexure 1

⁹ Annexure 2

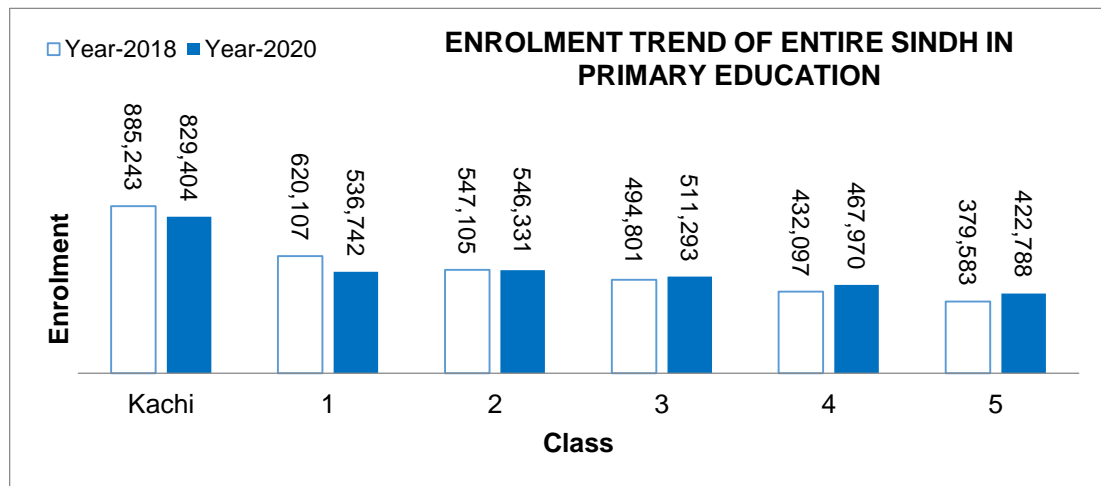
¹⁰ Budget Book 2021-22, Government of Sindh

¹¹ Annexure 1

¹² Annexure 2

¹³ Budget Book 2021-22, Government of Sindh

enrolment rate for Class-Kachi (Nursery) and Class-1 i.e. 6 percent and 12.7 percent respectively¹⁴. The average decline for both the classes was 9.35 percent despite huge expenditure of Rs. 13,431.64 million against the schemes under audit’s purview.



The appalling condition of a majority of school buildings in Sindh has made the lives of students and teachers prone to severe risk. Owing to the negligence and apparent apathy of the Sindh education department, students study in dilapidated buildings which often lack basic facilities, thus contributing to dismal enrolment rate at both primary and secondary levels.

The relevant authorities have been engaged in a continuous process to bring about a positive change in the existing infrastructure, but it goes without saying that their endeavors did not bring about any significant change. The government has initiated many schemes for improving school infrastructure like “Rehabilitation & Expansion of High Priority 4560 Schools Primary / Elementary Schools” and “Construction of Building for Shelterless Primary Schools”. The objective is to meet the 2030 Agenda regarding enhancement of infrastructure, however delay in the completion of these schemes and absence of any significant impact on the increase in the enrollment and retention rate has created doubts at their viability. The SELD has also launched 08 priority programs under SESP & R 2019-24. Four of the 08 priority programs include: Out of school children and illiterate youth, Equitable and adequate provision of school infrastructure, Equitable enrollment and retention rate and Improved resource allocation and utilization. Though, the objectives of the specified schemes seem very

¹⁴ Annexure 3

productive, but poor progress of previously conceived schemes raise questions regarding their implementation. The gap in setting targets and failure to achieve those on time reflects lack of commitment.

Most of the development schemes are facing inadequate funding problem. New schemes are conceived with robust budgetary allocation as per PC-I, but later on funds are curtailed resulting in delayed completion or abandonment of a particular scheme. It has been noticed that the scheme “Rehabilitation and Expansion of High Priority 4560 Schools Primary/Elementary Schools” was initiated in January 2018, which was supposed to be completed in June 2019 as per PC-I. Owing to budgeting constraints the specified scheme still remains incomplete.

The School Education and Literacy Department has been allocated Rs. 14 billion for 117 ongoing schemes and 186 new schemes in the Financial Year 2021-22. Most schemes are for upgrading existing government schools from primary to secondary levels, rehabilitating and improving schools, providing basic facilities and reconstruction of existing school buildings in dilapidated condition. The endeavors on part of the government regarding allocation of robust funds to supplement the instant cause can be attributed as a healthy sign, but disparity amongst the current and development budgets would cast negative effect on achievement of desired goals. Within current budget there is a considerable disparity between salary and non-salary components. Salaries are taking a large chunk of the current education budget and the remaining low share is allocated for non-salary budget. Therefore, the government is spending a very low share of the budget for the development needs of the education sector. The education sector is facing numerous challenges like poor infrastructure and lack of basic facilities. The situation is likely to get worst if a reasonable balance is not created in the current and development budget. Apart from that primary education is not getting an adequate share and with the existing trends in budgetary allocations, chances to achieve satisfactory enrolment rate seem extremely remote.

On certain instances, it has been observed that the funds remain un-utilized every year due to various reasons that include red tapism, technical anomalies, weak feasibility reports, lengthy/time bound procedure of planning and development regarding technical appraisal and slow financial releases from Finance Department. Organizational mismanagement due to lack of observing proper procurement procedures within the department is one of the key bottlenecks in achieving the desired goals. Absence of a well planned procurement cycle in conformity with the best practices of financial propriety resulted in slow utilization of funds. This negligence

ultimately contributes to sub-standard construction owing to which the schools' infrastructure dilapidates rapidly with the passage of time.

Pre-qualification of contractors is an essential requirement for major schemes because it attracts competent and reputable firms. Nevertheless, it has been observed that a considerable number of schemes are awarded to contractors without engaging in pre-qualification procedure. Owing to this negligence contracts are awarded to the firms having less professional expertise, resulting to which sub-standard infrastructure work is executed. The quality of construction gets compromised and the school buildings start to deteriorate within a short span of time. Furthermore, there exists a strong cartelization among the contractors due to which it becomes extremely difficult for the fresh aspirants to gain entry. The authorities concerned have failed to put a check on this alarming trend.

The disbursement of excess funds to the contractors is rampant in education works. The physical progress of a scheme is less, but payments are made on higher side against the actual work executed. The progress reports on the schemes under audit review highlight that against 45 percent physical execution 70 percent payments have been made to the contractors. This practice reflects severe irregularity on part of the SLED which leads to mismanagement of funds and financial constraints.

Keeping in view the social ethics and norms of rural areas, creation of separate schools for girls should be given priority. The overall dropout rate in primary classes in Sindh is more than 23 percent. Ratio of school going girls in Sindh is 66 percent in urban and 23 percent in rural areas as compared to 66 percent overall of the boys. There is an acute shortage of exclusive schools for girls. Around 6,420 schools are dedicated for female students which reflects gross discrimination and majority of buildings are devoid of basic infrastructure facilities. 2,552 number of the schools is non-functional. Owing to the limited strength of female schools, the students have to travel from far flung areas. In a patriarchal and traditional society specifically in rural Sindh where the females cannot commute to any place without accompanying their elders, the prospect to have facile access to schools diminishes a great deal. The absence of toilets and boundary walls in the female schools add further misery to the low enrolment rate. By virtue of constructing new female schools and making basic improvements to the infrastructure of the existing ones, it is expected to achieve 10% increase in the enrolment rate. One of the key features of a prosperous society is the populace of literate women and without providing adequate school facilities to them the dream to achieve social prosperity would not see the reality of the day. Lack of basic facilities in schools eliminates any slim chance a girl may have had of convincing her parents

to send her to school. The deplorable condition of female schools is a significant reason that is hampering the reduction of gender gap in literacy and women empowerment in the region.

The Finance Department releases funds for new schemes at the cost of running schemes. Due to this paucity in the flow of funds, the contractors abandon the schemes. In the aftermath of abandoning an ongoing scheme a considerable amount of expenditure is put to wastefulness. An incomplete school building not only hampers the education activity, but also poses severe threat to the safety of staff and students.

Non-revision of the Composite Scheduled Rates 2012 is one of the integral reasons for sub-standard execution of work and non-completion of the schemes on time. The rates of items in the schedule are more than a decade old. The prices of materials have increased significantly, but the works are still awarded on outdated schedule rates by allowing premium. Owing to persistent fluctuation in the rates of materials, it becomes difficult for the contractors to cope with the time value of money during the execution period. Abrupt increase in the material rates during the execution of the work results in abandoning of the scheme. The absence of escalation clause in the agreements is one of the main reasons that renders the work economically impractical for the contractors.

7.1.8.2.3 Significant Audit Observations

7.1.8.2.3.1 Decline in attendance despite construction of buildings for Shelterless Primary Schools - Rs. 227.554 million

During the thematic audit of various schemes of Sindh Education and Literacy Department, it was observed that the department launched a scheme namely “Construction of Buildings for Shelter less Primary Schools” in 2019 and the same was meant to be completed by June 2020. The scrutiny of the enrolment data (obtained from RSU) for the years 2018 and 2020 revealed that enrolment decreased in most of the districts despite spending huge expenditure on shelterless primary schools. In Kashmore and Sanghar districts nil attendance was recorded in the schools by October 2020 as compared to 2018 data.

Audit holds the view that owing to flawed planning, the management failed to increase attendance despite construction of buildings at shelterless sites; consequently, the expenditure was subjected to wastage.

It is recommended to give justification for not achieving the intended targets besides, taking remedial measures accordingly.

7.1.8.2.3.2 Delay in timely release of funds against scheme Early Childhood Intervention - Rs. 42.594 million

During the thematic audit of various schemes of Sindh Education and Literacy Department, it was observed that the department approved a scheme namely “Early Childhood Education (ECE) Intervention” on 31.10.2016 for 08 districts of Hyderabad Division: Hyderabad, Matiari, T.M Khan, T.A Yar, Dadu, Jamshoro, Thatta & Badin. The scrutiny of progress reports revealed that the Finance Department delayed the timely release of funds against the above scheme.

Audit holds the view that the slow release of funds against the scheme resulted in time and cost overrun. Further, no concrete efforts were taken by the management to acquire the required funds which reflect negligence on its part.

It is recommended to give justification for failing to attain the funds on timely basis besides, taking remedial measures accordingly.

7.1.8.2.3.3 Non-allocation of funds for pending schemes during the FY 2020-21 - Rs.22.973 million

During the thematic audit of office of the Executive Engineer Education Works Division, No.VI, Malir, Karachi for the year 2020-21, it was observed from progress report that the scheme “Addition of Class rooms, Construction of Labs and Library in Existing Secondary & Higher Secondary Schools in Sindh” started in 2007-08, however the same was still under progress and funds had not been not allocated during the FY 2020-21.

Audit holds the view that non-allocation of funds for a scheme pending since long reflects weak financial management which resulted in time overrun and wastage of expenditure made so far.

It is recommended to give justification for not achieving the intended targets besides, taking remedial measures accordingly.

7.1.8.2.3.4 Non-handing over of school buildings despite completion - Rs. 26.375 million

During the thematic audit of office of the Executive Engineer Education Works Division, Sanghar for the Financial Year 2020-21, it was observed that an expenditure of Rs26.375 million was incurred on 14 schools. Despite completion of construction work, the buildings were not handed over to the teaching staff.

Audit is of the view that non-handing over the buildings despite its completion hampered the education activity.

It is recommended to give justification for the delay in handing over the school buildings besides, taking remedial measures accordingly.

7.1.8.2.3.5 Non-execution of work on schemes - Rs. 19.827 million

During the thematic audit of office of the Executive Engineer Education Works Division, Sanghar for the Financial Year 2020-21, it was observed that the scheme “Up-gradation of Primary Schools to Middle Schools in Sindh 2007-08 Programme” was approved in 2007-08. However, scrutiny of progress report revealed that the scheme was still not executed.

Audit is of the view that non-execution of work for up gradation of the schools reflects negligence on part of the department.

It is recommended to give justification for not achieving the intended targets besides, taking remedial measures accordingly.

7.1.9 Departmental Responses

The management did not furnish replies against the observations.

7.1.10 Recommendations

- In order to reap the optimum benefits of the chalked-out schemes, it is imperative on part of the authorities to diligently abide by the relevant laws and policies.

- There should be rational budgetary allocation for new schemes. Ongoing schemes should be given priority for release of funds. Furthermore, emphasis should be laid down on improving infrastructure of existing schools rather than constructing new ones.
- No compromise should be made regarding the quality and standard of construction. Pre-qualification of contractors should be exercised in order to promote professional and competent firms.
- In contrast to primary level, Government should also focus on middle, elementary, secondary and higher secondary education levels to attain maximum enrolment.
- There are certain areas where it is not possible for students, especially the girls to attend school daily due to geographical constraints. Hence, the education budget allocated for such areas must also be utilized to promote distant learning activities.
- Monthly stipends and scholarships are necessary for meritorious students to discourage dropout rate. Research shows that it costs more to educate poor and disable students. Recognizing this need, there should be a student funding model which caters to their basic literacy needs in order to enhance enrolment.
- The personal diligence and professional dedication of the teaching staff play a significant role in polishing the abilities of the students. A qualified teacher with an influencing personality becomes a role model for the students. His/her company is always cherished and enjoyed by the students. Therefore, the induction mechanism of the staff should be rationally reviewed for enhancing the enrolment rate. There should be a pragmatic procedure to evaluate the performance of the teachers based upon their scholastic and professional traits. Institutes with qualified trainers may be established in every district for imparting advanced trainings to the teachers.
- Extra-curricular and recreational facilities within the school environment should be promoted to attract maximum students. Sports facilities are required to be arranged within the schools for the leisure of students.
- Avenues should be explored for the active involvement of private entities and reputable Non- Governmental Organizations to bring about improvements in the school infrastructure. Periodic reports and journals should be published to remain cognizant with the latest statistical data which would help in effective planning of schemes.

- Revision of Composite schedule of Rates 2012 is imperative in order to offer reasonable cost-benefit opportunities to contractors. This will result in timely and smooth execution of the schemes.

7.1.11 Conclusion

There has been a general decrease in the enrolment and retention rate in education throughout Sindh due to lack of proper infrastructure and absence of facilities in schools like lavatories, compound walls, classrooms, furniture and drinking water. The Government of Sindh has been initiating a number of schemes to elevate the quality of education and increasing attendance rate, but owing to ill-conceived policies the intended benefits could not be achieved properly. In pursuance of the targets envisaged in Sustainable Development Goal No 4, the commitment and endeavors on part of the government need to be holistically revisited. Audit findings revealed that delay in the timely execution of work, substandard construction, haphazard planning, lack of coordination and improper funding have been the integral cause of dismal enrolment and retention rate. The overall enrolment in Sindh increased by merely 0.34 percent during the years 2018 to 2020. Despite engagement of enormous financial and human resource, the end results have not been up to the mark. However, there was a nominal increase of 4.23 percent in the enrolment rate in the schools under the scheme “Rehabilitation/Expansion of 4560 High Priority Primary/Elementary Schools”. Furthermore, it was also noticed that from the year 2018 to 2020 there was a steep decline in overall enrolment rate by 9.35 percent in Class-Kachi & Class-I for both genders. The number of dormant schools in the province has swelled to 14,363. One of the prime reasons behind this alarming figure is absence of basic infrastructure, therefore the prevalent situation demands extra ordinary efforts on part of the government to avoid further decrease in the Net Enrolment Rate (NER). With increasing awareness in Sindh, many organizations are volunteering to improve educational facilities in the province and the government is expected to extend utmost cooperation to those. Although Sindh is the highest contributor to GDP, it still lags far behind other provinces in terms of education quality. It is high time that authorities initiated pragmatic policies to improve the school infrastructure for strengthening the prosperous future of upcoming generations.

7.2 Elimination of Un-treated Sewerage Wastewater in Irrigation Canals & Lakes

7.2.1 Introduction

Inadequate sanitation does not only affect human health, but also poses great threat to the environment and its habitats. At an estimate 80 percent of wastewater in countries all around the globe flow untreated into environments¹⁵. The abnormal release of nutrients such as nitrogen and phosphorous into the environment from untreated wastewater, deteriorates natural ecosystems and aquatic life. Goals 6 and 12 of the United Nations Sustainable Development Goals (SDGs) aim at achieving ample and equitable sanitation for all by 2030 besides, halving the proportion of untreated wastewater.

In Pakistan around two-third of the water supply for irrigation and domestic use comes from the Indus River and its associated tributaries. In Sindh there are three barrages built across the Indus River namely Guddu, Sukkur and Kotri. The water is diverted from the river into main canals through these barrages. Unfortunately, water of the Indus River and associated canals is heavily polluted due to the disposal of untreated sewage discharge at numerous areas in Sindh. Presently 90 percent of the wastewater containing pollutants in high concentration falls into the Indus River and its tributaries¹⁶. River water pollution has consistently increased because of factors like industrialization, urbanization and deplorable sanitation in the rural areas. Pollution of river and canals due to sewage water is not only spoiling the aquatic life and damaging agricultural land, but also public health in general. The continuous addition of untreated wastewater into the canal system has drastically affected river water utility for irrigation and drinking purposes. The only remedy lies in plugging the points of discharge and diverting them to the wastewater treatment plants before the effluents are added in alarming volume to the canals and lakes. The gravity of the problem can be gauged from various studies, wherein it has been found that life-threatening human pathogens carried by sewerage waste mixes directly into the irrigation system, thus causing diseases like cholera, typhoid, dysentery, schistosomiasis, hepatitis A, intestinal nematode infections and numerous others¹⁷.

The instant issue holds high socio-economic significance having direct impact on the public at large. The thematic analysis of the issue will help in assessing the impact of

¹⁵ www.downtoearth.org

¹⁶ Study on the Impact of Urban & Industrial Effluents of Hyderabad city on Freshwater Pinyari Canal (Research Journal of Quaid-e-Awam University of Engineering, Science & Technology, Volume 14, No. 2, July-Dec, 2015)

¹⁷ Study on Impact of affluents in Hyderabad, Tando Muhammad Khan & Matli on Phuleli Canal

service delivery and achievement of targets set through various government schemes for eliminating untreated sewage waste water into the irrigation system and lakes.

7.2.2 Background

The major work for the identification of sources of sewage discharge directly in irrigation canals & lakes started on the directives of the Water Commission of 2018. Subsequent to the publication of Commission's report, the feasibility study was prepared for the Master Plan to eliminate urban sewage, industrial waste and saline water discharging in irrigation canals and lakes of Sindh.

The feasibility report prepared by the Irrigation Department initially pointed out 729 points falling directly into irrigation channels carrying untreated waste, while 99 more such points were identified by Public Health Engineering & Rural Development Department (PHE) through a separate study. Thus, a total of 828 points had been identified for plugging and diverting the effluents to treatment plants before final disposal into freshwaters. Out of these, around 447 points fall under the jurisdiction of the Public Health Engineering Department of Sindh, whereas the rest of points pertain to Irrigation Department. Most of the untreated discharge of urban waste directly out falling in main irrigation canals was observed in Sukkur, Larkana and Hyderabad districts, whereas in other districts the effluent out fell in distributaries and minors of irrigation system.

The Government on the instructions of the Water Commission, 2018 initiated Phase-I of the project for the elimination of sewage discharge into irrigation canals & lakes in Sindh. Under this project 196 points had been identified as the source of high contamination. To eliminate these sources of contamination, 34 schemes in various districts of Sindh were launched under the umbrella project (Revised PC-I).

The schemes have been prepared by diverting the untreated wastewater into oxidation ponds by the PHE & RD Department through raising the height of drains and sewers. Besides, new schemes were also launched in pursuance of the project, wherein oxidation ponds would be constructed where sewage waste water is naturally treated by means of sedimentation, sunrays penetration and oxidation through the surface area.

Subsequent to the completion of these schemes, the irrigation canals used for supplying drinking water to urban areas and agricultural purposes would get rid of polluted sludge, thus bringing about a paradigm shift in the hygiene of society.

7.2.3 Establishing the Audit Theme

7.2.3.1 Reasons for Selection

The irrigation canals and various water bodies being the major source of drinking water and agricultural sustenance are severely affected due to the outfall of untreated sewage. At present the flow threshold of waste water in freshwater bodies is extremely high, thereby contaminating the same with various hazardous chemicals resulting in increased waterborne diseases and agricultural constraints.

The bacteriological contamination, presence of arsenic in the drinking water and uncontrolled discharge of effluents in the water reservoirs has not only affected surface water, but also groundwater for agricultural purposes. Municipal wastewater flows directly in irrigation channels and nearby natural water bodies. The treatment of sewage is either missing or not up to the regular standards. The unregulated outfall of sewage into irrigation canals and lakes has severely affected the Chemical Oxygen Demand (COD) & Bio-Chemical Oxygen Demand (BOD) values. As per the WHO standards for sewage waste falling into rivers, the BOD values should be less than 80 mg/l, whereas for COD values should not be more than 150 mg/l. In perspective of prevalent situation in the province, both these values reflect a bleak scenario¹⁸.

Apart from its multifaceted social implications, the issue is very much relevant to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda for global sustainable development to which Pakistan is also a signatory¹⁹. Details are tabulated as below:

SDG No.	Relevance of the theme with SDGs.	Target	Audit Entities	Formations Identified
6	Ensure availability and sustainable management of water and sanitation for all	Target 6.3: Improve water quality, waste water treatment and safe reuse	PHE & RDD	11
12	Ensure sustainable consumption and production patterns	Target 12.4: Responsible management of all wastes and reduce their release to air, water and soil		

To align with the SDGs, the Government of Sindh approved "Sindh Sanitation Policy 2017" with a vision statement "Safe and clean environment that is also nutrition-sensitive and hygienic". The policy establishes a clear linkage with the above specified

¹⁸ Study on Impact of effluents in Hyderabad, Tando Muhammad Khan & Matli on Phuleli Canal (Engineering, Technology & Applied Science Research Vol. 10, No. 1, 2020, 5281-5287)

¹⁹ sdgs.un.org

SDGs. It also recognizes the unsafe disposal of urban waste as the major cause of diarrhea and numerous water-borne diseases.

7.2.3.2 Purpose / Objectives

The overall purpose of audit is to assess the progress of PHE towards the achievement of targets as set out in various government documents for overcoming the issue of the wastewater flowing directly in irrigation canals and also to evaluate its preparedness towards vision 2030. The audit will also make scrutiny on test check basis of the selected schemes initiated by the government of Sindh to naturally treat the wastewater before it falls in the irrigation system. The instant thematic audit is expected not only to sensitize the executive & legislature for taking corrective measures in achieving the desired results, but will also help to create awareness among the general public.

The objectives of the audit are to determine the effectiveness of current policies, framework, rules and implementation of strategies regarding untreated discharge of wastewater into rivers and diverting it to the treatment plants before the effluents are mixed into canals and lakes. Moreover, audit will also check commitment towards the implementation of Agenda 2030, regulations set under Sindh Environmental Protection Agency and Sindh Sanitation Policy 2017 which are directly correlated with the topic of the theme.

7.2.3.3 Scope

Treatment of wastewater and sanitation is the mandate of PHE & RD Department, Government of Sindh in all the districts except Karachi & Hyderabad, wherein the same is being carried out by Karachi Water & Sewerage Board (KWSB) & Water & Sanitation Agency (WASA), Hyderabad respectively. The scope of theme was limited to the jurisdiction of PHE & RD Department only to the extent of treatment of untreated urban and rural waste directly out falling in irrigation canals and lakes, thereby polluting surface water bodies used for drinking and agriculture purposes.

The Government of Sindh has initiated various schemes for the elimination of untreated sewage. The work for plugging the source of untreated sewage waste points started after the issuance of the Water Commission Report in 2018. Based on this report, the project for "Elimination of untreated sewerage into irrigation canals - Phase-I" was started by the PHE Department. Under this umbrella project 196 points had been identified as a source of contamination. To eradicate these points of contamination, a total of 34 schemes were launched in various districts of Sindh by PHE & RD Department.

The thematic audit would focus on the achievement of targets regarding plugging various points/sources of untreated wastewater planned in Phase-I.

Keeping in view the limitations of scope, 11 formations have been identified for thematic audit. Following TORs were aligned with the scope:

- To assess the role and responsibilities of different government agencies.
- To assess the inter-departmental coordination between various government agencies.
- To review whether provincial framework aligned with SDGs.
- To evaluate implementation status of schemes in terms of cost and time over-run.
- To analyze gaps in planning, implementation and monitoring stages of various schemes.
- To evaluate non-achievement of set targets by the government despite utilization of funds.

7.2.4 Legal Framework governing the theme

The Government of Sindh approved Sindh Sanitation Policy 2017 to be implemented through the department of PHE & RD for better sanitation services. Target 4 of the policy aims at the creation and development of wastewater treatment mechanisms. In addition to this, Pakistan Approaches to Total Sanitation (PATS) 2010 sets the national sanitation policy with the same objective. The Sindh Sanitation policy is directly in conformity with the goals of PATS and United Nations SDGs for complete eradication of disposal of wastewater. Following major laws/policies of the federal and provincial governments govern the theme:

- Sindh Sanitation Policy 2017
- Pakistan Approaches to Total Sanitation (PATS) 2010
- Sindh Environmental Protection Act, 2014

7.2.5 Stakeholders and government organizations identified as directly/indirectly involved

- PHE & RD Department
- Irrigation Department
- Local Government Department
- Water & Sanitation Agency, Hyderabad

- District Administration
- Sindh Environmental Protection Agency

7.2.6 Role of important organizations

PHE & RD Department has been entrusted with planning, designing and executing water supply & drainage schemes in urban & rural areas of Sindh, with the exception of Karachi and Hyderabad. These two urban centers have their respective board and an agency responsible for overall monitoring of sanitation i.e. KWSB and WASA.

Over the years the operation & maintenance of rural-based schemes kept on shifting from one agency to another. Through Sindh Local Government Ordinance 2001 (SLGO) the responsibility of Operations & Maintenance (O&M) of all schemes was assigned to the respective Taluka Municipal Administration (TMA). Presently urban-based schemes are operated and maintained by the relevant Local Councils, whereas rural water supply and drainage schemes are being monitored by PHE & RD Department. The PHE & RD Department had been a part of the Local Government Department, but later on it was separated from the same and given an independent status as Secretariat.

7.2.7 Organization's Financials

The department of PHE & RD is a regular department of the Government of Sindh. The establishment charges are being paid from Demand No. SC21143 including the O&M expenditure for various ongoing treatment plants and relevant expenses. Whereas, the development expenditure is being charged through the department's development Demand No. SC12143 as well as by the District Government setup under Development Demand No. SC12167²⁰. The PC-I cost of the scheme “Elimination of Sewerage Discharging in Irrigation Canals and Lakes” under audit’s purview is Rs. 3764.64 million. The project is funded by the Government of Sindh and it does not involve any foreign or Public Sector Development Programme (PSDP) funds.

7.2.8 Field Audit Activity

7.2.8.1 Methodology

²⁰ Annual Budget Book 2020-21, Government of Sindh

The audit methodology is based upon the development of a questionnaire, wherein qualitative and quantitative aspects of the issue have been highlighted. The questionnaire has been segregated into two main parts: Section-I pertained to policy guidelines on the issue and Section-II embodies various aspects of the physical interventions carried out by the department. During the desk audit, the following documents were reviewed:

- Sindh Sanitation Policy 2017
- Sindh Environmental Protection Act, 2014
- PC-I documents for the Phase-I project
- Consultant progress reports on the project.

Based on desk review, the field audit teams visited the selected client formations responsible for the execution of schemes under Phase-I. The responses to the questionnaire were obtained from the selected formations. Further, vouchers selected on sampling basis regarding the project activity were scrutinized and observations were issued thereon. Useful and relevant data from the internet was also extracted to supplement the thematic audit exercise.

7.2.8.2 Audit Analysis

7.2.8.2.1 Review of Internal Controls

There are several laws on sanitation and environment protection like Sindh Sanitation Policy 2017 and Sindh Environmental Protection Act, 2014 which ordains the policy undertaken for treatment of sewage waste. However, due to the improper execution of the scheme "Elimination of untreated sewerage into irrigation canals- Phase-I", it appears that the department concerned has failed to ensure compliance with the above laws. Failure to comply with the relevant rules/policies reflects weak internal controls. Likewise, there has been a gap between planning and implementation procedures. This can be understood from the fact that the department started the execution of the schemes without ensuring that the land bought was 100 percent litigation-free. Consequently, the project is lingering on with only 40 percent physical progress made so far in contrast to lapse of the deadline²¹. Moreover, inability to take action against the contractors responsible for the long delay in completion of the project reflects weakness in the internal controls of the administrative department. In addition to above, the inability on part of the department to resolve the issue of encroachments on the project land also depicts ineffective and weak internal controls.

²¹ Progress Report of Phase – I

7.2.8.2.2 Critical Review

Planning of the sewage treatment schemes is marred by many problems. Some of the major short-comings have been highlighted in the instant report. Phase-I of the project has been approved for a revised cost of Rs. 3764.64 million for plugging 196 points with the execution of 34 drainage schemes in 13 districts of Sindh. Hitherto, only 79 points have been completed²². The project was required to be completed by June 2021. Nevertheless, the project is still ongoing and remains belated. The PC-I did not cover all the outfall points in urban and rural settlements as pointed out in the feasibility report. Plugging of rest of points has been proposed in Phase-II. Overall review of the project shows that out of Rs. 3764.64 million, an expenditure of Rs. 2582.70 million has been incurred in 13 districts of Sindh. Despite 69 percent expenditure made against the allocated budget, the progress made so far reflects a very dismal scenario vis-à-vis the expected benefits.

There exists a severe capacity issue of the oxidation ponds. Municipal sewage must be retained in oxidation ponds for a minimum of seven days for natural treatment of the wastewater. Hence, the ponds must be designed in such a way that the period between input and outflow is limited to minimum seven days. However, in Larkana and Shikarpur, retention period of the wastewater in oxidation ponds was less than seven days²³.

The designs of the schemes were devoid of the facility of treatment at many places. Surprisingly, the same has been approved by the Planning and Development Department (P & D), resulting to which the flow of untreated sewage mixed in the irrigation system. Due diligence was also not meticulously followed during the execution phase, as the executing agencies started civil works without earmarking the land for oxidation ponds.

As per the consultant's certificate, land was already available for most of the locations while for the rest, land was to be acquired²⁴. There were 16 major schemes in various districts for which land for oxidation ponds was to be acquired. Nevertheless, to the surprise of the audit, the same has not been acquired even after a passage of three and a half years. The project is mainly delayed due to the non-acquisition of land required for the oxidation ponds. In this context, lack of coordination among various

²² *ibid*

²³ Page No. 38, Water Commission Report, 2018

²⁴ PC-I of the Project "Elimination of Untreated Sewerage Waste"

departments especially the Revenue Department through Deputy Commissioners was the major reason for unresolved issue of the land. The gravity of non-acquisition of land was higher in Jamshoro and Badin districts. Hence, it was noticed that due diligence was not exercised by the management prior to initiating civil works. This shows that the execution of the project was not in conformity with pragmatic planning.

At several sites land for oxidation ponds was found to be encroached upon, but no coordination with the anti-encroachment force, police or revenue department has been made by the executing agencies. Large scale encroachment of oxidation ponds prevailed at most sites. Owing to the absence of effective monitoring and maintenance, the oxidation ponds usually turned non-functional after a nominal period. This encouraged the encroachers to illegally occupy the sites of oxidation ponds. Due to frequent encroaching activity on part of the land grabbers, the whole project has been jeopardized. In this context the presence of rampant encroachments in Moro and Tando Allahyar are worth mentioning²⁵. In order to achieve the maximum benefits of the project, the evacuation of the encroached sites is imperative.

It has been observed that sub-standard quality work was executed on the schemes. Supervision staff in district Kamber-Shahdadkot reported the same problem in black & white, but no action was taken by the management against the defaulting contractor²⁶. Likewise, the water commission has also highlighted in its report that poor quality compaction of the embankments of oxidation ponds was noticed in violation of the laid down standards in two districts i.e. Shikarpur and Larkana. It is for this reason that the oxidation ponds built so far became rapidly redundant. It clearly affirms that the works have been awarded on favoritism basis; because no action has been taken against the contractors who executed sub-standard work and no liquidity damage charges were consequently imposed on the contractors responsible for the abnormal delay in the completion of the schemes. Similarly, disbursement of huge payments against slow physical progress is a glaring example of favoritism to the contractors. Furthermore, it is pertinent to mention that no disciplinary action was taken against the relevant supervisory officers/officials of the department responsible for the sub-standard and delayed execution of schemes.

The federal and provincial governments have made policies for proper sanitation and optimum treatment of the sewage water. Sustainable Development Goal 6 is about "clean water and sanitation for all". Likewise, Sindh Sanitation Policy aims at "creating and developing wastewater treatment mechanisms". However, non-implementation of

²⁵ Page 33, Water Commission Report, 2018

²⁶ Thematic Audit Observation during audit of office of Executive Engineer, PHE, Kamber

these policies in true letter and spirit has hampered the prospects of achieving the relevant targets. Elimination of untreated sewage in irrigation canals has multifarious benefits for both the population and agriculture which is the backbone of the economy. However, the non-completion of the project against plugging of 196 points even after lapse of one year of the prescribed completion date speaks volumes of inefficiency on part of the administrative department. The target No. 4 of “Sindh Sanitation Policy 2017” aims at the creation and development of wastewater mechanisms to cover 75 percent of urban and 40 percent of rural areas by 2025. The department lags far behind in the achievement of intended target of plugging 828 total identified points. So far only 79 points have been plugged in Phase – I out of the 196 targeted points.

The basic drawbacks in the schemes continue to pose a threat to the population, livestock and agricultural sector in the shape of an outfall of 76.456 millions of gallons/day (MGD) wastewater in canals and rivers²⁷. The raw irrigation water is subsequently used as a source for most of the water supply schemes in the province. This aspect drastically affects human health because presence of harmful unicellular organisms for ex. E. coli, shigellosis and salmonella etc. in the wastewater cause diseases like typhoid fever, cholera and diarrhea. Wastewater also contains heavy metals and micro-pollutants which also pose serious threats to human health. Similarly, the polluted water is also not healthy for livestock because of specified toxic substances, consequently diseases in livestock have increased manifold and productivity of dairy farming has also decreased. Apart from this, the overall crop yield has also been affected due to which scarcity of food is likely to increase.

It is pertinent to mention that there are four sewage treatment plants in Hyderabad i.e. eastern, western, southern, and northern. All of these have been non-functional for a long time. Resultantly, wastewater of Hyderabad goes untreated into the irrigation system and lakes in the proximity. Irrigation Department conducted a study and found that more than 700 points of such outfall existed²⁸, whereby large volume of sewage wastewater flows in the irrigation system, thus making it toxic for the population, livestock and crop. This picture reflects a very dangerous scenario and if the remedial measures are not adopted timely the already precarious situation is likely to get worst.

Combined Effluent Treatment Plant (CETP), Kotri does not directly come under the purview of instant audit; however to a considerable extent it touches the central idea of the theme. Non-functioning of the CETP, Kotri has resulted in untreated industrial waste pouring into Kalari Baghar Feeder which has brought serious consequences unto

²⁷ PC-1 of “Elimination of untreated sewerage waste into canals and lakes” Phase – I

²⁸ Page 38, Water Commission Report, 2018

the population dwelling at its downstream. This situation has further aggravated the problems arising from sewage wastewater.

Main Nara Valley Drain feeds Manchhar Lake with fresh water. Unfortunately, the flow of municipal sewage into the MNV Drain has made it very toxic²⁹. Manchhar Lake is a freshwater lake, but gradually it has become health hazard for the population. The continuous flow of unacceptable limit of toxic water has destroyed the ecosystem and bio-diversity of the lake. This can be understood from the fact that the migratory birds flocking the lake have reduced a great deal by replacing their shelter elsewhere. Moreover, people have shifted away from the lake's periphery in search of alternate source of environmental sustenance.

An aquatic ecosystem encompasses an environment within and surrounding a body of water. Aquatic ecosystem comprises organisms that are dependent on each other and the habitat environment. The two main types of aquatic ecosystems are marine ecosystem and freshwater ecosystem. Irrigation system in Pakistan is based upon freshwater ecosystem. Aquatic ecosystems serve as natural sinks for the contaminants to a prescribed limitation. The untreated sewage waste from residential and industrial areas ultimately finds its way to aquatic environment. This results in the degradation of the water quality and leads to deterioration of aquatic environs. Water has a natural capacity to neutralize the contamination, but when contamination becomes rampant, this capacity starts diminishing. When potentially polluting effluents are released into a stream, a sequence of drastic ecological events occurs in time and distance. This leads to numerous environmental consequences like deterioration of natural river system, affecting both the flora and fauna.

Corollary to above, soil degradation is another cause of the sewage wastewater. Soil degradation is a process by which one or more potential ecological functions of the soil are harmed or destroyed. Soil degradation lowers the current and future capacity of the land to produce rich crops. Sewage water contains a high nutrient load, suspended solids, dissolved nitrates, pesticides, heavy metals and many other toxic materials. These hazardous substances affect the soil micro-flora, soil texture and quality of plantation. Their increasing environmental pressure on land leads to its degradation and pollution, which results in a partial or complete loss of productive capacity. Generally, wastewater is often treated and repurposed for use in irrigation. Chemicals that are harmful to crops may find their way to the soil when the wastewater is not properly treated. These chemicals cause the soil to yield fewer crops at a slower rate. There are three main barrages that cater to supply irrigation

²⁹ Page 125, Water Commission Report 2018

water for agriculture purpose. These include Gudu, Sukkur and Kotri barrages with command area of 2.179, 7.63 and 3.006 million acres respectively. The total command area of these barrages is 12.815 million acres³⁰. The quantum of sewage waste across the irrigation system is so voluminous that almost the entire command area is being affected due to soil degradation.

The authorities concerned have been heavily relying on the stereotype methods to curtail this menace. The overall bleak scenario regarding the promotion of scientific research in the country has been the major cause behind the dismal state of affairs. Advanced Pond System (APS) is a quantum leap over conventional oxidation ponds. They cover around the same area of land, but more effectively eliminate waste sludge, produce fewer odors and are capable of removing pathogens consistently. For example, conventional oxidation ponds treating domestic sewage produce median values for E. coli 400 times higher than APS. APS is also much easier to operate, more energy efficient and economical than mechanical treatment systems. The 'engine room' of the system is the High-Rate Pond, which promotes the growth of algae to produce huge quantities of oxygen which breaks down dissolved organic matter in a prolific manner. It also raises the pH of the pond and enhances the rate at which sunlight disinfects the wastewater. Apart from this efficient mechanism, there must be a myriad of methods available through which the irrigation canal system and lakes could be kept free of pollutants. The government's negligence in exploring such avenues and implementing innovative practices is beyond comprehension.

The endeavors taken by the government for inculcating general awareness among the all and sundry has been extremely negligible. The absence of organizing seminars on the gravity of the issue and its associated perils reflects casual attitude on part of the authorities concerned. Keeping in view the magnitude of the predicament and limited resources available to the government, a well-articulated mass alertness campaign would have been extremely beneficial in addressing the issue.

Last but not least, non-revision of the Composite Scheduled Rates 2012 is one of the integral reasons for sub-standard execution of work and non-completion of the schemes on time. The rates of items in the schedule are more than a decade old. The prices of materials have increased significantly, but the works are still awarded on outdated schedule rates by allowing premium. Owing to persistent fluctuation in the rates of materials, it becomes difficult for the contractors to cope with the time value of money during the execution period. Abrupt increase in the material rates during the execution of the work results in abandoning of the scheme. The absence of escalation

³⁰ Official web portal of Irrigation Department, Government of Sindh

clause in the agreements is one of the main reasons that renders the work economically impractical for the contractors.

7.2.8.2.3 Significant Audit Observations

7.2.8.2.3.1 Non-completion of Project

During the thematic audit, it was observed that as per PC-I for the project "Elimination of Sewerage Discharging in Irrigation Canals and Lakes in Sindh" the completion period of the scheme was 2 years, whereas the activity-wise work plan showed completion of the scheme in 12 months (copies of PC-I and Work Plan enclosed). The progress report revealed that out of 196 points (Phase I) only 79 points have been completed, thus transpiring that 40 percent of work was executed.

Audit is of the view that the non-execution of the scheme on time resulted in the time-over run which would increase the cost, consequently raising doubts at the viability of the project.

It is recommended that justification may be given for not completing the schemes on time besides, taking remedial measures.

7.2.8.2.3.2 Wasteful expenditure against nil physical progress - Rs. 164.735

During the thematic audit, it was observed that in 03 districts namely Badin, Matiari, and Tando Allahyar, 25 points were to be plugged at a total cost of 429.8 million as per PC-I. The scrutiny of the progress report revealed that the management made expenditure amounting to Rs. 164.735 million in these districts, but failed to plug even a single point.

Audit is of the view that the management made a huge expenditure against the schemes, but no evidence regarding physical progress of the work done was shared. This scenario reflects that the government money was subjected to waste.

It is recommended to initiate a detailed inquiry and report thereof be shared with audit.

7.2.8.2.3.3 Excess expenditure against slow physical progress of schemes

During the thematic audit, it was observed that the management made excess expenditure against the schemes, wherein the pace of work was slow. Subsequent to

scrutiny of the progress report of various schemes it was revealed that 70 percent payment was made against 40 percent of completed work.

Audit is of the view that excess payment made against incomplete work is held irregular and undue favor was extended to the contractors.

It is recommended to give justification regarding the excess payment made besides, fixing responsibility on the person(s) at fault.

7.2.8.2.3.4 Execution of sub-standard work - Rs. 12.67 million

During the thematic audit of the office of the Executive Engineer, Public Health Division, Kamber Shahdadt @ Kamber for the Financial Year 2020-2021, it was observed that an amount of Rs. 12.46 million was paid to the contractor M/s. Naseem Ahmad Shah for the work drainage scheme Qubo Saeed Khan, Shahdadt under "Elimination of sewerage discharging sewerage in Irrigation Canals and Lake in Sindh (Ph-1)". As per Site Engineer's letter no. SDC/99 dated 22/10/20; the quality of the work was not up to the mark. Despite the complaint by the relevant engineer, no action was taken against the contractor.

Audit is of the view that the management failed to safeguard the interest of the government by not taking action against the contractor who executed low quality work.

It is recommended to initiate inquiry besides, imposition of penalty on the contractor.

7.2.8.2.3.5 Wasteful expenditure due to non-acquisition of land for oxidation ponds – Rs. 573.901 million.

During the thematic audit of the office of the Executive Engineer Public Health Engineering Division Khairpur-I for the Financial Year 2020-21, it was observed that expenditure amounting to Rs.573.901 million was made against various works of scheme "Elimination of sewerage water into the irrigation canal-Phase-I", but the same remain still incomplete due to non-construction of oxidation ponds. More than 95 percent of civil work has been completed without acquiring land for oxidation ponds.

Audit is of the view that due to non-construction of oxidation ponds the real applicability of the scheme was rendered useless despite spending huge expenditure. Execution of civil works without acquiring land for oxidation ponds reflects negligence on part of the management.

It is recommended to initiate inquiry into the matter and report thereof be submitted to audit.

7.2.8.2.3.6 Non-achievement of targets due to slow progress

During the thematic audit of the office of the Executive Engineer Public Health Engineering, Khairpur-I for the Financial Year 2020-21, it was observed that an amount of Rs770.892 million was allocated for the scheme "Elimination of sewerage water into the irrigation canal-Phase-I" against which an expenditure of Rs.644.566 million was made.

Audit observed that only 46% of the work was executed, whereas the scheme was required to be completed in June 2020. Delay in non-completion of the scheme on timely basis resulted in over run cost.

Audit is of the view that non-completion of the scheme within the stipulated time reflects negligence on part of the management, consequently increasing the cost of the scheme.

It is recommended to fix responsibility on the person(s) at fault besides, taking remedial measures.

7.2.9 Departmental Responses

In response to the observation pertaining to 'non-completion of schemes' the department replied that due to non-availability of land and price escalation, the project has been delayed. However, PHE Division Khairpur has been handed over the required land, therefore the scheme in the district will be completed by June 2022.

The management did not furnish replies against the remaining observations.

7.2.10 Recommendations

- The government should take serious efforts to acquire land for the oxidation ponds. Without land, the schemes would be rendered futile and the civil

works executed so far will deteriorate over the period of time resulting in total loss of expenditure incurred so far.

- There has been rampant illegal encroachment on various sites of the project. Therefore, the PHE & RD Department should take serious efforts on war footing basis for removal of the same.
- It must be ensured that the execution of work is done as per the laid down standards of quality in accordance with PC-I. Moreover, timely completion of the delayed works should be given priority.
- The department should take action against the contractors responsible for sub-standard work. Liquidity damage charges may be imposed on the contractors against the abnormal delay in execution of works.
- Compliance with the laws, policies and SDGs is required to be adhered to in a diligent manner by means of effective monitoring.
- The oxidation ponds with a shorter retention period should be expanded to meet the prescribed criterion of natural treatment of waste within seven days. Regular maintenance and dredging of the oxidation ponds on punctual basis should be ensured.
- The department must take action where applicable, against the officers/officials responsible for delay and sub-standard execution of work.
- The water commission report has proposed viable and practical suggestions; implementation of the same will result in harnessing maximum benefits of the project.
- Revision of Composite Schedule of Rates 2012 is imperative in order to offer reasonable cost-benefit opportunities to contractors. This will result in timely and smooth execution of the schemes.

7.2.11 Conclusion

An efficient system for disposal of polluted and toxic wastewater ensures to maintain the prescribed health parameters and overall hygiene in a society. The flow of untreated sewage wastewater in the irrigation system and lakes is harmful to humans as well as the entire flora and fauna. The Sindh Sanitation Policy 2017 aligns itself with goals

and targets of SDGs, wherein hazardous waste is safely disposed-off on site or transported and treated away from the consumable water depositories. In this context, the government through PHE & RD Department started the scheme "Elimination of sewerage discharging in irrigation canals and rivers in Sindh" at the cost Rs. 3.76 billion in January 2019 with the completion period of 12 months as per the activity plan. However, subsequent to the audit exercise it was observed that the same has not been completed for various reasons like non-acquisition of land for oxidation ponds, encroachments, slow execution of work, slow funding, lack of internal controls to effectively execute the scheme, execution of substandard work and so on. Therefore, the precarious effects of sewage water on human health, livestock and agriculture have not been mitigated due to the non-completion of the schemes on time. This report has highlighted some suggestions to cope with the serious threat of untreated sewage in the irrigation system and lakes. It is high time that the Government of Sindh comes up with a concrete workable plan to address this pivotal issue, otherwise the society as a whole shall feel the burnt in the form of rampant spread of dangerous diseases in humans and livestock. It also affects the crop productivity as micro pollutants and metals present in the toxic water of river, canals and distribution branches lowers quality of yield. In case of no proactive action by the administrative authorities the effectiveness of sanitation policy and compliance with the relevant Sustainable Development Goals would result in an utter fiasco. The authorities concerned must start taking the issue seriously, contrary to which the public as a whole will be subjected to abject and miserable living conditions. A holistic appraisal of the sanitation policy on part of the PHE & RD Department has become the exigency of time, subsequent to which it could ascertain factors behind lost opportunities besides, adopting pragmatic remedial measures for attaining optimum results.

7.3 Conservation of Surface Water Resources in Sindh

7.3.1 Introduction

Water is one of the prime boons of Mother Nature. Not only does it supplement human life as a whole, but also of entire flora and fauna. In Sindh the conservation and management of water supply is crucial as the demand for water continues to rise. Indus river water plays a vital role in the agricultural economy of Sindh, but the dearth of its systematic supply and distribution reflects a bleak scenario to cater for the integral needs. The shortage of irrigation water has dealt a serious blow to the prospects of agricultural growth in Sindh and economic growth of the country in general. Water shortage problem is further aggravated with high variability of rainfall, evolving climate change and global warming. Owing to these factors the drought phenomenon (dry year) is likely to occur in 4 out of 10 years instead of 3 out of 10 years previously. This scenario affected crops, livestock and human life. The effect on crop yield has been drastic; resulting in loss of around Rs.15 billion per year including the total loss of crops in more than 1 million acres of Barani (rain-fed) areas in Sindh province only. This alarming situation requires diligent efforts from the policy makers to pragmatically ponder upon the human, agricultural and economic development of the region.

For optimum management of this precious resource, responsibility of the water sector is shared between federal and provincial bodies. The large inter-provincial dams are controlled by Water and Power Development Authority (WAPDA). Irrigation and drainage up to the field canal intake is managed by the Irrigation Department, Government of Sindh, whereas watercourses and farm activities are administered by the Agriculture Department, Government of Sindh. In 2000 the Federal Government transferred the responsibility for management and development of water resources to Provincial Governments. For comprehension of the thematic issue, it is imperative to examine the topography of Sindh. The total geographic area of Sindh³¹ is 140,914 km² (34.82 million acres), out of which 26.96 million acres³² come under irrigation canal command and remaining 6.91 to 7.9 million acres are called Arid Areas.

The instant report based upon thematic paradigm, aims at highlighting some of the key issues relevant to the management of surface water resources, conveyance inefficiency of canal system and non-harnessing of rain water in arid zones of Sindh while emphasizing on the financial propriety with respect to the expenditure made.

³¹ Pakistan Bureau of Statistics, Government of Pakistan.

³² Irrigation Department, Government of Sindh.

7.3.2 Background

Sindh irrigation canal command zone consists of 3 barrages, 14 main canal systems encompassing 21,294 km of canals of which 1,976 km are main canals³³. There are some 43,000 water courses. Total cultivated area of Sindh province is around 9.02 million acres feet. Per year average surface water use is estimated at 46.2 million acre-feet out of which 96.8 percent and 1.6 percent is utilized by agriculture and industrial sectors respectively, whereas 1.6 percent is consumed for domestic use. Groundwater abstraction for agriculture has been roughly estimated at 5 MAF/year. Irrigation Department is responsible for bulk water supply for rural and urban drinking water across the province. One of the major problems in irrigation canal command zone is water conveyance inefficiency in canal command area. It is estimated that, 25.32 percent water is lost due to seepage in canals, distributaries and minor channels before reaching agriculture farms, thus creating water logging and salinity. The overall stage wise system efficiency till minors and distributaries is reflected below³⁴:

Total Diversions Surface Water / Canals	Losses in Main Canals 10.79%	Losses in Distributaries and Minors 14.53%	Total Losses 25.32%
46.2 MAF	4.98 MAF	6.71 MAF	11.96

In order to help mitigate the scarcity of surface water, Government of Sindh has initiated various schemes for lining of canals/minors/distributaries.

Apart from the Sindh irrigation canal command zone, considerable area of Sindh comprises Arid Zone. The Arid Area of around 6.9 to 7.9 million acres includes Natural Forests, Bare Areas, Wetlands, Thar and Nara Desert on eastern side and Kohistan / Khirthar Range and Foot Hills on western side. The Arid Area of Sindh is totally dependent on rain and ground water. The fluctuating rain patterns cause serious droughts in the area. The total population of the specified region is estimated around 1.30 million people, out of which 95 percent are believed to be living below poverty line. The dry periods cause migrations towards barrage command areas. There have been around 11 droughts recorded in these areas since 1970's. At an average 127 human lives are lost during droughts due to mal nutrition and numerous diseases. Livestock is the main source of bread and butter, having the count around 5.0 Million, out of which 30,000 are known to perish in dry seasons. During monsoon ample

³³ Irrigation Department, Government of Sindh.

³⁴ World Bank report for irrigation channels conveyance efficiency.

volume of water is available, but it flows out through hill torrents and natural water ways resulting in wastage.

In Arid Zone the government has undertaken various projects for constructing small dams across the potential torrent sites in Kohistan and Nagarparkar areas of Sindh. These projects will help to supplement ground water recharge, storage of flood water for irrigation, augmenting drinking and agriculture reserves and development of cattle farms in the area. The instant thematic audit embodies the review of policies and tangible endeavors on part of the government to conserve and manage ground water resources.

7.3.3 Establishing the Audit theme

7.3.3.1 Reason of selection

The subject theme is selected on the basis of its direct relevance to the Sustainable Development Goals (SDGs) and has also been given priority by the Government of Sindh. The theme comes under the fold of following SDG goals:

Goal 2 - End hunger, achieve food security, improve nutrition and promote sustainable agriculture.

- Target 2.4: Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production.

Goal 6 - Ensure availability and sustainable management of water and sanitation for all.

- Target 6.4: Increase water-use efficiency and ensure freshwater supplies.
- Target 6.5: Implement integrated water resources management at all levels.

7.3.3.2 Purpose/Objectives

Audit objective includes to determine the effectiveness of government policies and measures taken towards conservation and proper utilization of surface water resources of Sindh. The report will highlight various significant issues such as:

- Physical interventions by Irrigation Department and their outcomes in terms of conservation of water and enhancing conveyance efficiency.

- Implementation status of schemes in terms of monitoring, cost and time over-run etc. for conservation of water resources.
- Impact of Cement Concrete (C.C) lining project of 109 earthen channels in Priority-I.
- Impact of small dams in conserving water resources and ground recharge.
- Pragmatic utilization of budget for lining of distributaries and minors in Sindh and small dams.
- Role of various government agencies and stakeholders along with ascertaining their responsibilities and obligations.
- Analysis of endeavours and accomplishments on part of the government in pursuance of relevant SDGs set by the United Nations (UN).

7.3.3.3 Scope

One of the prime responsibilities of Irrigation Department, Government of Sindh in canal command area is to efficiently transmit the irrigation water from the source to farm gate by controlling substantial losses encountered through seepage from the earthen channels. The percolation phenomenon causes great damage as it contributes towards building up sub-soil water level which in turn gives rise to water logging, thus severely disturbing the supply of water to Arid Zone.

In canal command zone, the following project was selected where major lining of work was initiated to minimize the conveyance losses:

- PD lining of Distributaries and Minors in Sindh.

In Arid Zone the following three divisions under Chief Engineer Small Dams were selected for the theme:

- Small Dams Kohistan-I, District Dadu.
- Small Dams Kohistan-II, District Dadu.
- Small Dams Nagarparkar, District Mithi.

The following ToRs were formulated in alignment with the scope of subject theme:

- To determine existence of provincial water policy in pursuance of National Water Policy and its implementation thereof.
- To review conservation status of water used for agriculture & drinking purpose through increase in rainwater storage.

- To review conservation of water by means of lining of distributaries and minors.
- To evaluate implementation status of such policies, especially in terms of monitoring, cost and time over-run against the intended objectives.
- To review the impact of small dams in arid zone on agriculture and human habitat.
- To review budgetary allocations for lining and small dams by the government.
- To analyze gaps in planning, implementation, monitoring and evaluation stages of various schemes.

7.3.4 Legal framework governing the theme

- Sindh Irrigation Act, 1879
- Irrigation Management Strategy of Sindh, 2016
- National Water Policy, 2018
- Spate Irrigation – Small Dams Initiatives in arid zone of Sindh
- Sindh Public Procurement Act, 2009

7.3.5 Stakeholders and governmental organization identified as directly /indirectly involved

- Federal Government
- Provincial Government
- Local Government
- Local population

7.3.6 Role of important organizations

The Irrigation Department, Government of Sindh is responsible for operation and maintenance of the irrigation and flood protection system, regulating flow of Indus River, canal systems covering Inter Provincial and Intra Provincial Systems, rain water harvesting by construction of small dams, execution of development schemes and mega projects.

Finance Division of Federal Government and Finance Department, Sindh is responsible for managing fiscal matters relevant to budgetary allocations.

Planning & Development Department, Government of Sindh through Monitoring & Evaluation Cell caters to approval, monitoring, verification of physical & financial progress of development schemes besides, coordinating in PSDP projects executed by GOS.

Planning Commission of Pakistan is the financial and public policy development institution of the Government of Pakistan. The Planning Commission undertakes research studies and conceives policy development initiatives for the growth of national economy and expansion of the public and state infrastructure of the country.

7.3.7 Organization’s Financials

The project Lining of Distributaries & Minors in Sindh was sponsored by the Federal Government of Pakistan and was included in the five years rolling plan 2001-2002 to 2005-2006. The original PC-I of the project was approved by the Executive Committee of the National Economic Council (ECNEC) for Rs.12,445.000 million in February, 2004. Later on, revised PC-I was approved in 2008 with the cost of Rs13,828.000 million. So far, an expenditure of Rs11801.281 million has been incurred till June 2021. Out of the total project cost, 89% of development component was financed by the Federal Government and the remaining 11% was funded by the Government of Sindh in the form of revenue component. The Federal Government decided to clear liabilities against the work executed till June 2019. Rest of the project shall be funded by the Government of Sindh and execution of the same would be the responsibility of Irrigation Department.

(Rs in million)

Name of the Project	Original PC-I Cost (2004)	Revised PC-I Cost (2008)	GoP/GoS % share	Up-to-date expenditure
Lining of Distributaries and Minors	12,445	13,828	89/11	11801.281

The Irrigation Department, Government of Sindh launched small dam project in 2007 by establishing Sindh Small Dams Organization to meet the demand of irrigation and potable water in suburban and remote areas of Sindh. The project aimed at constructing small dams, delay action dams, weirs and barriers across the river passages for storage and recharge of sub surface water.

The up-to-date status³⁵ of the progress made by the Sindh Small Dams Organization is as under:

(Rs. in million)

Sr#	Division	Completed Dams		On-going Dams		PC-I under process	Budget Allocation in last 05 Years	Expenditure in last 05 Years
		ADP	PSD P	ADP	PSDP			
1	Small Dams Division Nagarparkar @ Mithi	10	08	07	02	04	2,981.324	2,981.260
2	Small Dams Division Kohistan-I Dadu	12	06	05	05	04	4,854.830	4,685.390
3	Small Dams Division Kohistan-II Jamshoro	12	12	02	02	03	6,170.262	4,376.354
Sub-Total		34	26	14	09			14,006.416
Total		60		23		11		

7.3.8 Field Audit Activity

7.3.8.1 Methodology

The audit methodology is based upon the development of questionnaires. The entities, however submitted relevant data in tabular form rather than filling the questionnaires. Moreover, audit also utilized the satellite-based tool i.e. Normalized Difference Vegetation Index (NDVI) to analyze the impact on vegetation. NDVI is a graphical indicator that helps to differentiate vegetation from other types of land cover (artificial) and determine its overall state. It also allows visualizing vegetated areas on the map as well as detecting abnormal changes in the growth process. Furthermore, Google Earth was also referred to identify the radius area of vegetation.

³⁵ Irrigation Department, Government of Sindh.

Earth map³⁶ (web based IT tool) was used to generate NDVI for locating the coordinates of the lining and dam sites. During the desk audit, following documents were reviewed:

- ✓ PC-I of Small Dams.
- ✓ PC-I (Original & Modified) of lining of distributaries and minors in Sindh.
- ✓ Consultant progress reports of the schemes.

Subsequent to desk audit, the field audit teams visited the selected client formations responsible for execution of schemes. Further, vouchers selected on sampling basis regarding the project activity were scrutinized and observations were issued thereon. Useful and relevant data from the internet was also extracted to supplement the thematic audit exercise.

7.3.8.2 Audit Analysis

7.3.8.2.1 Review of Internal Controls

Audit scrutinized various documents of the projects in order to review internal control mechanism prevalent in the department. On scrutiny, it was observed that there was no proper internal audit mechanism to check excess payments. It was also observed that there was no effective project monitoring mechanism to ensure timely execution of the work and taking action against the contractors responsible for delayed work. Moreover, there was no effective financial management to check irregularities. Another important factor that was missing in internal control mechanism was non preparation of PC-IV (project closure report) for the projects completed.

7.3.8.2.2 Critical Review

The Federal Water Policy was framed in 2018 to resolve emerging water issues and provide a comprehensive policy framework and guidelines to provinces on water resources management. Though water is a national responsibility, but agriculture, irrigation, rural and urban water supply and other relevant sub-sectors are provincial subjects. The provinces were required to frame their respective water policies in synthesis with the provincial needs. In this regard, Punjab framed its water policy in 2018 and KPK enacted Water Act in 2020. However, Sindh has still not framed its water policy resulting in haphazard management of water resources, thus hampering

³⁶ Earthmap.org is a tool for quick historical environmental and climate analysis based on Google Earth and developed within Food and Agriculture Organization of the United Nations.

the prospects to meet the targets of Sustainable Development Goals (SDGs). In the absence of a comprehensive provincial water policy the proportionate distribution of water resources for drinking, agriculture and industrial purposes as per actual requirements could not be ascertained.

The Government of Sindh started several projects for lining canal and distributaries for conservation of water however, audit selected PSDP and ADP funded project of lining of distributaries and minors (below 200 cusecs) to review the impact and achievements in relation to conservation of water. As per revised PC-I of the project “Lining of Distributaries and Minors” the irrigation department divided the targets on priority-wise basis. Priority-I of the project involved lining of 109 channels in order to conserve 927 cusecs of water wasted during conveyance through earthen channels. The Executive Committee of National Economic Council (ECNEC) approved the project in 2004, which was scheduled to be completed in 48 months as per original PC-I. The project could not be completed despite extensions allowed periodically and now it is expected to be completed in 2023. Moreover, since the start of project, out of 88 works, execution on 56 channels was completed while the work on 32 channels remains suspended since June, 2013. This has resulted in non-completion of the project even after a lapse of 14 years.

Expenditure (Rs. in million)	Project Area (Channels)	Work Awarded on Channels	Work completed on Channels	Work suspended on Channels	Work not awarded on Channels	Water Saving		
						Target	Actual	Shortfall
11801.281	109	88	56	32	21	927	457	470

The progress report of the Irrigation Department revealed that the lining work on Kalhora Minor was completed on 12-07-2011. However, google earth revealed that no CC structure appeared on the minor till January 2014 and time imagery reflected abnormal growth of bushes on the walls of the channel.

The lining work on 25 channels in Shaheed Benazirabad and Naushahro Feroze was completed, whereas work on 24 channels has remained suspended since 2013. The NDVI Landsat (30m) index reflects some positive impact on the vegetation due to completion of 25 channels, however timely completion of all 49 channels would have resulted in saving of water during conveyance, consequently enhancing the agriculture activity further.

Ground water is recharged by the fresh water flowing in irrigation system. The process of ground water recharge starts with flow of water in river, canals, distributaries, minors and water courses. However, due to lining of distributaries and minors, water table in those areas has subsided owing to its continuous usage and non-recharge of ground water. Lining of Labano distributary in district Shikarpur reflects no significant changes in the vegetation. As a matter of fact, the seepages from canals recharge the aquifers resulting to which ground water becomes consumable for drinking and agriculture purposes. The cropland index for the years 2007-2012 revealed that entire land in the surrounding of Labano distributary was rainfed and drinking water for nearby villages Khandu, Khundo Unar, Unran, Sona was extracted through hand pumps and tube-wells where ground was recharged through seepage from the distributary. After Cement Concrete (C.C.) lining in December 2010, the ground water level has subsided resulting in adverse impact on availability of drinking water.

One of the demerits of lining is short supply of water to tail of canal. Normally due to flow of water, the silt is distributed equally throughout the bed and sides of the canal. However, after lining, scouring water carries the silt towards end of canal resulting in less supply of water to the tail end.

According to the Irrigation Training and Research Center³⁷ (ITRC), USA, lining of channels is an expensive option. A single crack in the concrete structure may result in gradual deterioration of lined structure thus causing wastage of whole expenditure. There are various studies conducted by the ITRC which prove that life of concrete structures is short, whereas the modern technique of compaction rammers reduces the seepage by 86 percent to 89 percent.

Audit observed instances of weak financial management controls in the project. One such example reveals that the management paid escalation charges to the extent of 40 percent against the actual work done. As per Economic Survey of Pakistan for the corresponding year, there was an overall 7 percent increase in the cost of construction material. Hence, by allowing excessive escalation charges undue favor was extended to the contractors. There were many schemes which were left incomplete by the contractors, but the payments against the same were released periodically. Due to abandonment of schemes, the purpose for which these were initiated could not be fulfilled resulting in wastage of expenditure made so far. On numerous instances, it was also found that security deposit was refunded to the contractors against incomplete

³⁷ www.itrc.org

works. Majority of the works remained incomplete or were delayed in contrast to the stipulated period of completion. Despite this violation on part of the contractors the management did not impose any penalty as per the prescribed rules. This clearly reflects negligence on part of the management in terms of exercising financial discipline.

Further, non-revision of the Composite Scheduled Rates, 2012 is one of the integral reasons for sub-standard execution of work and non-completion of the schemes on time. The rates of items in the schedule are more than a decade old. The prices of materials have increased significantly, but the works are still awarded on outdated schedule rates by allowing premium. Owing to persistent fluctuation in the rates of materials, it becomes difficult for the contractors to cope with the time value of money during the execution period. Abrupt increase in the material rates during the execution of the work results in abandoning of the scheme. The absence of escalation clause in the agreements is one of the main reasons that renders the work economically impractical for the contractors.

Another initiative taken by the government in pursuance of conservation of surface water was construction of small dams in arid zone to increase habitat, agriculture and recharge of ground water. However, the Normalized Difference Vegetation Index (NDVI) of the locations selected for dams reflects no significant improvement in the vegetation within their respective periphery.

On several locations it was observed that the dam sites were not selected properly. The Ghartiari Dam, Ranpur Dam and Surachand Dam were constructed within a radius of 04 kms in Nagarparkar area. The dams could not be filled up to their full capacity at the same time because of insufficient flow of rain water from Karoonjhar Hills. It was observed that there was no significant volume of stored rain water in the dams to raise the vegetation of the area. Hence, no major contribution of the dams to cope with dry season was witnessed.

Lakar Khadio Dam was constructed to receive rain water from Karoonjhar Hills, however, the NDVI within a radius of 04 kms reveals that there was continuous downward trend in vegetation, which shows that there was not enough flow of rain water from the hills to fill the dam.

Similarly, NDVI of the Khane-Jo-Wandhio dam and Bhanan-Jo-Wandhio dam reveals that the vegetation index prior to the construction of the dams reflected a satisfactory

scenario. As per the expectations, the dams could not be filled with water due to which there was a decline in the index and no productive change in the vegetation was noted.

The google earth time imagery reveals that Dadvero Dam was constructed approximately 0.5 km away from natural depression area of water storage, fed through rainfall which was approximately 0.23 sq.km. Thus, in the presence of a natural storage, which was almost twice the area of the Dadvero dam i.e. approximately 0.12 sq.km, the construction of dam therein seems questionable.

According to google earth timeline imagery, a fully constructed dam appeared prior to October, 2009. In 2017 a new extended structure/barrier namely Miskeen Jahan Khan Dam was constructed behind the previous dam, which was actually a protection wall. However, the dam was never filled to its full capacity. The water capacity of the dam was not improved after constructing retaining wall, hence expenditure on a new structure was rendered futile. The NDVI time series data within radius of 4 kilometers of the dam for the years 2010-2018 reveals that the vegetation index decreased on yearly basis which means that the prospects of sufficient rain water within the specified area were low and despite that additional structure in the form of barrier was constructed.

Similarly, Dhal Dam, at Kirthar Range is situated 28 kilometers northwest of Rani Kot dam. The NDVI index shows that major decline was observed in vegetation after construction of dam in 2018. The index was quite higher before the construction of this structure, but the same experienced a steep decline immediately after commissioning of the dam. As per satellite imagery analysis, the dam was constructed on hill torrent through which rain water used to flow into Manchar lake. The lake had already been facing severe shortage of fresh water supplies. Subsequent to the construction of Dhal Dam, quality of lake water was adversely affected due to suspension of fresh water supplies.

The Taki Dam was constructed at upstream Wahi Pandhi near Drigh Bala. The Google Earth Timeline imageries show that construction started in 2010 and was completed in 2013. The NDVI analysis showed that, the vegetative index remained flat during the years 2011 to 2019. The results substantiate that even after construction of dam in 2013 there was no significant changes in the vegetation index despite normal rains. This dam was also constructed on hill torrent through which rain water used to flow into Manchar lake. Subsequent to the construction of the dam, the quality of lake's water has further deteriorated.

The Dhadhar Dam is constructed in upper Kohistan. As per the NDVI readings, the vegetative expanse was observed to be higher prior to the construction of dam. It clearly reflects that no benefit was extended to agriculture prospects with the construction of the dam. It was also noted that with the construction of the dam the supply of fresh water through hill torrents to Hamal Lake has been interrupted.

Besides above, audit also observed that there was no proper testing mechanism to quantify ground water increase in the areas where dams had been constructed. The department conducted tests to check recharge of ground water on few locations only. In the absence of proper testing mechanism, it was difficult to assess the intended targets and benefits.

7.3.8.2.3 Significant Audit Observations

7.3.8.2.3.1 Delay in completion of scheme resulted into cost and time over-run

During the thematic audit of Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad it was observed that project was approved with a revised cost of Rs13828.322 million for lining of 109 channels. However, progress report revealed that so far 56 channels have been completed at a total cost of Rs. Rs11,801.281 million whereas, work on 32 channels was abandoned by the contractors while works for 21 channels were not awarded yet. For the completion of pending 32 channels, there was an additional requirement of Rs. 4059.807 million. Hence the projected expenditure raised to Rs. 15861.281 million with excess cost over run of Rs. 3049.110 million beyond revised PC-I cost. Further, despite lapse of fourteen years from approval of PC-I in 2004, the management failed to complete the project which was included in the Medium-Term Development Framework (MTDF) 2005-2010 extended till year 2013. Detail is as under:

Expenditure (Rs. in million)	Project Area (Channels)	Work Awarded on Channels	Work completed on Channels	Work suspended on Channels	Work not awarded on Channels
11801.281	109	88	56	32	21

Audit is of the view that un-reasonable delay in the completion of project resulted into cost and time over-run which reflects poor project management.

It is recommended that justification of the matter be given besides taking remedial measures.

7.3.8.2.3.2 Wasteful expenditure by abandoned schemes on lining - Rs. 1,518.908 million

During the thematic audit of Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad it was observed that expenditure amounting to Rs. 1518.908 million was incurred against various schemes. However, work on 32 channels were abandoned by the contractors due to non-release of additional funds since June, 2013.

Audit is of the view that due to leaving the schemes incomplete, it resulted in wasteful incurrence of expenditure.

It is recommended that inquiry may be conducted into the matter.

7.3.8.2.3.3 Un-justified expenditure on consultancy services beyond PC-I - Rs. 353.311 million

During the thematic audit of Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad it was observed that management paid an amount of Rs. 730.641 million to M/s NESPAK-ECIL (J.V) for consultancy services for Lining of distributaries & minors in Sindh against the PC-I provision of Rs. 377.330 million. This resulted in 92.18% excess over the cost provision in PC-I with a financial effect of Rs. 353.311 million.

Audit holds the view that deviation from prescribed limit resulted in un-justified payment to the consultants which constitutes weak financial management and internal controls.

It is recommended that matter be justified besides regularization of the additional expenditure.

7.3.8.2.3.4 Non-taking action against contractors on abandoned schemes - Rs. 157.609 million

During the thematic audit of various offices of Small Dam Divisions, it was observed that various works amounting to Rs. 157.609.765 million were not executed by the

different contractors, however no action was taken against them. This resulted in non-fulfilment of set goals and objectives of the scheme. Detail is as under:

(Rs. in million)

AIR Para No.	Name of offices	Amount
2	Executive Engineer, Small Dams Division Nagarparkar, Mithi	54.844
2	Executive Engineer Small Dams Division, Kohistan-II, District Dadu	102.765
	Total	157.609

Audit is of the view that management failed to take action against contractors, who abandoned the schemes without completion.

Audit requires justification of the matter besides taking remedial measures.

7.3.8.2.3.5 Non-preparation of PC-IV & PC-V of the completed schemes - Rs. 6,675.371million

During the thematic audit of various offices of Small Dam Divisions, it was observed that 22 small dams/weirs were completed with a cost of Rs. 6,675.371 million during last five years but work completion reports (PC-IV) and Evaluation Report (PC-V) were not prepared for ascertaining completion/performance and handing-taking over of assets of the projects. Detail is as under:

(Rs. in million)

AIR Para No.	Name of offices	Amount
2	Executive Engineer Small Dams Division, Kohistan-I, District Dadu	3,435.018
3	Executive Engineer Small Dams Division, Kohistan-II, District Dadu	3,240.353
	Total	6,675.371

Audit is of the view that due to non-preparation of completion reports (PC-IV and PC-V) performance of the projects cannot be evaluated.

It is recommended that PC-IV and PC-V of all completed small dams/weirs be prepared to evaluate performance of the projects.

7.3.8.2.3.6 Completion of schemes without conducting environmental impact assessment

During the thematic audit of various offices of Small Dam Divisions, it was observed that 22 schemes amounting to Rs1,523.721 million were completed without conducting environmental impact assessment. Details is as under:

(Rs. in million)

AIR Para No.	Name of office	Amount
4	Executive Engineer Small Dams Division, Kohistan-I, District Dadu	1,080.946
5	Executive Engineer Small Dams Division, Kohistan-II, District Dadu	442.775
	Total	1,523.721

Audit holds the view that initiation of schemes prior to conducting of environmental impact assessment could result into adverse impact on the surrounding of the dam.

It is recommended that justification of the matter be given.

7.3.8.2.3.7 Non-maintenance of information on conservation of water and its benefits

During the thematic audit of various offices of Small Dam Divisions, it was observed that management did not maintain record/data regarding conservation of rain water through small dams/weirs and its benefits to targeted population.

Audit holds the view that without maintaining year wise data regarding conservation of rain water, the authenticity of achievement of the targets and its benefits to public cannot be ascertained.

It is recommended that year wise data of conservation of rainfall water through small dams/weirs and its overall impact on the population of the vicinity, after completion of the dam be maintained.

7.3.9 Departmental Responses

The management, against the observation of non-preparation of PC-IV & V, replied that PC-IV of the 11 Small Dams had been prepared and PC-V was under preparation by the G-3 consultants.

The management, against the observation of non-taking action against contractors on abandoned schemes, replied that construction of Umeed Jo Wandio dam was under litigation due to public protest on lifting of earth and prevailing court ban on lifting of stone from Karoonjhar Hills. Moreover, owing to some issues pertaining to the locals against dam sites and heavy rain fall in 2020, roads were disconnected and it was

impossible to supply construction materials on site. Therefore, the contractors were not at fault.

The management did not furnish replies against the remaining observations.

7.3.10 Recommendations

- Option of lining should be considered for only those distributaries and minors where ground water is brackish in the vicinity.
- Proper monitoring is extremely vital for the success of these mega projects. It ensures checks and balances on the execution of the civil work. In the instant case no dedicated project monitoring team was engaged.
- Since the life of concrete lining is short therefore, it is recommended that the administrative department should consider other viable and economical methods being practiced worldwide.
- The management must introduce an effective internal audit mechanism. An effective internal audit ensures transparency in financial monitoring and avoids irregular payments.
- Repeated violations of the procurement rules have been observed by the audit. Hence, the department must adhere to the rules in letter and spirit.
- Proper mechanism should be developed for selecting sites for the dams in order to obtain maximum utility of the available resources.
- The relevant authorities must maintain proper record/data regarding conservation of rain water through small dams/weirs and its benefits to targeted population.
- The management should establish a comprehensive mechanism to check the water table level in the areas where dams are to be constructed.
- The management must ensure the preparation of PC-IV and PC-V against each project in order to ascertain their viability and proper transfer of assets.

- Revision of Composite Schedule of Rates, 2012 is imperative in order to offer reasonable cost benefit opportunities to the contractors, which will result in timely and smooth execution of schemes.

7.3.11 Conclusion

The depletion of water resources at a rapid pace is posing severe threat to country's security, stability and sustainability. In Sindh alike other provinces, a considerable volume of water is wasted due to seepage in distributaries and minors of the irrigation system. The project "Lining of Distributaries and Minors" was started to conserve 927 cusecs of water that got wasted through line losses of irrigation system. The provincial government also approved the project "Construction of Small Dams" to conserve water for the drought ridden areas and recharge of ground water. Due to poor management, the chances of efficient and timely execution of both the projects are dismal. In pursuance of the targets envisaged in Sustainable Development Goal No 6, the commitment and endeavours on part of the government do not seem to be adequate. Audit findings revealed that delay in the timely execution of work, substandard construction, haphazard planning, lack of coordination and funding constraints have been the integral causes of unrestrained water wastage. During the audit exercise it was found that despite engagement of enormous financial and human resources, the end results have not been satisfactory. Audit noticed that from the year 2004 to 2021, there has been continuous wastage of water due to non-completion of the projects. It was observed that construction of dams on several locations was not feasible as no significant change in the vegetation index graph was witnessed. Likewise lining of all distributaries and minors should have been limited to the areas with high volume of under-ground saline water to prevent mixing of the same with sweet water. On the other hand, lining carried out in sweet water zones would prevent recharge of aquifers. Moreover, the C.C. lining has short durability as is evident from google imagery of Bhambha distributary in Jamshoro district where C.C. structure cracked within a nominal period of its construction. In short, the government needs to employ smarter and eco-friendly practices. Innovative methods in water conservation and rain water harvesting should be adopted. However, utmost diligence and meticulous planning should be exercised in making these innovative practices cost effective and accessible.

Memorandum for Departmental Accounts Committee (MFDAC)-Annex-A

Sr. #	Name of Department & Observation	Nature of Irregularity
1	Development Authorities	
Hyderabad Development Authority		
1	Irregular purchase of vehicles - Rs. 7.480 million	Procurement Related irregularities
2	Irregular operating of current bank account instead of PLS	Management of Accounts with Commercial banks
3	Irregular maintenance of bank accounts in private banks	Management of Accounts with Commercial banks
4	Non-recovery of loan from WASA & WSSP- Rs. 112.746 million	Others
5	Non-achievement of revenue target - Rs. 721.071 million	Others
6	Non-functional/operational of treatment plants	Others
7	Non-accountal and auction of trees	Others
8	Non-completion of Gulistan-e-Sarmast Housing Scheme	Others
9	Expenditure without approval of budget from Government- Rs. 1,296.456 million	Others
10	Non-deduction of voids - Rs. 0.449 million	Others
11	Non-deposit of deducted taxes - Rs. 0.533 million	Others
Karachi Development Authority		
1	Unauthorized creation of Pensioner's Liability- Rs. 2183.303 million	HR/Employee related irregularities
2	Wasteful expenditure on salaries of employees of non-functioning office - Rs. 11.201 million	HR/Employee related irregularities
3	Irregular payment of salary to contract/work charge employees - Rs. 0.41 million	HR/Employee related irregularities
4	Non-framing rules and regulations for delegation of powers to the Director General	HR/Employee related irregularities
5	Doubtful Variation in Monthly Pension Payment	HR/Employee related irregularities
6	Issuing of road cutting estimates without rate analysis- Rs. 111.396 million	Procurement related irregularities
7	Execution of the project beyond PC-I & non-preparation of the revised PC-I of the project - Rs. 62 million	Procurement related irregularities
8	Irregular payment to contractors without job mix formula (JMF) - Rs. 51.875 million	Procurement related irregularities

Sr. #	Name of Department & Observation	Nature of Irregularity
9	Irregular expenditure on non-scheduled items - Rs. 32.768 million	Procurement related irregularities
10	Doubtful payment on account of extra lead - Rs. 2.618 million	Procurement related irregularities
11	Excess payment to the contractor - Rs. 0.276 million	Procurement related irregularities
12	Unjustified constitution of CPC (Composition of Procurement Committee)	Procurement related irregularities
13	Non-preparation of feasibility report	Procurement related irregularities
14	Unauthorized opening of bank account in commercial banks	Management of Accounts with Commercial banks
15	Un-authorized utilization of pension contribution and provident fund - Rs. 522.787 million	Others
16	Unauthorized holding of invested amount by NIT (National Investment Trust) - Rs. 276.404 million	Others
17	Un-authorized borrowing of loan - Rs. 116.5 million	Others
18	Non-verification/reconciliation of paid up challans - Rs. 113.29 million	Others
19	Non utilization of road cutting charges on same site - Rs. 107.439 million	Others
20	Loss to K.D.A due to non-forfeiture of amount of occupancy value of plot amounting to - Rs. 27.949 million	Others
21	Late deposit of revenue into government account - Rs. 16.509 million	Others
22	Irregular expenditure on account of POL - Rs. 9.323 million	Others
23	Unjustified payment on account of professional fee to advocates- Rs. 5.5 million	Others
24	Irregular expenditure without observing formalities - Rs. 2.368 million	Others
25	Failure to maintain annual accounts and audit from CA firms	Others
26	Unauthorized allotment of Government vehicles	Others
27	Irregular expenditure without approval of budget estimates from government- Rs. 5,353.073 million	Others
28	Non crediting of call deposits & tender fees - Rs. 4.761 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
29	Unjustified three-time sale of flat site without construction of flats	Others
Malir Development Authority		
1	Loss due to theft of official vehicles	Reported cases of fraud, embezzlement and misappropriation
2	Irregular appointment of contract & Work charge employees in violation of prescribed procedure- Rs. 124.097 million	HR/ Employee related irregularities
3	Irregular re-award of the work to the defaulting contractor- Rs. 284.131 million	Procurement Related irregularities
4	Non-reconciliation of receipts with banks - Rs. 804.332 million	Management of Accounts with Commercial banks
5	Unauthorized operation and maintenance of bank accounts in private commercial banks	Management of Accounts with Commercial banks
6	Non-obtaining of land from Board of Revenue- Rs. 1667.800 million	Value for money and service delivery issues
7	Non-completion of the Housing Project of Economy Flats and Bungalows	Value for money and service delivery issues
8	Non-investment of funds collected on account of pension contribution and provident fund- Rs. 41.201 million	Value for money and service delivery issues
9	Irregular expenditure without approval of budget estimates from government- Rs. 2,697.662 million	Others
10	Irregular expenditure on POL - Rs. 2.838 million	Others
11	Failure to conduct audit from CA firms	Others
12	Failure to prepare master plan for development, improvement, expansion and beautification	Others
13	Irregular transfer of title of ownership of plots without appearance of actual owners of plots and on open sale agreements	Others
Sehwan Development Authority		
1	Irregular appointment of legal Advisor- Rs. 0.740 million	HR/ Employee related irregularities
2	Irregular NOC to ASF city project launched on Government owned land	Others
3	Non-clearance of outstanding liabilities- Rs. 266.711 million	Others
4	Abnormal delay in completion of housing schemes	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
5	Non-realization of targeted receipts - Rs. 1,141.501 million	Others
6	Execution of works in anticipation of funds- Rs. 19.873 million	Others
7	Non-compliance of functions provided under SDA Act	Others
Zulifkarabad Development Authority		
1	Non-production of record	Non-Production
2	Irregular appointments of staff without observing codal formalities	HR/ Employee related irregularities
3	Irregular hiring of legal advisor-0.573 million	HR/ Employee related irregularities
4	Irregular expenditure against Security Services without tender - Rs. 0.902 million	Procurement related irregularities
5	Non-maintenance of stock register to account for procured items-0.479 million	Others
6	Non-maintenance of log books -10.881 million	Others
7	Non-imposition of penalty on delay in completion of works-407.845 million	Others
2	Education Works Divisions	
1	Execution of work on scheme in violation of NIT uploaded on website	Procurement related irregularities
2	Award of work without obtaining performance security – Rs1.575 million	Procurement related irregularities
3	Short obtaining of CDR from the qualified bidders	Procurement related irregularities
4	Non verification of call deposit from the issuing authority	Procurement related irregularities
5	Non-hoisting of bid evaluation report on SPPRA website	Procurement related irregularities
6	Irregular award of work – Rs 374.613 million	Procurement related irregularities
7	Doubtful award of work on the basis of call deposit issued before NIT	Procurement related irregularities
8	Short deposit of tender fees	Procurement related irregularities
9	Non-obtaining of performance security	Procurement related irregularities
10	Irregular payment of difference cost of material	Value for money and service delivery issues
11	Abnormal delay in execution of work after lapse of four years	Value for money and service delivery issues
12	Unjustified award of irrelevant work in violation to rule of business	Value for money and service delivery issues

Sr. #	Name of Department & Observation	Nature of Irregularity
13	Non-handing over of educational buildings despite completion of units	Value for money and service delivery issues
14	Non-execution of essential components	Value for money and service delivery issues
15	Expenditure in closing month of June 2021 – Rs91.121 million	Value for money and service delivery issues
16	Improper planning of the schemes before execution (Academic Block of Bin Qasim College)	Value for money and service delivery issues
17	Improper planning of the schemes before execution (Upgradation of primary school)	Value for money and service delivery issues
18	Less-deduction of security deposit – Rs 15.52 million	Value for money and service delivery issues
19	Irregular refund of security deposit	Value for money and service delivery issues
20	Expenditure incurred without laboratory test report – Rs 81.364 million	Value for money and service delivery issues
21	Irregular payment on difference of cost – Rs. 2.795 million	Value for money and service delivery issues
22	Irregular award of work/expenditure in excess of PC-I cost – Rs 206.656 million	Value for money and service delivery issues
23	Irregular payment of secured advance – Rs 8.972 million	Value for money and service delivery issues
24	Irregular Payment without check measurement	Value for money and service delivery issues
25	Over payment due to applying market rate on scheduled items	Value for money and service delivery issues
26	Non Execution of deposit work	Value for money and service delivery issues
27	Suspicious work done due to delayed payment	Value for money and service delivery issues
28	Irregular payment without obtaining field/lab testing reports	Value for money and service delivery issues
29	Irregular sanction of estimate without approval of competent authority	Value for money and service delivery issues
30	Irregular Payment without check measurement	Value for money and service delivery issues
31	Excess payment by allowing above against the estimates	Value for money and service delivery issues
32	Non-completion of ADP Schemes as per PC-I	Value for money and service delivery issues
33	Less-deduction of security deposit	Value for money and service delivery issues

Sr. #	Name of Department & Observation	Nature of Irregularity
34	Irregular payment on reduced rates of various items of works without rectification of defects	Value for money and service delivery issues
35	Non-completion of schemes after lapse of schedule period	Value for money and service delivery issues
36	Recovery of un-authorized payment made through suspicious transaction	Value for money and service delivery issues
37	Less-deduction of security deposit	Value for money and service delivery issues
38	Excess payment on account of difference cost of steel	Value for money and service delivery issues
39	Less-deduction of security deposit from contractors	Value for money and service delivery issues
40	Non clearance of P.W deposit.	Others
41	Loss of revenue on account of dismantled construction material	Others
42	Non-deduction of Sindh Sales Tax – Rs 61.884 million	Others
43	Non-deduction of government taxes	Others
44	Unjustified payment of work and security deposit to District session judge Sukkur	Others
45	Unjustified payment against Rehabilitation of schools	Others
46	Payment without Pre-audit of the bills/voucher by the D.A.O	Others
47	Doubtful refund of security deposit more than fourteen years	Others
48	Refund of Security Deposit without evidence of actual deduction	Others
49	Un-due Secured advance allowed to contractors on purchase of prohibited items	Others
50	Non deduction of professional tax from contractors	Others
51	Non/less-deduction of income tax	Others
52	Non-crediting to Govt. revenue - Rs 2.939 million	Others
53	Excess payment due to calculation error	Others
54	Non-crediting of revenue into government account	Others
55	Wastage of public money due to abandoned work	Others
56	Non-utilization of funds donated	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
57	Non-maintenance of security/call deposit and contractors registers	Others
3	Irrigation Department	
1	Non-maintenance of record of attendance of division and sub-division of the employees drawing their salaries	HR/Employees related irregularities
2	Excess payment to contingent paid staff – Rs2.603 million	HR/Employees related irregularities
3	Irregular appointment of staff in the RRID project – Rs11.865 million	HR/Employees related irregularities
4	Loss due to payment of inadmissible allowances – Rs0.215 million	HR/Employees related irregularities
5	Wasteful expenditure on payment of monthly salaries to idle Boat Man Rs4.761 million	HR/Employees related irregularities
6	Un-authorized issuance of work orders prior to signing of contract agreement – Rs.199.894 million	Procurement related irregularities
7	Non-transparent award of tender on the basis of call deposit issued before receiving tender documents -Rs.247.300 million	Procurement related irregularities
8	Irregular process of procurement - Rs 220.587 million	Procurement related irregularities
9	Irregular tendering of work - Rs 52.065 million	Procurement related irregularities
10	Excess payment on work done – Rs 1.356 million	Procurement related irregularities
11	Irregular payment through DDO account- Rs.32.9 million.	Procurement related irregularities
12	Defective work orders issued to the contractors - Rs 417.955 million	Procurement related irregularities
13	Non-verification of bid security/bank guarantee of contractors–Rs631.154 million	Procurement related irregularities
14	Unauthorized award of work without obtaining revised administrative approval of the schemes – Rs.125.335 million	Procurement related irregularities
15	Irregular execution of earth works-Rs43.942 million	Management of Accounts with Commercial Banks
16	Non-adjustment of advance-Rs4.500 million	Management of Accounts with Commercial Banks
17	Irregular payment against demarcation work – Rs. 0.507 million	Others
18	Irregular execution of contract agreement – Rs.107.561 million	Others
19	Unjustified expenditure on account of hiring of waters pump Rs1.351 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
20	Loss to Government due to allowing additional premium on one item of work- Rs1.116 million	Others
21	Over payment by allowing premium on carriage-Rs0.253 million	Others
22	Commencement of a project without Environmental Impact Assessment (EIA) – Rs13,000.000 million	Others
23	Non-utilization of development funds – Rs213.682 million	Others
24	Less execution of items of work without revision of T.S. – Rs.79.883 million	Others
25	Irregular execution Reinforcement Cement Concrete works without laboratory test reports Rs71.416million	Others
26	Non- crediting of call deposit into the treasury Rs44.543 million	Others
27	Irregular expenditure on de-silting–Rs 43.995 million	Others
28	Excess payment to the consultant– Rs43.561 million	Others
29	Irregular payment of carriage of material – Rs38.613 million	Others
30	Extra ordinary deviation from administrative approval by Chief Engineer’s sanctioned estimates – Rs38.12 million	Others
31	Irregular execution of works without laboratory test reports – Rs.25. 501 million	Others
32	Unjustified Expenditure against M&R through defective rate contract –Rs .24.764 million	Others
33	Non maintenance of various registers/ ledgers of security deposit –Rs.16.630 million	Others
34	Non utilization of fund due to stoppage of work- Rs 16.079 million	Others
35	Irregular payment of work without compaction test – Rs7.568 million	Others
36	Un-authorized and excess sanction of estimate of carriage of material by Chief Engineer – Rs7.392 million	Others
37	Irregular expenditure on Abklani material–Rs 5.409 million	Others
38	Mis-representation in the monthly accounts of Rs.4.212 million	Others
39	Loss to government due to non-recovery of dismantled work Rs.4.10 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
40	Loss to Government on allowing excess rate against non-scheduled approved rates –Rs3.883 million	Others
41	Irregular expenditure on POL – Rs3.801 million	Others
42	Loss of revenue on account of dismantled construction material-Rs3.174 million	Others
43	Irregular expenditure on engaging unskilled labour–Rs 2.814 million	Others
44	Un-justified expenditure on account of operational & functional test -Rs 2.563 million	Others
45	Un-justified payment on account of bitumen – Rs 1.253 million	Others
46	Un-justified inclusion of extra miles in estimation for Katcha Allowance on cartage – Rs0.519 million	Others
47	Un-authorized payment of income tax from security deposit- Rs 0.375 million	Others
48	Doubtful collection of revenue due to difference of Rs0.256 million	Others
49	Inordinate delay in completion of approved schemes	Others
50	Laxity in performance of duties by divisional accounts officer	Others
51	Variation in Financial Reports	Others
52	Un-satisfactory performance in execution of development schemes	Others
53	Non-crediting of revenue into Government account-Rs0.399 million	Others
54	Non-accountal of store articles-Rs10.407 million	Others
55	Non-execution of agreement on non-development works –Rs54.345 million	Others
56	Non recording of payment against contingency -Rs7.862 million	Others
57	Irregular payment of escalation charges without Rate Analysis Rs 16.202 million.	Others
58	Unjustified Expenditure of M&R through defective rate contract –Rs 32.879 million	Others
59	Irregular execution of works in deviation of sanctioned estimate –Rs.796.28million	Others
60	Loss to government due to non-recovery of dismantled work.	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
61	Doubtful procurement process without mentioning work- Rs0.557million	Others
62	Non-execution of contract agreement – Rs557.772 million	Others
63	Non-clearance of outstanding liabilities due to shortage of funds – Rs330.304 million	Others
64	Irregular expenditure without quotation- Rs.1.461 million	Others
65	Non-accountal of purchased items-Rs.50.148 million	Others
66	Irregular expenditure on earthwork without compaction report-Rs.195.931 million	Others
67	Unjustified withholding of amount from contractors’ bills – Rs.49.143 million	Others
68	Unjustified execution of de-silting work - Rs18.243 million	Others
69	Unjustified allowing of premium of 150% - Rs. 50.221 million	Others
70	Excess rate against non-scheduled rates – Rs3.883 million	Others
71	Irregular expenditure on account of drawing & design- Rs2.866 million	Others
72	Unauthorized payment of mobilization advance to consultant Rs.12.224 million	Others
73	Unjustified utilization of World Bank funds- Rs49.097 million	Others
74	Non-achievement of targets and slow progress of the project	Others
75	Invalid registration of the consultant with Pakistan Engineering Council	Others
76	Variation in BOQ item of work of vehicles and execution	Others
77	Non-provision of trainings as provided in BOQ – Rs45.434 million	Others
78	Wastage of project funds incurred on luxurious vehicles- Rs.10.258 million	Others
79	Variation in the list of vehicles provided and procured under PC-I & Contracts of G-2 & G-3	Others
80	Non-crediting of Income Tax – Rs.10.364 million	Others
81	Irregular expenditure on repair of transport- Rs. 5.576 million	Others
82	Unauthorized insurance of vehicles other than Sindh Insurance Co. – Rs0.432 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
83	Non-closing of bank accounts of the fund after its dead line	Others
84	Drop in the rate of recovery of Abiana from Area Water Boards	Others
85	Excess rate against non-scheduled rates – Rs3.883 million	Others
86	Irregular expenditure on account of drawing & design- Rs2.866 million	Others
87	Irregular payment on reduced rates– Rs.26.279million	Others
88	Non-preparation of completion reports (PC-IV)/PC-V of the schemes-Rs2,494.45 million	Others
89	Less-deduction of security deposit on development works Rs.63.316 million	Others
90	Unjustified expenditure on repair of building- Rs1.00 million	Others
91	Non- recovery of outstanding amount - Rs.0.126 million	Others
92	Non-removal of encroachments	Others
93	Non-recovery of water charges from Fish Farms	Others
94	Irregular execution of works beyond operational jurisdiction–Rs371.691 million	Others
95	Non-crediting of government revenue –Rs 4.507 million	Others
96	Non Execution of deposit work amounting to Rs.4.574 million	Others
97	Non-taking over of record of physical contingencies after completion of work – Rs140.265 million	Others
98	Non-mutation of land record in the name of the Irrigation Department – Rs3.656 million	Others
99	Less deduction of security deposit from contractors' bills – Rs31.015 million	Others
100	Irregular expenditure on un-skilled labour charges – Rs12.552 million	Others
101	Non-crediting of revenue into Government account-Rs2.572 million	Others
102	Non-maintenance of contractor ledgers– Rs2.113 billion	Others
103	Irregular expenditure on un-skilled labour charges – Rs12.552 million	Others
104	Non-crediting of revenue into Government account-Rs2.572 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
105	Non-maintenance of contractor ledgers– Rs2.113 billion	Others
106	Unjustified balances of deposits reflected in Form-78 – Rs1.885 million	Others
107	Less deduction of security deposit Rs 1.913 million	Others
108	Less deduction of security deposit from contractors – Rs 2.317 million	Others
109	Unjustified execution of work and payment to the contractor -Rs 174.909 million	Others
110	Irregular payment of work without compaction test – Rs35.908 million	Others
111	Less Deduction of Security Deposit from Contractors -Rs.2.151 million	Others
112	Irregular payment on non-schedule items without rate analysis– Rs.2.483million	Others
113	Less execution of items of work –Rs31.842 million	Others
114	Irregular execution of work on un-signed contract agreements – Rs210.854 million	Others
115	Initiation of procurement process prior to acquisition of land – Rs613.934 million	Others
116	Splitting of sanction orders to avoid approval of higher authority–Rs6.736 million	Others
117	Unjustified execution of work and payment to the contractor -Rs 289.048 million	Others
118	Non-completion of the scheme – Rs199.893 million	Others
119	Overstatement of expenditure in the progress report by the consultant–Rs69.930 million	Others
120	Excess payment on account of earth work compaction - Rs0.727 million	Others
121	Non-obtaining of performance security from contractors-Rs22.740 million	Others
122	Non-verification of bid security/bank guarantee of contractors–Rs495.62 million	Others
123	Non- conducting feasibility studies for large schemes–Rs14,176.099 million	Others
124	Irregular expenditure on non-scheduled items- Rs82.729 million	Others
125	Award of work without bid security- Rs12.600 million	Others
126	Non- conducting feasibility studies for large schemes–Rs13,1665.44 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
127	Non deduction of voids from payments – Rs105.122 million	Others
128	Non-execution of work on dam -Rs279.675 million	Others
129	Non-crediting of realized revenue – Rs38.746 million	Others
130	Recovery of advance on account of POL Charges Rs 0.585 million	Others
131	Irregular payment of financial assistance through DDO – Rs 0.500 million	Others
132	Doubtful execution of earthwork– Rs1.567 million	Others
133	Irregular execution of earth works-Rs29.695 million	Others
134	Undue favor to contractors by allowing excess rate than schedule- Rs.36.707 million	Others
135	Excess payment of premium on works– Rs995.141 million	Others
136	Over-payment due to excess rate allowed than schedule rate – Rs118.826 million (Part-I and ii)	Others
137	Excess payment on account of premium against stone pitching – Rs.27.67 million	Others
138	Unjustified expenditure on account of extra items-Rs11.012 million	Others
139	Excess sanction of estimate on contingency – Rs2.485 million	Others
140	Over-payment due to excess rate allowed against schedule item – Rs19.436 million	Others
4	Public Health Engineering & Rural Development Department	
1	Irregular expenditure on POL – Rs60.461 million	Non-Production of Record
2	Irregular appointment of staff without prescribed procedure – Rs.170.756 million	HR/Employees related irregularities
3	Irregular Expenditure on account of R.O Plant operators Rs113.786 million	HR/Employees related irregularities
4	Irregular payment to contingent paid staff Rs6.248 million	HR/Employees related irregularities
5	Unjustified payment of conveyance allowance – Rs1.00 million	HR/Employees related irregularities
6	Irregular payment on account of fuel allowance-Rs0.120 million	HR/Employees related irregularities
7	Non-appointment of independent Project Director	HR/Employees related irregularities

Sr. #	Name of Department & Observation	Nature of Irregularity
8	Late acquisition of land for the project without its assessment – Rs505.736 million	Procurement related irregularities
9	Unjustified Part rate payment on maintenance of RO plants and un-laid pipes – Rs.343.434 million	Procurement related irregularities
10	Un-justified payment against un-tested material – Rs. 234.447 million	Procurement related irregularities
11	Unauthorized award of contract- Rs66.061million A category	Procurement related irregularities
12	Unjustified fixation of premium beyond ceiling – Rs56.409 million	Procurement related irregularities
13	Award of tender on non-transparent manner – Rs43.058 million	Procurement related irregularities
14	Non-mutation of land -Rs42.500 million	Procurement related irregularities
15	Irregular expenditure on works – Rs26.768 million	Procurement related irregularities
16	Payment of machinery & equipment without indenture bond and supporting documents – Rs 18.201 million	Procurement related irregularities
17	Irregular payment to the contractor- Rs17.892 million MfDAC	Procurement related irregularities
18	Loss due to delay in completion of work - Rs17.608 million	Procurement related irregularities
19	Excess payment on R.O plant Membranes- Rs16.383million	Procurement related irregularities
20	Irregular award of work in excess of PC-I cost - Rs.13.496 million	Procurement related irregularities
21	Less execution of work against estimates- Rs12.557 million	Procurement related irregularities
22	Irregular payment without compaction test report Rs.10.335 million	Procurement related irregularities
23	Irregular award of contract for remaining works - Rs7.094 million	Procurement related irregularities
24	Unjustified payment on un-laid pipes - Rs6.930 million	Procurement related irregularities
25	Irregular expenditure on installed diesel engine & pumping machinery without inspection – Rs.3.300 million	Procurement related irregularities
26	Expenditure beyond 5% without revised estimate of cost of work – Rs2.751 million	Procurement related irregularities
27	Irregular payment on account of bitumen – Rs2.492million	Procurement related irregularities
28	Execution of PHE works by electrical contractor – Rs 2.400 million	Procurement related irregularities

Sr. #	Name of Department & Observation	Nature of Irregularity
29	Loss to the Government due to laying pipe of inappropriate size - Rs.2.179 million	Procurement related irregularities
30	Unauthorized allotment of motorbikes – Rs 1.481 million	Procurement related irregularities
31	Expenditure on item of work on extra high rates – Rs.1.427 million	Procurement related irregularities
32	Irregular execution of work due to variation in quantities in approved technical sanction against PC-I Rs1.077 million	Procurement related irregularities
33	Irregular repair and re-winding of transformers - Rs0.633 Million	Procurement related irregularities
34	Loss to Govt. due to difference of rates - Rs0.583 million	Procurement related irregularities
35	Overpayment made to the contractor – Rs0.200 million	Procurement related irregularities
36	Excess expenditure over and above the budget allocation Rs. 367.939million	Management of Accounts with Commercial Banks
37	Non-reflection of income tax deduction and Security deposit deduction in SAP data- Rs46.995 million	Management of Accounts with Commercial Banks
38	Non-crediting of Call deposit into treasury- Rs36.074million	Management of Accounts with Commercial Banks
39	Non-crediting of lapsed deposits into government account – Rs3.287 million	Management of Accounts with Commercial Banks
40	Variation in Release amount between expenditure statement and progress report - Rs2.526million	Management of Accounts with Commercial Banks
41	Non/less-recovery of GST – Rs 7.187 million	Others
42	Non-preparation of financial review after bidding- Rs134.635 million	Others
43	Unclaimed amount in Form-78 – Rs122.206 million	Others
44	Non-completion of development schemes- Rs102.263 million	Others
45	Unjustified/ in-completed submission of PC-IVs of completed schemes-Rs50.00 million	Others
46	Irregular issuance of work orders without released of budget-Rs36.977 million	Others
47	Non Utilization of funds - Rs.29.851 million	Others
48	Unjustified delay in start of work after issuance of work order– Rs 28.250 million	Others
49	Non-renewal of performance security – Rs26.307 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
50	Execution of contract agreement after lapse of two year of work award Rs22.302 million	Other
51	Irregular allowing ceiling/Contractor Profit in the Technical Sanction-Rs2.617 million	Others
52	Undue favor to contractor due to less deduction of Security Deposit-Rs1.921 million	Others
53	Poor preparation and approval of rate analysis for non-schedule items-Rs0.716 million	Others
54	Doubtful Expenditure due to non-maintenance of consumption account-Rs0.396 million	Others
55	Poor performance due to non-functioning of R.O/UF Plants.	Others
56	Non-recovery of vehicles from un-authorized person	Others
57	Non-registration of vehicles	Others
5	Works & Services Department	
1	Un-authorized payment on account of salaries of temporary establishment beyond work completion date - Rs. 3.375 million	HR/Employees related irregularities
2	Doubtful payment without work done - Rs. 105.376 million	Procurement related irregularities
3	Unjustified payments on account of carriage of material - Rs. 222.999 million	Procurement related irregularities
4	Irregular payment on difference of cost - Rs. 385.325 million	Procurement related irregularities
5	Un-authorized execution of contract agreement prior to acceptance of bids	Procurement related irregularities
6	Splitting up of expenditure to avoid open tenders	Procurement related irregularities
7	Irregular expenditure on repair of machinery and equipment	Procurement related irregularities
8	Unauthorized expenditure on POL and maintenance	Procurement related irregularities
9	Un-authorized appointment of contingent paid staff - Rs. 4.860 million	Procurement related irregularities
10	Non-execution of item of work amounting Rs. 12.717 million	Procurement related irregularities
11	Procurement of same items of work on different rates - Rs. 385.838 million	Procurement related irregularities
12	Irregular expenditure without observing rate analysis report- Rs. 340.567 million	Procurement related irregularities
13	Mis-procurement of various articles - Rs. 6.278 million	Procurement related irregularities

Sr. #	Name of Department & Observation	Nature of Irregularity
14	Change of scope of work without approval of the competent authority - Rs. 19.606 million	Procurement related irregularities
15	Splitting of road scheme between two contractors - Rs. 134.236 million	Procurement related irregularities
16	Excess payment on DST & Carpet - Rs. 3.411million	Procurement related irregularities
17	Excess Payment to contractor by allowing higher rates on steel - Rs. 0.667 million	Procurement related irregularities
18	Irregular procurement process due to violation of SPPRA instructions - Rs. 1372.978million	Procurement related irregularities
19	Unauthorized payment on extra lead - Rs. 65.841 million	Procurement related irregularities
20	Irregular award of work to in-eligible contractor - Rs. 27.699 million	Procurement related irregularities
21	Irregular payment on purchase of transformer - Rs. 10.196 million	Procurement related irregularities
22	Irregular execution of earth works - Rs. 327.553 million	Procurement related irregularities
23	Unjustified payment on account of various items Rs. 0.324 million	Procurement related irregularities
24	Irregular payment of liabilities without approval of Finance Department - Rs. 28.945	Others
25	Finalization of schemes without completion report/PC-IV	Others
26	Non-insurance of civil works- Rs. 1938.793	Others
27	Non-imposition of LD charges - Rs. 3093.563 million	Others
28	Non -execution of works instead of released budget- Rs. 12.556 million	Others
29	Unauthorized expenditure on maintenance & repair of various roads due to non-execution of agreement- Rs. 3421.931 million	Others
30	Irregular payment without laboratory Test Report - Rs. 1142.803 million	Others
31	Irregular payment made to DAO Railway - Rs. 12.177 million	Others
32	Irregular extensions in completion period - Rs. 3.942 million	Others
33	Outstanding liability of work against deposit work- Rs. 3.073 million	Others
34	Irregular payment of mobilization advance - Rs. 574.504 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
35	Non-execution and completion of various schemes as per target - Rs. 1443.696 million	Others
36	Irregular expenditure without approval of Standing Rates Committee - Rs. 344.907 million	Others
37	Excess expenditure over the tender cost to 1009 % above - Rs. 94.333 million	Others
38	Non-hoisting of bid evaluation report on SPPRA website - Rs. 280.371 million	Others
39	Loss due to non-completion/suspension of old schemes - Rs. 157.400 million	Others
40	Unauthenticated expenditure on bitumen items of work without obtaining supporting vouchers- Rs. 206.708 million	Others
41	Unjustified allowing excess rates on account of steel work - Rs. 6.825 million	Others
42	Mis-procurement by awarding works without bid security - Rs. 29.348 million	Others
43	Execution of work without technical approval of estimated cost of work-301.065 million	Others
44	Award of contracts without Electrical license - Rs. 387.671 million	Others
45	Non Execution of deposit work amounting to Rs. 2.957 million	Others
46	Unjustified Slow Progress of ADP Scheme	Others
47	Non-accountal of purchases in Stock Register - Rs. 19.333 million	Others
48	Doubtful expenditure on office cleaning items - Rs. 1.544 million	Others
49	Irregular payment of medical charges- Rs. 1.1 million	Others
50	Non-disposal of various replaced articles	Others
51	Unrealistic cost estimates in PC-I - Rs. 1049.71 million	Others
52	Irregular payment of utility charges to individuals instead of the concerned utility service providers - Rs. 16.567 million	Others
53	Unjustified transfer of schemes- Rs. 933.533 million	Others
54	Irregular expenditure on construction of Road on NHA rates - Rs. 733.946 million	Others
55	Late/Non-deposit of Call deposit- Rs. 88.061million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
56	Award of work on doubtful procurement process - Rs. 107.390 million	Others
57	Non-utilization of funds - Rs. 10.694 million	Others
58	Irregular payment to the contractors on reduced rates- Rs 14.598 million	Others
59	Wastage of Public money due to abandoned works - Rs. 28.056 million	Others
60	Irregular payment without mutation of land- Rs 20.062 million	Others
61	Excess inclusion of lead distance from quarry in the estimates- Rs. 1.424 million	Others
62	Un-authorized re-appropriation of funds after 15th of May, 2021 - Rs. 53.968 million	Others
63	Recovery of outstanding amount of work done - Rs. 4.467 million	Others
64	Irregular ex- post facto approval of technical sanction - Rs. 563.916 million	Others
65	Variation in expenditure between SAP data and Form-64 - Rs. 24.646 million	Others
66	Doubtful execution of work due to recording of MB & payment on same day - Rs. 14.999 million	Others
67	Non-adjustment of advances against utility services payment- Rs. 14.265 million	Others
68	Shifting of work without transfer of earnest money- Rs. 10.00 million	Others
69	Loss due to excess rate of steel allowed against CSR Rate 2012- Rs. 3.645 million	Others
70	Un-authorized sanction of scheme beyond financial power - Rs. 4.097 million	Others
71	Non-maintenance of cash book- Rs. 70.192 million	Others
72	Excess payment to the contractor against work done - Rs. 0.600 million	Others
73	Over payment by allowing excess rate than allowed in schedule- Rs. 4.019 million	Others
74	Variation of expenditure between Form-64 and progress report - Rs. 9.896 million	Others
75	Irregular expenditure without market rate analysis - Rs. 13.610 million	Others
76	Less-deduction of security deposit - Rs. 170.192 million	Others
77	Irregular expenditure beyond operational jurisdiction - Rs. 275.090 million	Others

Sr. #	Name of Department & Observation	Nature of Irregularity
78	Excess execution on account of road carpet - Rs. 0.586million	Others
79	Unjustified variation in executed quantities in final bill- Rs. 0.583 million	Others
80	Wasteful expenditure due to abandonment of scheme - Rs. 4.985 million	Others
81	Non-deduction of voids - Rs. 41.470 million	Others
82	Execution of schemes without administrative approval- Rs. 2.379 million	Others
83	Irregular expenditure without approval of District Oversight Committee - Rs. 120.329 million	Others
84	Irregular expenditure without approval of District Oversight Committee - Rs. 179.920 million	Others
85	Issuance of work orders by the DDO without posting orders - Rs. 83.629 million	Others
86	Undue expenditure more than physical progress - Rs. 10.500 million	Others
87	Irregular payment without Measurement of the work done- Rs. 9.441 million	Others
88	Payment by DDO despite of his transfer - Rs. 49.961 million	Others
89	Irregular increase in cost without revised estimates- Rs. 39.00 million	Others
90	Non-recovery of secured advance to contractors- Rs. 3.647 million	Others
91	Payment to irrelevant vendor - Rs. 1.996 million	Others
92	Non-reporting physical progress of the schemes - Rs. 169.213 million	Others
93	Payment of electrical items without make/brand names - Rs. 2.083 million	Others
94	Irregular expenditure on extra item of work by change of specification- Rs. 1.762 million	Others

Chapter-02 Annexes

Annex-1 of Chapter-02 (Para No. 2.2.6.8)

Excess execution of items of work without revised T.S- Rs. 12.012 million

(Rs. in million)

Cheque # & date	W/o # & date	Contractor	Item of work	B.O.Q Quantity	Work Execute	Excess Quantity	Rate	Unit	Amount
68759502/ 03.06.2021	252/ 21.02.2020	M/s Askari Enterprises	Excavation in foundation of building bridges and other structures i/c dagbelling dressing refilling around structure with excavated earth watering and ramming lift upto 5ft in hard soil or soft murum (C.S Pg-4, 1/18©	5000	6141	1141	3554.38	%0 Cft	0.004
68327666/ 06.05.2021	21/ 06.05.2021	M/s Shaikh Raheem Khan & Brothers	Excavation in shingle or gravel formation and rock not requiring blast undressed lead upto 100 ft	1994.1	2202.12	208.02	5747.5	%0 Cft	0.001
			excavation in rock dressed to design section grads and profile excavated metal disposed off with in 100 lift 5ft	3988.2	4267.12	278.92	7260	%0 Cft	0.002
			Fabrication of mild steel reinforcement concrete etc.	33.9	69.96	36.06	5001.7	Cwt	0.180
68327663/ 06.05.2021	248/ 21.02.2020	M/s United Engineers & Constt Co	Preparing sub grade i/c earth excavation or filling to an average depth...	21600	118800	97200	526.28	% Sft	0.512
68327659/ 03.05.2021	1143/2020 /16.11.2020	M/s Ameer Mahsood & Co	Excavation for pipe line in trenches and pits in compact Conglomeration by hammering and chiseling where blasting is not practicable i/c ...	13200	18765	5565	22230	%0 Cft	0.124
68327659/ 03.05.2021	1143/2020 /16.11.2020	M/s Ameer Mahsood & Co	Excavation for pipe line in trenches and pits in soft rock by hammering and chisling	11400	17580	6180	10770	%0 Cft	0.067
68327659/ 03.05.2021	1143/2020 /16.11.2020	M/s Ameer Mahsood & Co	Refiling the excavated stuff in trenches 6" thick layer ...	14877.4	22070.4	7193.04	2790	%0 Cft	0.020
68327659/ 03.05.2021	1143/2020 /16.11.2020	M/s Ameer Mahsood & Co	Removal of surplus earth & debris , stone metal from site of work i/c rehandling loading and unloading and disposal at suitable place	1653	26840	25187	1156	% Cft	0.291

(Rs. in million)

Cheque # & date	W/o # & date	Contractor	Item of work	B.O.Q Quantity	Work Execute	Excess Quantity	Rate	Unit	Amount
68327654/ 28.04.2021	547/ 21.02.2020	M/s Shaikh Khan & Brothers	Excavation pipe line in trenches and pits in all kind of soil of murum i/c trimming & dressing sides	24750	43435	18685	4650	%0 Cft	0.087
67399832/ 25.02.2021	47/ 25.02.2021	M/s AMB Company	Making diagonal grooves of 1-1/2 x 1 1/2 at 2 ft center to center in road surface	64800	98252.5	33452.5	7669.44	% Cft	2.566
67399821/ 22.02.2021	246/2020 / 21.02.2021	M/s Rajgon Enterprises Govt. Contractor	Excavation in hard rock requiring blasting, but plasting prohibiting and disposal of excavated material upto 50 ft lead i/c dressing and levelling to designed section etc. complete	160000	267000	107000	25936	%0 Cft	2.775
67399820/ 22.02.2021	269/2020/ 26.02.2020	M/s S & Sons Govt Contractor	Cement Concrete Plain i/c placing compacting finishing and curing complete i/c screening and washing at stone aggregate without shuttering	1132	36037	34905	11288.8	% Cft	3.940
67399820/ 22.02.2021	269/2020/ 26.02.2020	M/s S & Sons Govt Contractor	Removal of surplus earth & debris , stone metal from site of work i/c rehandling loading and unloading and disposal at suitable place	71158.8	288648	217489.3	750	% Cft	1.631
Total									12.012

**Annex-2 of Chapter-02
(Para No. 2.2.6.10)**

Unauthorized retention of Govt. accommodations

Sr#	File#	Bungalow/Quarter #	Allotted to	Designation	Remarks
1	1	PHED Colony Bungalow No.A/1	Mr. Shahid Pervaiz Memon	Additional Director P&DC, H.D.A	without allotment order
2	3	PHED Colony Bungalow No.A/1	Syed Qamaruddin	Deputy Secretary H.D.A Retired	without allotment order
3	6	PHED Colony Quarter No.B/2	Mr Abdul Hafeez Mughal	Deputy Director P&DC, H.D.A	without allotment order
4	7	PHED Colony Quarter No.C/1	Mr Muhammad Sharif	Driver , P&DC H.D.A	without allotment order
5	9	PHED Colony Quarter No.C/3	Mr. Asghar Arain	WASA H.D.A	without allotment order
6	12	PHED Colony Quarter No.C/6	Mr. Ghulam Mujtaba	Arabi office Superintendent PD WSSP H.D.A Retired	without allotment order
7	15	PHED Colony Quarter No.C/9	Mr Shabbir Arain	Accounts officer WASA H.D.A (Retired)	without allotment order and permission of merging
8	13	PHED Colony Quarter No.C/7 & portion of C-8	Mr Bashir Awan	Additional Director WASA	without allotment order
9	14	PHED Colony Quarter No.C/8	for re verification from Mr Bashir Awan and Shabbir Arain		without allotment order and permission of merging
10	16	PHED Colony Quarter No.C/10	Mst Nighat Noor	Junior Clerk BCD H.D.A	without allotment order
11	17	PHED Colony Quarter No.C/11	Mr Gul Muhammad	Senior Clerk Manager Commercial WASA H.D.A Retired	without allotment order
12	18	PHED Colony Quarter No.C/12	Mr Muhammad Yousuf	Naib Qasid WASA H.D.A	without allotment order
13	19	PHED Colony Quarter No.D/1	Mr Ghani Mallah	Pipe filter, WASA H.D.A Retired	without allotment order
14	20	PHED Colony Quarter No.D/2	Mr Muhammad Ismail	Pipe filter, WASA H.D.A Expired	without allotment order
15	22	PHED Colony Quarter No.D/4	Mr Nasser channa	Peon, housing Project H.D.A	without allotment order
16	23	PHED Colony Quarter No.D/5	Mr Yousuf	Junior Clerk PRO Branch Main Sectt: H.D.A	without allotment order
17	27	PHED Colony Quarter No.E/4	Mr Ali Asghar	Plumber New filter Plant, H.D.A	without allotment order

Sr#	File#	Bunglow/Quarter #	Allotted to	Designation	Remarks
18	28	P.I Plumbing station near central prison Hirabad Hyderabad Quarter No.D-1	Mr Jahangir Solangi	Naib Qasid Main Sectt H.D.A	without allotment order
19	30	P.I Plumbing station near central prison Hirabad Hyderabad Quarter No.D-3	Mr Nazeer Chandio	Naib Qasid HPCD H.D.A Now in main sectt H.D.A	without allotment order
20	34	Water works Qasimabad near memon Nagar / Shopping center H.D.A Qasimabad Quarter No. Store	Mr Jawed Ali Hingoro	Senior Sub Engineer, Housing Project -II H.D.A	without allotment order
21	35	Part of the office of the H.D.A Qasimbad (1-A) 1st floor office of H.D.A Building Qasimbad	Nasir Khan	DSR Ranger	without allotment order
22	36	Part of the office of the H.D.A Qasimbad (Floor) office of H.D.A Building Qasimbad	Me Muhammad Azam	DSR Ranger	without allotment order
23	37	Part of the office of the H.D.A Qasimbad Bunglow No.02	Major Doctor Jawaid	Officer ranger is residing in Bunglow No.02	without allotment order
24	38	Part of the office of the H.D.A Qasimbad Bunglow No.01	Mr Rana Muhammad Yousuf	DSR Ranger	without allotment order
25	40	Old Treatment Plant Jamshoro road Hyderabad Quarter No.C-02	Mr Muhammad Arif	Electrician working at New Treatment Plant H.D.A	without allotment order
26	42	Old Treatment Plant Jamshoro road Hyderabad Quarter No.D-02	Mr Qadir Bux Late	Bill Clerk WASA	without allotment order
26	42	Old Treatment Plant Jamshoro road Hyderabad Quarter No.D-02	Mr Qadir Bux Late	Bill Clerk WASA	without allotment order
28	44	Old Treatment Plant Jamshoro road Hyderabad Quarter No.B-1/6	Widow of late Mr Peeral	Operator old Treatment Plant WASA	order was issued in favour of Mr Ghulam Ali subsequently withdrawn /cancelled
29	45	Old Treatment Plant Jamshoro road Hyderabad Quarter No.B-2	Mr Toufique	Assistant Old Treatment plant H.D.A	without allotment order

Sr#	File#	Bunglow/Quarter #	Allotted to	Designation	Remarks
30	46	Old Treatment Plant Jamshoro road Hyderabad Quarter No.D-3/8	Mr Zulfiqar Ali	General Clerk Old Treatment Plant H.D.A	without allotment order
31	48	Thandi Sarak Pumping station Quarter No.C-1	Mr Hassan Askari	Junior Clerk Public Relation office, H.D.A & SBCA	without allotment order
32	49	Thandi Sarak Pumping station Quarter No.C-2	Mr Rizwan Zaidi	Junior Clerk Public Relation office, H.D.A & SBCA	without allotment order
33	58	1-MGD Jamshoro Road Hyderabad Quarter No.D-1	Mr Adil Mehmood	Peon	without allotment order
34	60	1-MGD Jamshoro Road Hyderabad Quarter No.D-3	Mr Shahid S/o Imdad Ali Pathan	Allotted in 2018	
35	62	1-MGD Jamshoro Road Hyderabad Quarter No.D-5	Mr Rizwan	Electrician	without allotment order
36	63	1-MGD Jamshoro Road Hyderabad Quarter No.D-6	Mr Muhammad Umar	WASA H.D.A	Alloted to syed khalid Ali Electrician WASA HAD but in possession of Mr Mushtaque ahmed Dahot an out sider
37	66	1-MGD Jamshoro Road Hyderabad Quarter No.a-1	Mr Muhammad Rahim Khoso	Supervisor QWSMD WASA H.D.A	without allotment order
38	72	Afandi Bah Pumping Station Quarter No.D-2	Mr Jawaid Qureshi	Asst Engineer WASA Expired	widow of the Jawaid Qureshi / Shahnawaz may be asked to submit allotment order

**Annex-3 of Chapter-02
(Para No. 2.2.2.13)**

Short recovery of amount on extra development charges -Rs. 512.387 million

(Rs. in million)

Sr.#	Name of Housing Scheme	Name of Sponsor	Total Area	Deh	Total	Paid	Balance
1	Al-Rehman Corner	M. Arif Memon	38 Ghuntas	Jamshoro	0.329	0.029	0.300
2	Shah Bukhari Livena	Abdul Majeed	12 Acres & 20 Ghuntas	Shah Bukhari	3.741	0.375	3.366
3	SSGC Executive	General Secretary	24 Acres & 60 Ghuntas	Jamshoro	12.704	8.669	4.035
4	Indus River View City	Syed Khalid Ali	23 Acres & 39 Ghuntas	Jamshoro	13.040	7.316	5.724
5	Gulf Residency	Khalid Hussain	23 Acres & 39 Ghuntas	Mirzapur	5.000	2.000	3.000
6	Abdullah Sports Valley	Ahsan Qureshi	17 Acres & 14 Ghuntas	Jamshoro	12.624	1.515	11.109
7	New Memon City	Abdul Ghaffar Dada	07 Acres & 20 Ghuntas	Sari	2.888	2.314	0.574
8	Gentleman Businessman	Shakeel Ahmed	18 Acres & 13 Ghuntas	Mirzapur	5.466	1.927	3.539
9	Zulfiqar Homes	M. Arif Memon	43 Acres & 05 Ghuntas	Mirzapur	12.430	1.243	11.187
10	Sain Villas	Irshad Ali Qureshi	03 Acres & 06 Ghuntas	Jamshoro	38.168	4.580	33.588
11	Amas Residency	Mir M. & Mst. Sammari	05 Acres & 18 Ghuntas	Mirzapur	3.240	2.180	1.060
12	Iqra Valley	Saleemuddin	03 Acres & 04 Ghuntas	Jamshoro	3.500	2.000	1.500
13	Indus View Residency	Nazir Abro, Shoab Ali & Ibrahim	04 Acres & 26 Ghuntas	Jamshoro	3.286	1.388	1.898
14	Mehak Residency	Ali Asghar Megsi	03 Acres	Mirzapur	1.918	0.608	1.310
15	Bismillah Grand City	Khawand Bux Jahejo	18 Acres & 10 Ghuntas	Mirzapur	14.063	3.111	10.951
16	Awal Square City	M. Arif Memon	23 Acres & 39 Ghuntas	Jamshoro	2.200	0.220	1.980
17	Khusheed Garden Phase-I	Athar Qazi & Others	05 Acres & 29 Ghuntas	Mirzapur	3.911	0.469	3.442
18	Gulistan-e-Citizen	M. Waris Panhwar	23 Acres & 39 Ghuntas	Jamshoro	2.605	1.538	1.067
19	Ink City-I	Irshad Ali	46 Acres & 15 Ghuntas	Jamshoro	38.168	9.134	29.035
20	Sakhi Attar	A Karimy Sahito		Sari	8.000	3.050	4.950

(Rs. in million)

Sr.#	Name of Housing Scheme	Name of Sponsor	Total Area	Deh	Total	Paid	Balance
21	Karim Cottages	Ayaz Karim	02 Acres & 20 Ghuntas	Jamshoro	1.806	0.729	1.077
22	Sehrish Banglows	S.Saddique Shah	36 Ghuntas	Sari	0.691	0.194	0.498
23	Dahri Villas	Taj M. Dahri			3.911	0.469	3.442
24	Gulshan-e-Citizen	M. Waris & Others	02 Acres & 16 Ghuntas	Jamshoro	7.251	2.610	4.641
25	Shahnawaz Grand City	Mst. Muneera Sajjid	08 Acres & 31 Ghuntas	Mirzapur	6.442	0.773	5.669
26	Ink City Phase-II	Kashif Qureshi	09 Acres & 24 Ghuntas	Jamshoro	7.251	2.610	4.641
27	Abdullah Commercial	M. Iqbal Qureshi	17 Acres & 14 Ghuntas	Jamshoro	12.624	1.515	11.109
28	Madni Town	Ayaz Karim & Others	04 Acres & 27 Ghuntas	Jamshoro	3.374	0.405	2.969
29	Al-Rehman Heaven	M. Arif Memon		Jamshoro	3.040	1.030	2.010
30	Ink City Extension	Irshad Qureshi	08 Acres & 34 Ghuntas	Jamshoro	4.400	1.400	3.000
31	Palm Residency	Rahil Iqbal Memon	25 Acres & 28 Ghuntas	Mirzapur	20.481	2.458	18.024
32	Hyderabad Garden	Gulzar		Jamshoro	3.950	1.850	2.100
33	Khursheed Garden-II	M. Athar Qazi	16 Acres & 24 Ghuntas	Mirzapur	11.074	1.329	9.745
34	Gulstan-e-Mohammad Bux Shoro	Kashif Ali Shoro	26 Acres & 03 Ghuntas	Jamshoro	12.424	3.513	8.911
35	Saadi Garden	Jawaid Qureshi		Jamshoro	5.295	0.635	4.659
36	Down Town	Zeeshan Saleem	22 Acres & 5.6 Ghuntas	Mirzapur	58.534	15.028	43.505
37	New Diplai Memon	Rasheed Iqbal Memon	26 Acres & 11.3 Ghuntas	Mirzapur	18.763	6.755	12.008
38	Krishna Residency	Ramesh Kumar	25 Acres & 23 Ghuntas	Shah Bukhari	60.523	28.016	32.507
39	Faizan-e-Madina	M. Hafeez Sarhandi	05 Acres & 38 Ghuntas	Jamshoro	4.418	2.044	2.374
40	Shahrukh Heights	Ashraf Ali Jatoi	20 Acres	Jamshoro	20.797	13.234	7.562
41	Dua Valley	M. Saleem & Others	07 Acres & 09 Ghuntas	Jamshoro	4.877	0.610	4.268
42	Keeriya Garden	Nawab Ahmed Chandio & M. Hassan Chandio	05 Acres & 16 Ghuntas	Jamshoro	4.036	0.506	3.530
43	Singapur City	Gulzar Ali & Syed Khuram Ali Shah	02 Acres	Shah Bukhari	1.459	0.175	1.284

(Rs. in million)

Sr.#	Name of Housing Scheme	Name of Sponzor	Total Area	Deh	Total	Paid	Balance
44	Jumerah Residency	M. Usman Memon & Others		Mirzapur	55.000	20.000	35.000
45	Mother Residency	Essar Das	06 Acres & 21 Ghuntas	Mirzapur	4.846	0.631	4.214
46	Saima Riveria	Suhail Ali & Zeeshan	36 Acres & 05 Ghuntas	Sari	10.860	1.357	9.502
47	Nishat Homes	Peer M. Siddique	05 Acres & 25 Ghuntas	Jamshoro	4.016	3.052	0.964
48	Mumtaz Town	Mumtaz Ali		Shah Bukhari	-	-	-
49	Palm-IV	Raheel Iqbal & Others		Shah Bukhari	85.040	33.500	51.540
50	Paris Garden	Gulzar Ali	03 Acres 35 Ghuntas	Shah Bukhari	2.937	0.601	2.336
51	Shakeel ICone	Sheharyar Ali	10 Acres	Mirzapur	25.804	19.646	6.157
52	Palm Royal Residency	Raheel Iqbal & Others	105 Acres 11 Ghuntas	Shah Bukhari	85.040	33.500	51.540
53	D-Homes	Khalid Hussain	02 Acres & 21 Ghuntas	Jamshoro	6.277	1.284	4.993
54	I-Cone City	Karim Panhwar	08 Acres & 12.5 Ghuntas	Jamshoro	21.548	9.550	11.998
55	Five Star Residency	Junaid & Others	06 Acres & 23 Ghuntas	Mirzapur	15.356	4.363	10.994
Total					781.423	269.036	512.387

Chapter-03 Annexes

Annex-1 of Chapter-03 (Para 3.5.1)

Non-production of auditable record

(Rs. in million)

Sr.#	Name of Office	Record	Year	DP #	Amount
1	Education Works Division Jacobabad	Measurement Books & Comparative statements	2020-21	3	190.979
2	Education Works Division Larkana	PC-I	2020-21	25	3.899
3	Education Works, Central, Karachi	Scope of Expenditure, PC-I, MB	2019-20	47	39.684
4	Executive Engineer, Education Works Division, Mithi	Income Tax Challans	2019-20		29.494
5	Education Works Division, Hyderabad	Income Tax Challans	2019-20		9.26
6	Education Works, Central, Karachi	MB, Extension letter	2019-20		8.772
7	Education Works Division, Khairpur	Drawings & Designs	2019-20		4.95
8	Education Works Division, Shikarpur	Income Tax Challans	2019-20		4.056
9	Education Works, Central, Karachi	Estimation, PEC Certificate	2019-20		3.704
10	Education Works Division, Mithi	Supporting vouchers of various heads of accounts	2019-20		2.345
11	Education Works Division, Tando Allahyar	Check Measurement, Progress report, Permission from the Head Master to start the work	2019-20		1.804
12	Education Works Electric Division, Hyderabad	Adjustment, work orders, case files & tender documents	2017-18 to 2019- 20		0.287
13	Education Works Division, Hyderabad	Various Record	2019-20		0
14	Education Works Division, Hyderabad	certificate of defalcation of losses	2019-20		0
15	Education Works Division, Hyderabad	SST Transfer Entry	2019-20		0
16	Education Works Division Thatta	Various Record	2019-20		27.433
17	Education Works Division, Dadu	Supporting bills/vouchers	2020-21	4	4.353

(Rs. in million)

Sr.#	Name of Office	Record	Year	DP #	Amount
18	Education Works Division, Dadu	Record of various essential formalities	2020-21	6	70.500
19	Education Works Division, Hyderabad	measurement books	2020-21	80	5.807
Total					407.327

**Annex-2 of Chapter-03
(Para 3.5.2)**

Doubtful recording of measurement in single day - Rs. 55.932 million

(Rs. in million)

CV# & Date	Bill #	Name of Work	Contract or	Work Order #	MB recorded by	MB # / Page # & Date	Amount
06 24/09/20	10th	Establishment of Shaheed Zulfiqar Ali Bhutto Engineering College Gadap Town Karachi (Administration Block, Student Hostel, U.G Tank, H.S.R. P/room, Boring & C wall)	M/s. Anwar Ahmed Construct ion Co.	XEN/EWD - II/ W&S/TC/ 13-14/ 2628	Mr. Hakim Ali Memon, S-Eng.	3915 / 01-06 / 10/6/2021	7,351,500
07 11/6/21	1st	Repair & Maintenance of Govt: Boys Primary School Urs Sethani Gadap Town District Malir	M/s. Burak Enterprise s	XEN/EWD / Malir/ TC/2020- 21/198	Mr. Hakim Ali Memon, S-Eng.	3913 / 01- 11/ 10/6/2021	1,844,561
21 15/06/21	1st	Establishment of Girls Academic Block in Public Schools Gadap Karachi	M/s. Naseem Enterprise s	XEN/EWD / Malir/ 2020- 21/208	Mr. Hakim Ali Memon, S-Eng.	3921 / 01- 02/ 10/6/2021	4,375,000
22 15/06/21	1st	Rehabilitation of High Enrolment Dangerous Primary School with Additional Class Rooms and provision of Missing Facilities GBPS Pir Bux Chandio Gadap Karachi	M/s. Amir Sabbir Associate s	XEN/EWD / Malir/ 2020- 21/203	Mr. Hakim Ali Memon, S-Eng.	3922 / 01- 02/ 10/6/2021	907,556

(Rs. in million)

CV# & Date	Bill #	Name of Work	Contract or	Work Order #	MB recorded by	MB # / Page # & Date	Amount
24 15/06/21	1st	Rehabilitation / Reconstruction of Existing Primary/Secondary Schools at Gadap Town Karachi at GPS Nek Muhammad Jokhio Goth Gadap Karachi (Remaining Work)	M/s. Naveed Tahir & Co.	XEN/EWD / Malir/ 2020-21/205-A	Mr. Hakim Ali Memon, S-Eng.	3923 / 01-02/ 10/6/2021	1,552,279
25 15/06/21	1st	Rehabilitation / Reconstruction of Existing Primary/Secondary Schools at Gadap Town Karachi at GPS Siraj Ahmed Kathore Village Gadap Karachi (Remaining Work)	M/s. Naveed Tahir & Co.	XEN/EWD / Malir/ 2020-21/205	Mr. Hakim Ali Memon, S-Eng.	3917/ 01-06/ 10/6/2021	5,915,068
26 15/06/21	1st	Modified Provision of Missing/Additional Facilities and renovation of Existing High School along with Feeder primary school at distance of 1.5 k.m. Radius at Govt (Boys/Girls) Secondary school Jam Murad Ali Gadap District Malir	M/s. Shaikh Rahim Khan & Brothers	XEN/EWD / Malir/ 2020-21/206	Mr. Hakim Ali Memon, S-Eng.	3924 / 01-02/ 10/6/2021	2,221,625
28 15/06/21	1st	Rehabilitation of High Enrolment Dangerous Primary School with Additional Class Rooms and provision of Missing Facilities GBPS Morio Faqeer Gadap Town Karachi	M/s. Waris & Co.	XEN/EWD / Malir/ 2020-21/204	Mr. Hakim Ali Memon, S-Eng	3920 / 01-02/ 10/6/2021	3,262,029
29 15/06/21	2nd	Establishment of Girls Academic Block in Public	M/s. Naseem Enterprises	XEN/EWD / Malir/ 2020-21/208	Mr. Hakim Ali	3929 / 01-03/ 10/6/2021	7,001,225

(Rs. in million)

CV# & Date	Bill #	Name of Work	Contract or	Work Order #	MB recorded by	MB # / Page # & Date	Amount
		Schools Gadap Karachi			Memon, S-Eng		
30 15/06/21	2nd	Construction of Girls Hostel in Public School Gadap Karachi (Block-B) Ground Floor & First Floor)	M/s. Burak Enterprises	XEN/EWD / Malir/ 2020-21/209	Mr. Hakim Ali Memon, S-Eng	3928 / 01-02/ 10/6/2021	1,727,540
15/06/21	1st	Construction of Girls Hostel in Public School Gadap Karachi (Block-B) Ground Floor & First Floor)	M/s. Burak Enterprises	XEN/EWD / Malir/ 2020-21/209	Mr. Hakim Ali Memon, S-Eng	3919 / 01-02/ 10/6/2021	7,042,542
32 15/06/21	2nd	Establishment of Govt: Girls Degree College at Kamal Khan Jokhio Karachi (Balance work of Auditorium Hall) (Construction of U.G.T. Pump room & Guard room)	M/s. Burak Enterprises	XEN/EWD / Malir/ 2020-21/210	Mr. Hakim Ali Memon, S-Eng	3918 / 01-03/ 10/6/2021	2,362,500
33 15/06/21	3rd.	Establishment of Government Girls Degree College Kamal Khan Jokhio Gadap Town Karahi (Balance work of Auditorium Hall, Construction of U.G.T. Pump room and Guard Room	M/s. Burak Enterprises	XEN/EWD / Malir/ TC/2020-21/210	Mr. Hakim Ali Memon, S-Eng	3927 / 01-03/ 10/6/2021	558,309
34 15/06/21	1st	Establishment of Govt: Girls Degree College at Kamal Khan Jokhio Karachi (Balance work of Auditorium Hall) (Construction of U.G.T. Pump room & Guard room)	M/s. Burak Enterprises	XEN/EWD / Malir/ 2020-21/210	Mr. Hakim Ali Memon, S-Eng	3907 / 01-02/ 10/6/2021	9,810,645
Total							55,932,379

**Annex-3 of Chapter-03
(Para 3.5.6)**

Irregular execution of work in excess of PC-I cost - Rs. 32.22 million

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GBPS hot charwan	2.593	3.049	3.049	Mr. Abdul Rasheed K.K	0.46	17.59
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GBPS faqir faiz muhammad billalani	2.593	3.043	3.043	M/s Zeeshan Qamar	0.45	17.35
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	Gps fazal bhatti	2.593	3.055	3.055	Mr. Amulakh Das	0.46	17.82
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GGPS makhan samoon	2.593	3.325	3.325	Ishaque	0.73	28.23
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GGPS tahrani farm	2.593	3.175	3.175	A. Ghafar Rajput	0.58	22.45
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GGPS sono khan lashari	2.593	3.013	3.013	M/S Shahid Builders	0.42	16.20
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GBPS ahmed khan laghari	2.593	3.294	3.294	Hussain Bux	0.70	27.03
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	GBPS deh-149	2.593	3.005	3.005	M/s Gulf Enterprises	0.41	15.89

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
Up-gradation of primary schools to middle schools in Sindh ADP# 997, (2007-08 prog)	Gps haji ghulam qadir narejo	2.593	3.038	3.038	Adil Rasheed	0.45	17.16
ADP# 1138 (2008-09) construction of two roomed shelter less primary schools in Sindh (2007-08 prog)	Gps haji den muhammad	1.040	1.385	1.385	Muhammad Yaqoob	0.35	33.17
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	Gps haji imam bux lashari	1.040	1.278	1.278	Mansoor Ali	0.24	22.88
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	Gps Abdul latif dal	1.040	1.360	1.360	Mansoor Ali	0.32	30.77
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	GGPS m.yousif panhwar	1.040	1.280	1.280	Farman Ali	0.24	23.08
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	GGPS m.khan lashari	1.040	1.411	1.411	Muhammad Ishaq	0.37	35.67

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	GBPS jaffar laghari	1.040	1.300	1.300	Mr. Adil Rasheed	0.26	25.00
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	GBPS a.majeed noohani deh-172	1.040	1.213	1.213	M/s Mustafa Enterprises	0.17	16.63
ADP# 1138 (2008-09) construction of two roomed Shelter less primary schools in Sindh (2007-08 prog)	GBPS khuda bux khaskhely	1.040	1.221	1.221	Mohammad Yaqoob	0.18	17.40
ADP# 1137, (2008-09) introduction of computer education in existing middle schools in Sindh (2007-08 prog). ADP# 998	GGMS doulat laghari	1.026	1.943	1.943	Al Haris Traders	0.92	89.38
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GGPS - khad plot 2	1.778	2.107	2.107		0.33	18.54
Rehab./exp. /imp. of high priority 4560 schools primary / elementary	GBPS - ghulshn e rehmania	3.721	4.515	4.515		0.79	21.33

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
schools) (199-units)							
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - balochabad	2.714	3.255	3.255		0.54	19.94
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - badal khaskheli	1.821	2.148	2.148		0.33	17.96
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - muhammad khan junejo farm	2.723	3.610	3.610		0.89	32.58
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - suleman mangrio	1.671	2.355	2.355		0.68	40.97
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - pir ghulam rasool shah	2.490	3.303	3.420		0.93	37.37
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GGPS - khan	3.238	4.412	4.577		1.34	41.34

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - soomar sammon	1.934	1.340	2.258		0.32	16.74
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - syed imam bux shah	1.749	2.316	2.316		0.57	32.37
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - juman shah	1.294	1.341	1.790		0.50	38.39
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GGPS - community school kot mirs	2.033	2.404	2.573		0.54	26.53
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - matan chang	1.488	1.493	1.829		0.34	22.94
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - haji suleman khaskhaly	2.484	2.780	3.182		0.70	28.10
Rehab./exp. /imp. of high priority 4560 schools primary /	GBPS - kot mumtaz shah	2.643	2.683	3.087		0.44	16.79

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
elementary schools) (199-units)							
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - habib kot	1.796	2.094	2.094		0.30	16.63
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - muhammad saleh perhear	1.444	1.236	1.717		0.27	18.87
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - longewall	2.200	2.701	2.701		0.50	22.80
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	Gblls - mir nasir hussain	2.280	2.770	2.770		0.49	21.49
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - landhi mir ghulam hussan	0.563	0.675	0.675		0.11	19.99
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GGPS - tando jan muhammad	1.414	1.860	2.013		0.60	42.36

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - over crowded tando jan muhammad	1.625	1.938	1.938		0.31	19.27
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - kachelo farm	5.050	4.200	6.558	M/s Bilal & Co	1.51	29.86
Rehab./exp. /imp. of high priority 4560 schools primary / elementary schools) (199-units)	GBPS - mirza ghalib	6.111	2.600	7.266	M/s Saeed Ahmed	1.16	18.91
Up-gradation of middle schools to high schools & high schools to higher secondary schools in Sindh (2007-08 prog) ADP# 1030 up-gradation of middle schools to high schools	Gbms jeo kaloi	6.062	8.422	8.853	M/s Abdul Salam Arif	2.79	46.04
Up-gradation of middle schools to high schools & high schools to higher secondary schools in Sindh (2007-08 prog) ADP# 1030 up-gradation of middle schools to high schools	GGMS bagawali	6.062	7.240	7.240	M/s Zeeshan Qamar	1.18	19.43
Up-gradation of middle schools to high schools &	Gbms 155 mandhrawala	6.062	7.683	8.367	M/s Asad Construction Co.	2.30	38.02

(Rs. in million)

Name of Scheme	NAME OF SCHEMES / LOCATION	Approved PC-I Cost (Cap:)	Expenditure Incurred upto 30-06-20	Total Exp Incurred Since Comm:	Name of Contractor	Excess Amount	Excess %
high schools to higher secondary schools in Sindh (2007-08 prog) ADP# 1030 up-gradation of middle schools to high schools							
Up-gradation of middle schools to high schools & high schools to higher secondary schools in Sindh (2007-08 prog) ADP# 1030 up-gradation of middle schools to high schools	Gbms din muhammad narejo	6.062	8.001	8.023		1.96	32.35
Rehab./exp. /imp. of high priority 4560 schools secondary schools) (05-units)	Gbhs - adil bhansinghabad	9.145	9.493	10.938	M/s New Abid Hussain Const. & Builders	1.79	19.61
Total			141.362	154.561		32.22	

**Annex-4 of Chapter-03
(Para 3.5.24)**

Non-imposition of penalty for delayed works - Rs. 313.838 million

(Rs. in million)

Sr.#	Name of Office	Year	DP #	Amount
1	Executive Engineer, Education Works Division, Hyderabad	2019-20	29	36.376
2	Executive Engineer Education Works Division Kashmore @ Kandhkot	2019-20		26.25
3	Executive Engineer Education Works Division, Khairpur	2019-20		13.605
4	Executive Engineer, Education Works Division, Badin	2019-20		11.359
5	Executive Engineer, Education Works Ghotki	2018-19 & 2019-20		11.028
6	Executive Engineer, Education Works, Central, Karachi	2019-20		7.71
7	Executive Engineer, Education Works Division, Shikarpur	2019-20		6.391
8	Executive Engineer, Education Works Division District West Karachi	2019-20		5.456
9	Executive Engineer, Education Works Division Jamshoro	2019-20		5.092
10	Executive Engineer Education Works Division, Dadu	2019-20		4.999
11	Executive Engineer, Education Works, Sujawal	2019-20		3.385
12	Executive Engineer, Education Works Division, Tando Allahyar	2019-20		3.072
13	Executive Engineer, Education Works Division, Mithi	2019-20		1.898
14	Executive Engineer, Education Works Electric Division, Hyderabad	2017-18 to 2019-20		1.322
15	Executive Engineer, Education Works Division, Hyderabad	2019-20		0.745
16	Executive Engineer, Education Works Electric Division-II Karachi	2017-18 To 2019-20		0.39
17	Executive Engineer Electric Division Sukur	2019-20		3.571
18	Executive Engineer, Education Works Division Sukkur	2019-20		15.947
19	Executive Engineer, Education Works District Kamber Shahdadkot	2019-20		24.18
20	Executive Engineer, Education Works Division Thatta	2019-20		0.32

(Rs. in million)

Sr.#	Name of Office	Year	DP #	Amount
21	Education Works Division-I, Karachi West	2020-21	48	6.073
22	Education Works Division Khairpur	2020-21	60	35.790
23	Education Works Division No. VI, Malir, Karachi	2020-21	71	39.155
24	Education Works Division, Matiari	2020-21	113	6.759
25	Education Works Division, Jamshoro	2020-21	129	15.283
26	Education Works Division, Benazirabad	2020-21	109	6.562
27	Education Works Division, Naushehro Feroz	2020-21	118	2.635
28	Education Works Division, Hyderabad	2020-21	99	4.383
29	Education Works Division, East Karachi	2020-21	102	1.493
30	Education Works Division, Central Karachi	2020-21	103	2.366
31	Education Works Division, South Karachi	2020-21	106	10.243
			Total	313.838

Chapter-04 Annexes

Annex-1 of Chapter-04 (Para No. 4.5.1)

Non-production of auditable record

(Rs. in million)

Sr#	Name of Office	Particulars	AIR Para#	Financial Year	DP#	Amount
1	Secretary, Irrigation Department, Government of Sindh, Karachi	i. Record pertaining to tendering process ii. Payment to the consultants without performance of due functions in accordance with contract	1	2020-21	14	631.973
2	Executive Engineer West Division Khairpur	All relevant record like rough cost/PC-I, Technical sanction, scheduled rate, bills measurement books, tendering	1	2020-21	195	356.018
3	Executive Engineer, Tube Wells Division Hala-I	Installation of 82 Tubewells including installation of 2 New Tubewells and F/Fixing of energy system of 2 cusec salin tubewells	2	2020-21	57	220.078
4	XEN, Mitharo Division Mirpurkhas	Record of receipts	2	2020-21	173	12.438
5	Executive Engineer East Division Khairpur	record pertaining to reconstruction and renovation of Landis	39	2020-21	156	23.621
6	Executive Engineer, Drainage Division (LBOD), Shaheed Benazirabad	Detail measurement, detail survey of drains	2	2020-21	103	43.995
7	XEN, Shahbaz Irrigation Division Sehwan Sharif Jamshoro	Approved rate analysis	3	2020-21	262	20.250
8	XEN, B.S Feeder Division Kashmore	Measurement Book and tendering process	6	2020-21	274	12.807
9	XEN, Tubewell Division, Tandojam@Hyderabad	Detail measurement	8	2020-21	288	6.755
10	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	MBs, tender register, contingent bills, final bills against which refund of security deposit were mad, record of PMU, thematic Audit related record etc.	1	2020-21	251	0
11	XEN,Thatta Drainage Division, Thatta	Details Measurement	10	2020-21	309	4.151
12	XEN, Shahdadot Irrigation Division Kamber Shahdadkot	complete contractor files, sanctioned estimates, tender files, PC-I, M.Bs and progress report	1	2019-2020	91	213.89
13	XEN, Water Carrier Works Division, Mirpurkhas	Drawings and designs	7	2019-2020		145.752
14	XEN, Kotri Barrage Division, Jamshoro	Case file, MB, Estimate etc.	12	2019-2020		80.378

(Rs. in million)

Sr#	Name of Office	Particulars	AIR Para#	Financial Year	DP#	Amount
15	XEN, Small Dam Division, Nagarparkar	Income tax Challans	3	2019-2020		35.31
16	XEN, Small Dam Division, Kohistan-II, Jamshoro	MB, PC-I ETC	8	2019-2020		18.247
17	XEN, Nara Canal Division, Khairpur	survey site report, estimates, daily progress etc.	1	2019-2020		13.001
18	XEN, Kotri Barrage Division, Jamshoro	detail bill of Indus River system	1	2019-2020		8.41
19	XEN, Irrigation Kandhkot Division@ Garhi Hassan (sarki)	work completion report, total no. of excavator and drivers and MB etc.	3	2019-2020		5.0107
20	XEN, Small Dam Division, Kohistan-II, Jamshoro	MB, completion certificate, experience etc.	7	2019-2020		2.981
21	XEN, Small Dam Division, Nagarparkar	Adjustment vouchers Stationary, TA etc.	4	2019-2020		0.721
22	XEN, Tube Well Division, Neusheroferoze	FO-11, LPC etc.	12	2019-2020		0.571
23	XEN, Rohri Division, Kandiaro	Vouchers were not attached	3	2019-2020		0.312
24	XEN, Nara Canal Division, Khairpur	FO-11, LPC etc.	10	2019-2020		0.231
25	XEN, Small Dam Division, Kohistan-II, Jamshoro	various record	1	2019-2020		0
26	Managing Director Sindh Irrigation And Drainage Authority (SIDA) Hyderabad	Financial statements audited & unaudited, sanctioned & working strength, record of recruitments, personal files, record of bank accounts, approval of SIDA Board in respect of incurrence of expenditure, disclosure of other cost centers, record of regularization of staff of WSIP, record of area water boards and farmers organizations, record of staff posted on deputation/transfers, list of employees with details, approval of budget estimates, record of daily wages or contingent paid staff, PERS/ACRs, record of promotion files,	1	2019-2020		0
27		minutes of departmental promotion committee, record of available vehicles, record of recovery of house rent, monthly activity reports, service books and personal files.				0
28	Chief Engineer Irrigation Gudu Barrage Sukkur	development & non-development budget in the region, original works with approval in the region repair and maintenance works with approval in the region repair of residential	1	2017-18,2018-19,& 2019-2020		0

(Rs. in million)

Sr#	Name of Office	Particulars	AIR Para#	Financial Year	DP#	Amount
		building in the region estimated sanctioned strength lease of building land immovable property in the region write off losses due to depreciation of serviceable stocks.				
29	XEN, Ranipur Drainage Division (SCARP), Khairpur	Cashbook, NIT file, Monthly Accounts and other	1	2019-2020		0
30	XEN, Ranipur Drainage Division (SCARP), Khairpur	Tender Documents	6	2019-2020		0
31	XEN, Ranipur Drainage Division (SCARP), Khairpur	Case file, MBs, Personal Files & others	22	2019-2020		0
32	XEN, Ranipur Drainage Division (SCARP), Khairpur	Due Dawn Statement, Office Orders & LPCs	2	2019-2020		0
33	XEN, Ranipur Drainage Division (SCARP), Khairpur	Tender Documents, Progress Report, MBs	12	2019-2020		0
34	XEN, Ranipur Drainage Division (SCARP), Khairpur	Tender Documents, Progress Report, MBs	13	2019-2020		0
35	XEN, Ranipur Drainage Division (SCARP), Khairpur	Deposit Register	15	2019-2020		0
36	XEN, Barrage Jamshoro Division	detail bill	1	2019-2020		0
37	XEN, Drainage Barrage Division, Badin	Drawings Design	8	2019-2020		0
38	XEN, RBID-II, Hyderabad	Vouchers, invoices stock register, POL drawl & other	2	2019-2020		0
39	XEN, RBID-II, Hyderabad	logbook, and other	7	2019-2020		0
40	XEN, RBID-II, Hyderabad	Personal files, LPCs, FO-2, office order	8	2019-2020		0
					Total	1,856.901

**Annex-2 of Chapter-04
(Para No. 4.5.18)**

Non-imposition of penalty- Rs. 1,834.010 million

(Rs. in million)

Sr#	Name of Office	AIR Para #	Financial Year	DP#	Amount
1	XEN, Nara Canal Division, khairpur	4	2019-20	92	37.067
2	XEN, Kairi Begar Division, Thatta	5	2019-20		1.964
3	XEN, Water Carrier Works Division, Mirpurkhas	5	2019-20		182.24
4	XEN, Tubewell Division, Mirpurkhas	4	2019-20		124.009
5	XEN, Kotri Barrage Division, Jamshoro	8	2019-20		29.845
6	XEN, Drainage Division Thatta	7	2019-20		21.262
7	XEN, Small Dam Division, Kohistan-I, Dadu	5	2019-20		52.556
8	XEN, Tubewell Division, Naushehro-Feroze	13	2019-20		32.3
9	XEN, Upper Pinyari Division Hyderabad	12	2019-20		42.794
10	XEN Tando Jam Tube well Division Hyderabad	11	2019-20		6.547
11	XEN Shahbaz Irrigation Division Sehwan Jamshoro	9	2019-20		7.07
12	XEN Shahdadt irrigation Division Kamber Shahdadt	8	2019-20		32.361
13	XEN Begari Bund Division Sukkur	2	2019-20		2.439
14	XEN, Ranipir Drainage Division(SCARP), Khairpur	20	2019-20		12.646
15	XEN, Barage Division, Jamshoro	8	2019-20		29.845
16	XEN, Drainage Division, Badin	9	2019-20		7.599
17	XEN, Lower Pinyari Division, Sujawal	2	2019-20		12.872
18	XEN, Sujawal Drainage Division, Sujawal	4	2019-20		11.425
19	Executive Engineer Southern Division, Dadu (including Johi Division)	5	2019-20		25.922
20	Executive Engineer, Naseer Division, Tando Allah Yar	5	2019-20		18.157
21	XEN, Rohri Canal (Khesano Mori) Division, Hyderabad	3	2019-20		3.484
22	XEN, Rohri Canal (Khesano Mori) Division, Hyderabad	9	2019-20		0.349
23	Executive Engineer, Guddu Barrage Division Kashmore	5	2019-20		102.55
24	Executive Engineer, Kandhkot Division Kashmore	6	2019-20		7.642
25	Executive Engineer, Northern Dadu Canal Division, Larkana	1	2019-20		7.13
26	Executive Engineer, Drainage Division Mirpurkhas	4	2019-20		18.574
27	Executive Engineer, Mithrao Division Mirpurkhas	10	2019-20		18.541
28	PD, Sindh Resilience Project (Irrigation Component)	4.5.1	2020-21		4.5.1
29	XEN, West division Khairpur	16	2020-21	204	133.538

(Rs. in million)

Sr#	Name of Office	AIR Para #	Financial Year	DP#	Amount
30	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	4	2020-21	209	126.268
31	Executive Engineer, Hala Irrigation Division, Hala @ Hyderabad	7	2020-21	68	83.806
32	Executive Engineer, Jamshoro Division, Mirpurkhas	16	2020-21	180	77.414
33	Executive Engineer, Small Dams Division Nagarparkar, Mithi	12	2020-21	128	67.109
34	Executive Engineer Upper Pinyari Division, Hyderabad Irrigation Department	9	2020-21	332	47.393
35	Executive Engineer, North Dadu, Drainage Division, Larkana	10	2020-21	79	43.614
36	Secretary, Irrigation Department, Government of Sindh, Karachi	14	2020-21	10	43.208
37	Executive Engineer Small Dams Division, Kohistan-I Dadu	5	2020-21	41	28.2
38	Kotri Barrage Division, Jamshoro	2	2020-21	171	27.687
39	XEN,Thatta Drainage Division, Thatta	9	2020-21	305	25.123
40	Executive Engineer, Nara Canal Division Khairpur	3	2020-21	267	24.779
41	XEN, Tube well Division Panoakil, Ghotki.	8	2020-21	250	4.3372
42	XEN, Rohri Division Kandiaro, Nausheroferoz	9	2020-21	292	4.215
43	Executive Engineer, Drainage Division, Badin	7	2020-21	55	3.884
44	Executive Engineer, Tube Wells Division Hala-I	4	2020-21	58	3.808
45	Executive Engineer, Tube wells Division No: II, Hala	5	2020-21	61	1.661
46	Secretary, Irrigation Department, Government	-	2020-21	21	51.574
				Total	1,834.01

Annex-3 of Chapter-04
(Para No. 4.5.27)

Irregular refund of security deposit without completion of work- Rs. 515.539 million

(Rs in million)

Sr#	Name of Office	Financial Year	DP#	Amount
1	XEN, West division Khairpur	2020-21	196	203.74
2	Executive Engineer, Small Dams Division Kohistan-II, Jamshoro	2020-21	255	14.081
3	Executive Engineer Small Dams Division, Kohistan-I Dadu	2020-21	42	115.041
4	Executive Engineer East Division Khairpur	2020-21	141	72.519
5	Executive Engineer Small Dams Division, Kohistan-I Dadu	2020-21	48	35.825
6	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	2020-21	210	15
7	Secretary, Irrigation Department, Government of Sindh, Karachi	2020-21	18	11.603
8	Secretary, Irrigation Department, Government of Sindh, Karachi	2020-21	3	9.793
9	Executive Engineer, Kotri Barrage Division, Jamshoro	2020-21	167	8.753
10	Executive Engineer, Barrage Division Sukkur	2020-21	317	8.758
11	Executive Engineer, Jamrao Division, Mirpurkhas	2020-21	178	8.187
12	XEN, Nara Canal Division Khairpur at Sukkur	2020-21	270	4.500
13	Executive Engineer Upper Pinyari Division, Hyderabad Irrigation Department	2020-21	331	3.746
14	Executive Engineer, North Dadu, Drainage Division, Larkana	2020-21	89	1.895
15	XEN, Shahbaz Irrigation Division Sehwan Sharif Jamshoro	2020-21	264	1.247
16	XEN, Akram Wah Division, Badin	2020-21	285	0.851
Total				515.539

**Annex-4 of Chapter-04
(Para No. 4.5.32)**

Non-recovery of stamp duty- Rs. 49.174 million

(Rs. in million)

Sr#	Name of Office	AIR Para #	Financial Year	DP#	Amount
1	XEN, Nara Canal Division, Khairpur	5	2019-20	94	0.782
2	XEN, RBOD-III, Thatta	7			0.052
3	XEN, Kori Barrage Division, Jamshoro	4			1.59
4	XEN, Small Dam Division, Kohistan-II, Jamshoro	4			0.064
5	XEN, Akram Wah Division Badin	8			0.212
6	XEN, Shahbaz Irrigation Division Sehwan Jamshoro	3			4.52
7	XEN, Bagari Bund Division Sukkur	5			1.687
8	PD, Flood Emergency & Reconstruction Project, Hyderabad	15			15.457
9	XEN, Feder Division, Hyderabad	2			0.103
10	XEN, Feder Division, Hyderabad	6			0.077
11	XEN, Barrage Division Jamshoro	4			1.59
12	XEN, Rohri Canal (Khesano Mori) Division, Hyderabad	8			0.061
13	Executive Engineer, Drainage Division Mirpurkhas	3			0.163
14	Executive Engineer, Thar Division Mirpurkhas	1			1.266
15	Executive Engineer, Mithrao Division Mirpurkhas	6			4.493
16	Executive Engineer, Jamrao Division Mirpurkhas	2			0.092
17	XEN, B.S Feeder Division Kashmore	9			2020-21
18	Project Director, Flood Emergency Reconstruction Project, Hyderabad	10	2020-21	111	2.891
19	XEN, Nara Canal Division Khairpur at Sukkur	4	2020-21	271	2.183
20	Executive Engineer, Drainage Division, Badin	1	2020-21	53	1.119
21	P D, Sindh Barrage Improvement Project Phase-I Guddu Barrage		2020-21	5.1.1	0.958
22	Executive Engineer, Thar Fresh Water Supply in Arid Zone Division, Mirpurkhas	1	2020-21	181	0.808
23	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	1	2020-21	207	0.672
24	XEN, Rohri Division Kandiaro, Naushehroferoz	2	2020-21	291	0.327
25	XEN, West division Khairpur	17	2020-21	205	0.18
26	Executive Engineer, North Dadu, Drainage Division, Larkana	18	2020-21	86	0.169
27	Executive Engineer Phulleli Division, Badin @ Hyderabad	11	2020-21	321	0.135
28	XEN, Tube well Division Panoakil, Ghotki.	7	2020-21	249	0.069
29	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	2	2020-21	208	0.057
Total					49.174

**Annex-5 of Chapter-04
(Para No. 4.5.33)**

Non-recovery of various taxes at prescribed rates - Rs. 58.361 million

(Rs in millions)

Sr.#	Name of Office	Particulars	Financial Year	DP#	Amount
1	XEN, RBOD-III, Thatta	General Sales Tax	2019-20	93	3.688
2	XEN, Tubewell Division, Naushehro-Feroze		2019-20		0.658
3	XEN, Ranipur Drainage Division(SCARP), Khairpur		2019-20		4.853
4	Executive Engineer, LBOD Drainage Division, Benazirabad		2020-21	107	2.566
5	Executive Engineer, DAD Division, Benazirabad		2020-21	136	1.507
6	Executive Engineer, Tube wells Division No: I, Hala		2020-21	59	1.296
7	Executive Engineer, Tube wells Division No: II, Hala		2020-21	62	1.097
Total					15.665
8	Executive Engineer, Thar Irrigation Division, Mirpur Khas	Income Tax	2020-21	183	11.627
9	PD, Sindh Water Improvement Project (WSIP), Hyderabad		2020-21	4.1.4	1.07
10	Executive Engineer, Thar Irrigation Division, Mirpur Khas		2020-21	184	1.5
11	XEN, Shahbaz Irrigation Division Sehwan Sharif Jamshoro		2020-21	265	0.051
Total					14.248
12	Executive Engineer, DAD Division, Benazirabad	Sind Services Tax	2020-21	133	8.445
13	Executive Engineer, Nusrat Division, Shaheed Benazirabad		2020-21	118	3.887
14	Secretary, Irrigation Department, Government of Sindh, Karachi		2020-21	16	2.026
15	XEN, Rohri Division, Kaniaro		2019-20	97	0.496
16	XEN, Kalri Begar Division, Thatta		2019-20		0.866
17	XEN, Small Dam Division, Kohistan-II, Jamshoro		2019-20		0.073
18	XEN Drainage Division Thatta		2019-20		1.338
19	XEN Shahdadt Kot Irrigation Division Kamber Shahdadt Kot		2019-20		1.543
20	XEN, RBOD-I Division Sann Jamshoro		2019-20		0.908
21	XEN, Ranipur Drainage Division (SCARP), Khairpur		2019-20		1.106

Sr.#	Name of Office	Particulars	Financial Year	DP#	Amount
22	Executive Engineer, Bagari Sindh Feeder Division Larkana		2019-20		0.864
23	XEN, Akram Wah Division, Badin		2020-21	283	1.95
24	Executive Engineer, North Dadu, Drainage Division, Larkana		2020-21	85	1.805
25	XEN, Tubewell Division, Tandojam@Hyderabad		2020-21	290	1.004
26	Executive Engineer Small Dams Division, Kohistan-I Dadu		2020-21		0.675
27	PD, Sindh Water Sector Improvement Project (WSIP), Hyderabad		2020-21	4.1.6	0.32
28	PD, Sindh Resilience Project (Irrigation Component)		2020.21	4.2.2	0.317
29	Executive Engineer, Drainage Division (LBOD), Shaheed Benazirabad		2020-21	104	0.592
30	Executive Engineer, DAD Division, Benazirabad		2020-21	131	0.233
Total					28.448
Grand Total					58.361

**Annex-6 of Chapter-04
(Para No. 4.5.34)**

Non-deduction of shrinkage allowance on earthwork- Rs. 24.672 million

(Rs in million)

Sr.#	Name of Office	Financial Year	DP#	AIR Para#	Amount
1	XEN, Small Dam Division, Nangarparkar	2019-20	95	6	1.262
2	XEN, Kotri Barrage Division, Jamshoro	2019-20		9	0.627
3	XEN, Small Dam Division, Kohistan-II, Jamshoro	2019-20		5	0.119
4	XEN, Akram Wah Division Badin	2019-20		7	0.2
5	XEN, Tando Jam Tube Well Division Hyderabad	2019-20		10	1.349
6	XEN, Shahdadt Division Kamber Shahdadt	2019-20		29	0.296
7	XEN, Ranipur Drainage Division (SCARP), Khairpur	2019-20		14	0.735
8	XEN, Barrage Division, Jamshoro	2019-20		9	0.627
9	XEN, Nusrat Division, Shahee Benazirabad	2019-20		3	6.52
10	XEN, Lower Pinyari Division, Sujawal	2019-20		10	0.707
11	XEN, Sakro Division, Mirpur Sakro Thatta	2019-20		1	0.665
12	XEN, Naseer Division, Tando Allah Yar	2019-20		2	0.744
13	XEN, Kandhkot Division Kashmore	2019-20		5	0.139
14	Executive Engineer, Thar Division Mirpurkhas	2019-20		3	4.09
15	Executive Engineer, Jamarao Division Mirpurkhas	2019-20		7	2.154
16	Executive Engineer, Bagari Sindh Feeder Division Kashmore.	2019-20	7	0.078	
17	XEN, Small Dams Division Nagarparkar, Mithi	2020-21	126	6	1.995
18	Secretary, Irrigation Department, Government of Sindh, Karachi	2020-21	9	21	1.458
19	XEN, Tube well Division Panoakil, Ghotki.	2020-21	247	3	0.907
Total					24.672

Chapter-05 Annexes

Annex-1 of Chapter-05 (Para No. 5.5.1)

Non-production of record

(Rs. in million)

Sr.#	Name of Office	Particulars	Financial Year	DP#	Amount
1	EE, PHED, Sukkur	Establishment record, Vehicle details, Bank Statement, Tender documents etc.	2019-20	98	81.779
2	EE, PHED, Thatta	Cashbook, vehicle list, service book & bank statement	2019-20		0
3	EE, PHED, Thatta	Recruitment record of work charged employees	2019-20		8.692
4	EE, PHED, NaushahroFeroze	Appointment record of daily wages, adhoc& Contract staff, Unserviceable stock register	2019-20		0
5	EE, PHED, NaushahroFeroze	NTN, GST, SRB, PEC registration of contractors.	2019-20		262.681
6	EE, PHED, TMK	Personal files, service book, appointment of daily wages, adhoc& Contract employees etc.	2019-20		257
7	EE, PHED, TandoAllahyar	Service books, Personal files of Gazeetted & non Gazeetted employees	2019-20		0
8	EE, PHED, Jacobabad	Complete record of Expenditure JK-0065, Service books & Personal files	2019-20		30.963
9	EE, PHED, Larkana	Recruitment record of work charged employees	2019-20		5.593
10	EE, PHED, Shikarpur	Tender Register, Cash book	2019-20		0
11	EE, PHED, Mirpurkhas	Feasibility report	2019-20		586.216
12		Supporting vouchers	2019-20		207.660
13		Allotment of vehicle and salary record of allottee	2019-20		0
14	EE, PHED, Matiari	Service books & pers files, cash book, vehicle list, sanction working strength, Details of bank accounts.	2019-20		0
15	EE, PHED, Khairpur-II	Pension cases, TADA Register, personal files	2019-20		0
16	EE, PHED, Khairpur-II	NTN, GST, SRB, PEC registration of contractors.	2019-20		80.618
17	EE, PHED, Badin	Detailed sub vouchers	2019-20		59.096
18	EE, PHED, Khairpur-II	Pumping Machinery & Solar Panels original bills of manufacturer	2019-20		3.170
19	XEN, PHED Division Benazirabad	Statement of award of land, assessment, adjustment account and Form-07, 3- Disbursement accounts,	2020-21		18

Sr.#	Name of Office	Particulars	Financial Year	DP#	Amount
		acknowledgement receipt,6- Verification of ownership certificate			
20	XEN, PHE Hyderabad	detailed estimates and rate analysis	2020-21	44	26.565
21	XEN, PHE(O&M), Division, Larkana	record of expenditure incurred on Other services rendered, Operation and Maintenance of RO Plant and Pol	2020-21	45	74.233
22	XEN, PHE (O&M), Division, Larkana	Technical sanction	2020-21	46	84.396
23	XEN, PHE (O&M), Division, Larkana	Record of relevant cheque	2020-21	48	5.185
24	XEN, PHE, Division, Larkana	Approved copies of the PC-I, PC-IV and revised technical sanction	2020-21	52	5152.329
25	XEN, PHE, Division, Larkana	record of remaining amount	2020-21	53	93.848
26	XEN, PHE, Division, Larkana	land award statement and disbursement statement	2020-21	56	51.985
27	XEN, PHE, Division, Larkana	different rates were paid on excavation of earth but soil testing reports were not produced	2020-21	61	14.177
28	XEN, PHE, Division, Larkana	Tender documents of hiring consultant	2020-21	75	0.631
29	XEN, PHE, (O & M) Division, Sanghar	BOQ, Technical Sanction, MBs, Minutes of procurement committee, Work completion report and acknowledgement from the quarter concerned	2020-21	164	102.256
30	XEN, PHE (O & M) Division Khairpur	Detail of bills, final bill of work along with completion certificate and other formalities	2020-21	167	1.374
31	XEN, PHE (O & M) Division Hyderabad	Notification, Copy of orders of S/court, water commission and release orders	2020-21	192	0
32	XEN, PHE (O & M) Division Jamshoro	PC-I,A.A,T.S, Bidding Documents, Contract Agreement, MBs &Rate analysis	2020-21	203	66.538
33	XEN, PHE (O & M) Division Sukkur	Approval of F.D, Copies of CNICs and Attendance Register	2020-21	209	7.219
34	XEN, PHE, Mirpurkhas	vouchers/bills of expenditure	2020-21	220	200.00
35	XEN, PHE,(O& M) Mirpurkhas	Various documents of hired staff by contractor	2020-21	232	8.348
36	XEN, PHE, T.M.Khan	Detailed estimates along with MBs, payment bills, & appointment record of Consultant	2020-21	235	109.693
				Total	7586.395

**Annex-2 of Chapter-05
(Para No. 5.5.3)**

Loss to Government due to allowing excess rates- Rs. 15.11million

(Rs. in million)

Capacity 10000GPD No.of RO Plant 196 Part-C Civil structure, re-bore, pumps						
Item	Specification	Rate allowed	Qty Executed	Rates in other work of same items during 2020-21	Excess rate	Excess Amount
Replacement of VFD Invertor	2.2 KW	100,000	45	65,000	35,000	1.575
Part Rate		75,000	45	65,000	10,000	0.450
Replacement of VFD Invertor	7.5 KW	150,000	60	98000	52,000	3.120
Part Rate		112,500	60	98000	14,500	0.870
Replacement of Submersible pump	4.0 KW (5.50BHP)	120,000	20	85000	35,000	0.700
Part Rate		90,000	20	85000	5,000	0.100
Replacement of Submersible pump	5.5KW (7.50BHP)	275,000	10	175000	100,000	1.000
Part Rate		206,250	10	175000	31,250	0.313
15000GPD No.of units 351 Part-C Civil structure, re-bore, pumps						
Replacement of Submersible pump	4.0 KW (5.50BHP)	120,000	13	85000	35,000	0.455
Part Rate		90,000	13	85000	5,000	0.065
Replacement of Submersible pump	5.5KW (7.50BHP)	275,000	13	175000	100,000	1.300
Part Rate		206,250	13	175000	31,250	0.406
Replacement of VFD Invertor	2.2 KW	100,000	80	65,000	35,000	2.800
Part Rate		75,000	80	65,000	10,000	0.800
Replacement of VFD Invertor	7.5 KW	150,000	80	98000	52,000	4.160
Part Rate		112,500	80	98000	14,500	1.160
				Excess over allowed rate		15.110
				Excess over Part rate		4.164

**Annex-3 of Chapter-05
(Para No. 5.5.5)**

Suspicious expenditure on replaced parts - Rs. 290.163million

(Rs. in million)

Rehabilitation of RO Plants 623 units, W/O 325 dated 23-04-21 RS1433.759million								
Capacity	No.of RO Plant	Part	Item	Specification	Rate allowed	Part rate	Qty Exedcuted	Amount
10000GPD	196	A	Replacement of Membranes	8"*40"	127,000	95250	208	19.812
15000GPD	351			8"*40"	127,000	95250	561	53.435
40000GPD	1			8"*40"	127,000	95250	8	0.762
40000GPD	4			8"*40"	127,000	95250	32	3.048
50000GPD	6			8"*40"	127,000	95250	60	5.715
50000GPD	3			8"*40"	127,000	95250	30	2.858
65000GPD	2			8"*40"	127,000	95250	30	2.858
75000GPD	9			8"*40"	127,000	95250	162	15.431
75000GPD	44			8"*40"	127,000	95250	792	75.438
75000GPD	3			8"*40"	127,000	95250	54	5.144
100000GPD	3			8"*40"	127,000	95250	60	5.715
100000GPD	1			8"*40"	127,000	95250	20	1.905
Rehabilitation of RO Plants 1.5MGD, W/O 202 dated 12-04-21 RS207.154million								
1.5MGPD			Replacement of Membranes	8"*40"	127,000	103500	270	27.945
Rehabilitation of RO Plants 2.0MGD, W/O 202 dated 12-04-21 RS207.154million								
2.0MGPD			Replacement of Membranes	8"*40"	127,000	103500	360	37.260
Total							2,647	257.324
Rehabilitation of RO Plants 623 units, W/O 325 dated 23-04-21 RS1433.759million								
10000GPD	196	C	Replacement of VFD Invertor	2.2 KW	100,000	75,000	45	3.375
10000GPD	196			7.5 KW	150,000	112,500	60	6.750
15000GPD	351			2.2 KW	100,000	75,000	80	6.000
15000GPD	351			7.5 KW	150,000	112,500	80	9.000
Total								25.125
Rehabilitation of RO Plants 623 units, W/O 325 dated 23-04-21 RS1433.759million								
10000GPD	196	C	Replacement of Submersible pump	4.0 KW (5.50BHP)	120,000	90,000	20	1.800
10000GPD	196			5.5KW (7.50BHP)	275,000	206,250	10	2.063
15000GPD	351			4.0 KW (5.50BHP)	120,000	90,000	13	1.170
15000GPD	351			5.5KW (7.50BHP)	275,000	206,250	13	2.681
Total								7.714
G.Total								290.163

**Annex-4 of Chapter-05
(Para No. 5.5.6)**

Blockage of funds due to overstated estimate- Rs. 186.00 million

Table-1 Excess No. of R.O/UF Plants				
Capacity (GPD)	Functional	Non-Functional	Total	As per estimates
10000	57	139	196	196
15000	97	254	351	351
40000	01	04	05	05
50000	02	07	09	09
65000	00	02	02	02
75000	16	40	56	56
100000	02	02	04	04
Total	175	448	623	623

Table-2 Excess No. of Membranes						
Capacity (GPD)	Non-Functional units	Membranes required for Non-Functional units	As per estimate	No.of units excess in estimates	No.of Membranes for each unit	Total No.of Membranes
10000	139	99	196	97	2	194
15000	254	164	351	187	3	561
40000	04	04	05	01	8	8
50000	07	05	09	04	10	40
65000	02	02	02	00	13	00
75000	40	28	56	28	15	420
100000	02	02	04	02	20	40
Total No.of Membranes in excess						1263
Rate allowed						127,000
Amount						160,401,000

Table-3 Excess No. of Submersible & HP pumps				
Capacity (GPD)	Non-Functional units	Submersible & HP pumps required for Non-Functional units	As per estimate	No.of units excess in estimates
10000	139	48	95	47
15000	254	103	150	47
Total No. of Submersible & HP pumps				94
Rate allowed				120,000
Amount				11,280,000

Table-4 Solar panels			
Capacity (GPD)	Solar panels required	As per estimate	No.of units excess in estimates
10000	57	150	93
15000	106	400	294
Total No.of Solar panels in excess			387
Rate allowed			37000
Amount			14,319,000

Chapter-06 Annexes

Annex-1 of Chapter-06 (Para No. 6.5.1)

Non-production of record

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1	XEN, Highway Div, Jacobabad	Non production of measurement books and comparative statements of biddings	2020-21	4	31.475
2	XEN Machinery Maintenance Khairpur @ Shikarpur	Expenditure of Cost Centre SQ-5003	2020-21	69	1,296.530
3	XEN, Highways Division, Jamshoro	Non-production of record	2019-20	47	-
4	XEN, Coastal Highway Division, Hyderabad	Expenditure incurred without contract agreement and subsequent loss of stamp duty (Non-framing of agreement)	2019-20	47	722.923
5	XEN, Provincial Highways Division, Hyderabad	Expenditure incurred without contract agreement and subsequent loss of stamp duty (Non-framing of agreement)	2019-20	47	433.096
6	XEN District Building Division Hyderabad	Non-production of tender record of building sector schemes	2019-20	47	224.428
7	XEN provincial Highway division Mirpurkhas	Doubtful payment to one contractor for construction of road	2019-20	47	213.980
8	XEN, Provincial Highways Division, Sukkur	Non-production of details of Security / Call deposits	2019-20	47	202.658
9	XEN provincial Highway division Mirpurkhas	Unauthorized Retention of lapsable Security deposit	2019-20	47	131.290
10	XEN, Highways Division, Ghotki	Irregular expenditure incurred on CC Paver Blocks (invoices and transportation receipts not available)	2019-20	47	127.088
11	XEN provincial Highway division Mirpurkhas	Irregular expenditure on various M&R works	2019-20	47	126.228
12	XEN District Building Division Hyderabad	Irregular expenditure on schemes	2019-20	47	122.852
13	XEN, Highways Division, Ghotki	Irregular finalization of schemes without completion report/PC-IV	2019-20	47	101.646
14	XEN Provincial Highway Division, Larkana	Non production detail of income tax due challan on expenditure incurred	2019-20	47	62.820
15	XEN, District Road Highway Division, Karachi	Non-production of record	2019-20	47	59.300
16	XEN Building Division, Khairpur	Irregular expenditure without Supporting vouchers	2019-20	47	54.750
17	XEN District Highways Division, Khairpur	Non-production of record	2019-20	47	54.330
18	XEN, District Road Highway Division, Karachi	Unauthorized award of work to disqualified bidders	2019-20	47	48.509
19	XEN Provincial Highway Division, Larkana	Irregular payment of work without detailed measurement	2019-20	47	27.135
20	XEN Machinery Maintenance Digri @ Kot Digi	Non production income tax due paid challan	2019-20	47	23.078
21	XEN District Highways Division, Khairpur	Non-production/misreporting detail of income tax due on expenditure incurred	2019-20	47	16.163
22	XEN Building Division, Khairpur	Non-delivery of various heads items/material	2019-20	47	14.211

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
23	XEN provincial Highway division Mirpurkhas	Irregular acquisition of land	2019-20	47	12.900
24	XEN Provincial Highway Division, Larkana	Non production detail of progress for payment in respect land Acquisition	2019-20	47	12.500
25	XEN, District Building Division, Ghotki	Un-justified expenditure on remaining work (Record not available)	2019-20	47	11.547
26	Secretary Works & Services, GoS, Karachi	Non production of record	2018-20	47	11.100
27	XEN, Coastal Highway Division, Hyderabad	Irregular payment made on account of acquisition of Land (land award statement not produced)	2019-20	47	10.000
28	Secretary Works & Services, GoS, Karachi	Irregular payment of arrears/adjustment of pay & allowances	2018-20	47	9.553
29	XEN, Highways Division Kandhkot@ Kashmir	Non-production invoices of national refinery	2019-20	47	7.727
30	XEN Provincial Highway Division Nousheroferoz @ Khairpur	Irregular expenditure without supporting vouchers	2019-20	47	7.300
31	XEN Building Division, Khairpur	Non-production/misreporting detail of income tax due on expenditure incurred	2019-20	47	6.120
32	XEN, Highways Division, Ghotki	Irregular payment on account of bitumen (documentary proof of NRL invoice, Analysis Report, Quality report N/A)	2019-20	47	5.962
33	XEN, District Building Division, Ghotki	Irregular expenditure incurred on CC Paver Blocks (invoices and transportation receipts not available)	2019-20	47	5.022
34	XEN, District Building Division, Ghotki	Un-authorized expenditure on Non-Schedule Items without Rate Analysis	2019-20	47	4.825
35	XEN, Highways Division, Ghotki	Irregular payment without compaction report (compact report not available)	2019-20	47	4.219
36	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Non-production of record of Income Tax Challans	2019-20	47	4.167
37	XEN Building Division-III, Karachi	award of work without contract agreement	2019-20	47	4.060
38	XEN Building Division-III, Karachi	without supporting vouchers	2019-20	47	2.958
39	Secretary Works & Services, GoS, Karachi	Irregular payment of salary without pay fixation	2018-20	47	2.819
40	Secretary Works & Services, GoS, Karachi	Irregular appointment of other province's employees	2018-20	47	1.689
41	XEN Provincial Building Division, Larkana	Non-installation of electric meter (Non-production)	2019-20	47	1.456
42	XEN, Highways Division, Jamshoro	Irregular payment of land compensation	2019-20	47	1.416
43	XEN District Highways Division, Khairpur	Non-installation of electric meter (Non-production)	2019-20	47	1.208
44	XEN Building Division, Tando Muhammad Khan	Non-provision of Rate Analysis of Non-Schedule Items (Ordinary proposed)	2019-20	47	1.132
45	Chief Engineer Highways Sindh Hyderabad	Unjustified payment of arrears/adjustment/difference of pay & allowances	2019-20	47	1.126
46	XEN District Highways Division, Khairpur	Irregular expenditure without Supporting vouchers	2019-20	47	0.823

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
47	XEN, District Building Division Jamshoro	Irregular payment of pay and allowances	2019-20	47	0.710
48	XEN, District Building sujawal	Irregular payment of electrical work without obtaining electrical license	2019-20	47	0.658
49	XEN, Highways Division, Jamshoro	Irregular expenditure on difference in cost of bitumen without supporting Vouchers	2019-20	47	0.553
50	XEN, District Building Division, Ghotki	Irregular payment on arrears / differences of pay bills (Manual Bills not available)	2019-20	47	0.306
51	XEN, Highways Division, Ghotki	Irregular payment on arrears / differences of pay bills (Manual Bills not available)	2019-20	47	0.269
52	XEN Highway Division Nousheroferoz	Irregular payment of pay & allowances	2019-20	47	0.227
53	XEN Provincial Highway Division Nousheroferoz @ Khairpur	Irregular purchase of Generator & computer accessories	2019-20	47	0.197
54	XEN, District Building sujawal	Un-justified payment of arrears /adjustment difference of pay & allowances	2019-20	47	0.114
55	XEN Building Division Nousherofero	Irregular expenditure incurred on TA/Da	2019-20	47	0.088
56	Chief Engineer Highways Sindh Hyderabad	Irregular expenditure without supporting vouchers	2019-20	47	0.046
57	XEN Provincial Highways Division Tharparkar @ Mithi	Non production of various auditable record	2019-20	47	-
58	XEN, District Building Division Jamshoro	Non-production of record –	2019-20	47	-
59	XEN, District Building sujawal	Non-Production of record	2019-20	47	-
60	XEN, District Highways Tando Allahyar	Irregular pay fixation	2019-20	47	-
61	XEN Building Division, Khairpur	Non-production of record	2019-20	47	-
62	XEN, Highways Division, Jamshoro	Creation of Sub-Divisions without Government Sanction (record was not produced)	2019-20	47	-
63	XEN, Highways Division, Jamshoro	Non-production of transfer entry on account of SST/GST	2019-20	47	-
64	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Non-production of record	2019-20	47	-
65	XEN District Building Division Kandhkot @ Kashmor	Non-production of auditable record	2019-20	47	-
66	XEN, Highways Division Kandhkot@ Kashmor	Non-production of auditable record	2019-20	47	-
67	XEN, Provincial Highways Division, Shaheed Benazirbad	Non-production of record	2019-20	47	-
68	XEN, District Highways Division, Hyderabad	non-maintenance/ production of record	2019-20	47	-
69	XEN District Building Division Hyderabad	Non-maintenance/production of record	2019-20	47	-
70	XEN provincial Building division-II Karachi	Non production of record	2019-20	47	-
71	XEN Machinery Maintenance Digri @ Kot Digi	Non production of record	2019-20	47	-

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
72	XEN Provincial Highway Division Nousheroferoz @ Khairpur	Non production of record	2019-20	47	-
73	XEN Machinery Maintenance Khairpur @ Shikarpur	PC-I,M.B,Bidding Documents, Administrative approval, Contract Agreement, Technical Sanction, Approved Rate analysis	2020-21	80	261.053
74	Provincial Building Division Hyderabad	Non-production of record related to Circuit Houses	2020-21	82	-
75	XEN, District Highways Division, Dadu	Non Production of Record (PC-I)	2020-21	106	156.267
76	XEN, Provincial Building Division, Larkana	Unauthorized Payment on account of secured advance without obtaining bills/invoices of the material	2020-21	112	13.103
77	Secretary, Works & Services Department, Karachi	Non-production of record	2020-21	129	-
78	XEN, Provincial Highways Division Hyderabad	MBs, contractor ledger, security deposit register, call deposit etc.	2020-2021	192	620.885
79	XEN, Provincial Building Division-I, Karachi	Detail estimate	2019-20	218	488.977
80	Provincial Buildings Division-II, Karachi	cost center KQ-0539 against the head of maintenance & repair but technical sanction, tender documents, work order, running accounts bills and measurement book	2020-2021	238	34.786
81	XEN, District building division Hyderabad	Revised estimates not produced	2020-2021	288	39.00
82	XEN, District Building, Hyderabad	Tender documents, agreement, work orders etc. of M& R work	2020-2021	298	3.428
83	XEN, District Highways, Hyderabad	MB & TS not produced	2020-2021	282	9.441
84	XEN, District Highways Hyderabad	MBs, PC-I, tender documents, security and deposit register etc.	2020-2021	285	594.801
				Total	5123.023

**Annex-2 of Chapter-06
(Para No. 6.5.10)**

**Irregular payment at higher rates than approved scheduled rates –
Rs. 556.571 million**

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1	XEN Provincial Highway Division Nousheroferoz @ Khairpur	Recovery of excess payment from schedule rate	2019-20	51	87.212
2	XEN Building Division, Khairpur	Un-authorized approval of non-scheduled items and variation in rates	2019-20	51	65.029
3	XEN Provincial Building Division Mirpurkhas	payment on open rates without observing schedules rates	2019-20	51	52.893
4	XEN Provincial Highway Division, Larkana	Excess payment from schedule rate	2019-20	51	52.199
5	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Excess payment on account of deformed steel work against schedule rate	2019-20	51	51.42
6	XEN Building Division, Khairpur	Recovery of excess payment from schedule rate	2019-20	51	47.534
7	XEN, Highways Division, Jamshoro	Loss due to excess allowed in original quantity	2019-20	51	29.5
8	XEN District Highways Division, Khairpur	Recovery of excess payment from schedule rate	2019-20	51	15.57
9	XEN, Highways Division, Jamshoro	Excess payment to contractor due to allowing higher rate than scheduled rate sanctioned by standing committee for earth work for road embankment by bulldozer	2019-20	51	11.214
10	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Excess payment of excavation of foundation work against schedule rate	2019-20	51	11.011
11	XEN Provincial Highways Division Dadu	irregular payment of escalation charges without rate analysis	2019-20	51	9.566
12	XEN Machinery Maintenance Digri @ Kot Digi	Recovery of excess payment from schedule rate	2019-20	51	8.324
13	XEN provincial Building division-II Karachi	Recovery of excess payment from schedule rate	2019-20	51	4.458
14	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Excess payment of RCC work against schedule rate	2019-20	51	3.458
15	XEN Building Division-I, Karachi	Excess payment from schedule rate	2019-20	51	3.037
16	XEN Building Division, Khairpur	Recovery of excess payment from schedule rate	2019-20	51	2.317
17	XEN, Highways Division, Jamshoro	Loss due to excess allowed in original quantity	2019-20	51	2.157
18	XEN Provincial Building Division, Larkana	Excess payment from schedule rate	2019-20	51	1.655
19	XEN, District Building Division Jamshoro	Excess payment from schedule rate	2019-20	51	0.847
20	XEN District Highways Division, Khairpur	Recovery of excess payment from schedule rate	2019-20	51	0.665
21	XEN, Highways Kamber@ Shahdad kot	Unjustified expenditure on the item of work fabrication of mild steel	2019-20	51	0.272

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
22	XEN Building Division Dadu	Unauthorized payment for providing and fixing tiles	2019-20	51	0.11
23	XEN, Provincial Coastal, Highway Division, Hyderabad	higher rates against scheduled rates	2020-21	16	96.123
				Total	556.571

**Annex-3 of Chapter-06
(Para No. 6.5.12)**

Irregular refund of security deposit – Rs. 460.930 million

(Rs. in million)

Sr #	Name of Office	Financial Year	DP #	Amount
1.	XEN, District Highway Division, Sukkur	2020-21	18	5.656
2.	XEN, Provincial Highways Division, Sanghar	2020-21	22	8.393
3.	XEN Provincial Highway Division Nousheroferoz @ Khairpur	2019-20	41	65.735
4.	XEN, Provincial Highways Division, Hyderabad	2019-20	41	60.899
5.	XEN, Provincial Highways Division, Shaheed Benazirbad	2019-20	41	24.934
6.	XEN, District Highways Division, Hyderabad	2019-20	41	22.017
7.	XEN, District Road Highway Division, Karachi	2019-20	41	21.689
8.	XEN, District Highways Tando Allahyar	2019-20	41	21.184
9.	XEN, Provincial Highways Division Tharparkar @ Mithi	2019-20	41	19.167
10.	XEN, District Highways Division, Hyderabad	2019-20	41	13.446
11.	XEN, District Road Highway Division, Karachi	2019-20	41	11.897
12.	XEN, Provincial Building Division Mirpurkhas	2019-20	41	9.948
13.	Superintendent Engineer Police works Hyderabad	2019-20	41	7.794
14.	XEN, District Building Division Tandoallahyar	2019-20	41	5.756
15.	XEN Highway Division Nousheroferoz	2019-20	41	5.599
16.	XEN District Building Division Hyderabad	2019-20	41	4.903
17.	XEN, Highways Division, Jamshoro	2019-20	41	3.731
18.	XEN, Highways Division, Jamshoro	2019-20	41	2.758
19.	XEN, District Highways Sujawal	2019-20	41	2.588
20.	XEN, District Highways Mirpurkhas	2019-20	41	2.5
21.	XEN Building Division, Khairpur	2019-20	41	2.215
22.	XEN District Building Division Hyderabad	2019-20	41	2.007
23.	XEN, District Building Division Jamshoro	2019-20	41	1.916
24.	XEN, Provincial Buildings Division, Sukkur	2019-20	41	1.892
25.	XEN, Provincial Building Division(GMMC), Sukkur	2019-20	41	1.892
26.	XEN Provincial Highway Division, Larkana	2019-20	41	1.864
27.	XEN, Highways Division Kandhkot@ Kashmir	2019-20	41	1.788
28.	XEN, District Building sujawal	2019-20	41	1.675
29.	XEN District Highways Division, Khairpur	2019-20	41	1.591
30.	XEN, Highways Division, Ghotki	2019-20	41	1.184
31.	XEN Building Division Dadu	2019-20	41	1.113
32.	XEN Provincial Highways Division Dadu	2019-20	41	0.426
33.	XEN Machinery Maintenance Digri @ Kot Digi	2019-20	41	0.409
34.	XEN Building Division-III, Karachi	2019-20	41	0.4
35.	XEN District Building Division Kandhkot @ Kashmir	2019-20	41	0.137
36.	XEN, Highways Division, Ghotki	2019-20	65	7.875
37.	XEN Machinery Maintenance Khairpur @ Shikarpur	2020-21	77	33.120

(Rs. in million)

Sr #	Name of Office	Financial Year	DP #	Amount
38.	XEN Provincial Highways Division, Dadu	2020-21	92	7.250
39.	XEN Provincial Highway Division NousheroFeroz @ Khairpur	2020-21	114	26.741
40.	XEN, Highways Division Ghotki	2020-21	252	2.171
41.	XEN, Highways Division Ghotki	2020-21	257	0.246
42.	Project Director, Sindh Provincial Road Improvement Project, Hyderabad	2020-21	302	42.424
			Total	460.93

**Annex-4 of Chapter-06
(Para No. 6.5.14)**

Irregular procurement through publication of advertisement in un-certified newspapers and without hoisting on SPPRA website – Rs. 835.551 million

(Rs. in million)

Sr#	Name of work	Duration	Tender Cost
NIT No.TC/R&T/NIT/201617/1299 Dated 19th July, 2016			
1	Construction of road from KA Mujahid road to Ittehad Town, Baldia Tow, Karachi	06 Months	19.916
2	Construction of different streets in Saeedullah Goth, Behind Gull Coach Stop, Baldia Town, Karachi	06 Months	19.975
3	Construction of street in Sector-9, Behind Baldia Stadium, Baldia Town, Karachi	06 Months	19.926
4	Improvement of road at Sector-5, Surjani Town, UC-39, Maymarabad District West, Karachi	06 Months	20.000
5	Construction of road and CC Flooring in Siddique Goth, Deh Surjani, District West	06 Months	19.997
6	Construction of road from Graveyard via ICT School to compound of Shaheed Chacha Ghani at Sector-7/F, Baloch Goth, Orangi Town, Karachi	06 Months	20.000
7	Construction of road from ICF School via Niazi House to Madrassa at Sector-7/F Baloch Goth, Orangi Town, Karachi	06 Months	20.000
8	Improvement/ Rehabilitation of road at Sector-L-1, Surjani Town, UC-39, Maymarabad District West	06 Months	19.997
9	Improvement/ Rehabilitation of road at 13-C, Gulshan-e-Iqbal, Karachi	06 Months	20.000
10	Improvement/Rehabilitation of road at 13-B, UC-22, Gulshan-e-Iqbal, Karachi	06 Months	20.000
11	Improvement/Rehabilitation of road at 13-A UC-22, Gulshan-e-Iqbal, Karachi	06 Months	20.000
12	Improvement/Rehabilitation from Quetta Hotel to Quaid-e-Azam Colony Chowk, Azeem Gabol Goth, Block-4A, Gulshan-e-Iqbal, Karachi	06 Months	20.000
13	Reconditioning of internal road in Block 12 & 13 FB Area (surrounding area of Rashid Lateef Cricket Academy, Karachi)	06 Months	20.000
14	Reconditioning of internal road in Block-17 & 18 F.B Area	06 Months	19.998
15	Construction of road internal & surrounding area of Sector 15-A/4, Buffer Zone, Karachi	06 Months	19.996
16	Improvement/Rehabilitation of road from Shell Petrol Pump of Faqeer Colony to Muslimabad Masjid Babul Jannat, UC-2, Orangi Town, Karachi	06 Months	20.000
	Total		319.805

Annex-5 of Chapter-06
(Para No. 6.5.22)

Irregular award of work below 30% of engineer's estimate – Rs. 119.330 million

Name of Work	Name of Contractor	T.S Amount	Bid Amount	Less	(%)
Construction of link road from village Muhammad Juman Burriri to village Haji Khan Muhammad Thahim and Moula Barbala i/c approach to Khushi Muhammad Arain mile 0/0-1/3 (2.2 km) Phase-I mile 0/0-0/7+330 (1.5 km)	M/s Buraq Engineering Works	12,731,000	8,673,156	4,057,844	31.87%
Construction of link road from Mangrari main road to village Bakshan Khan Kaloi/Haji Nawab Kaloi mile 0/0-0/4+248 (0.44 km)	M/s New Muhammad Ashraf	7,850,000	5,021,632	2,828,368	36.03%
Construction of link road from main Sugar Mill road to village Qurban Malokani Deh 13 Dim road mile 0/0-0/4 (0.80 km)	M/s Muhammad Ayoub Jatt	7,822,000	5,359,062	2,462,938	31.49%
Construction of link road from Khipro-Off taking via Jam Nindo to village Manzoor Hussain Mari road mile 0/0-0/4 +330 (0.9 km)	M/s Chaudhary Iftikhar & Co.	7,785,000	5,123,034	2,661,966	34.19%
Construction of link road from Sanghar - Mirpurkhas via Dil Shahkh, Basi Qazi, Jan Muhammad road to village Muhammad Khan, Hajji Eidan Chand mile 0/0-0/4 +330	M/s Nooruddin & Sons	7,853,000	5,240,555	2,612,445	33.27%
Construction of link road from Nauabad - old alignment - Jhol road to village Raees Ashique Khan Liskani mile 0/0-0/4 + 374 (0.91 km)	M/s Chaudhary Iftikhar & Co.	7,787,000	5,318,425	2,468,575	31.70%
Construction of link road from Dalor Mangrari - Habibullah Shah road to village Ghulam Rasool Mari road mile 0/0-0/2 (0.4 km)	M/s Chaudhary Iftikhar & Co.	3,794,000	2,438,709	1,355,291	35.72%
Construction of link road from Perumal - Kandiyari via Atta Muhammad Mari road to village Jaro Khan Mari road mile 0/0-0/2 (0.40 km)	M/s Innovation Constructions	3,769,000	2,536,895	1,232,105	32.69%
Construction of link road from Tando Adam - Kandiyari road to village Akmal Arain mile 0/0-0/4 +246 (0.87 km)	M/s Riaz Ali Arain	7,810,000	5,136,928	2,673,072	34.23%
Construction of various streets (Paver Blocks) of Kandiyari Town (3600 Rft.)	M/s Nauman Khan	9,866,000	4,880,184	4,985,816	50.54%
Improvement of road from Anwar Mari House to Chanhi Bargah road (2000 Rft.) (0.61 km)	M/s Muhammad Amjad	6,296,000	4,204,658	2,091,342	33.22%
Construction of CC Paver Block streets in Ward No.11, 12, 13 & 14 of Tando Adam City 2500 Rft. (0.76 km)	M/s Khalil Khan & Co.	11,438,000	6,067,741	5,370,259	46.95%

Name of Work	Name of Contractor	T.S Amount	Bid Amount	Less	(%)
Construction of CC Paver Block streets in Ward No.15, 16 & 17 of Tando Adam City 2500 Rft. (0.76 km)	M/s Khalil Khan & Co.	11,236,000	5,788,194	5,447,806	48.49%
Improvement of road from Fatima Jinnah Girls High School to Advocate Mirza Saleem Baig (with Paver Blocks) 500 Rft. (0.15 km)	M/s Gee Three Constructors	2,115,000	1,204,736	910,264	43.04%
Improvement of road from Tando Adam - Otero Lal road to Khando road via Mama Aslam and Bilal Masjid (1600 Rft.) (0.48 km)	M/s Khalil Khan & Co.	4,507,000	2,415,594	2,091,406	46.40%
Construction of link road from village Mitho Khoso to Dodo Khan Khoso mile 0/0-0/5 (1.00 km)	M/s Buraq Engineering Works	11,151,000	7,527,296	3,623,704	32.50%
Pavement of Paver Block Street Muhammad Ismail Qureshi Shahdadpur road mile 0/0-0/0+330 (0.10 km)	M/s Gee Three Constructors	2,501,000	1,498,315	1,002,685	40.09%
Construction of link road from 32-62 road to village Chaudhary Abdul Majeed Chak No.41 road mile 0/0-0/4 (0.80 km)	M/s Gee Three Constructors	7,933,000	4,839,379	3,093,621	39.00%
Construction of various streets of Paver Block Flooring, Sanghar Town 7300 Rft.	M/s Nauman Khan	19,980,000	9,804,684	10,175,316	50.93%
Construction of Paver Block at Ward No.01 to Ward No.12 in City Sanghar 5800 Rft.	M/s Nauman Khan	15,949,000	7,906,015	8,042,985	50.43%
Pavement of Paver Block Street Muhammad Iqbal & Shoukat Malik Shahdadpur road mile 0/0-0/2 (0.4 km)	M/s Ikhlauque Hussain	4,973,000	2,857,955	2,115,045	42.53%
Pavement of Paver Block Street of Jatia Town Shahdadpur road mile 0/0-0/3 (0.60 km)	M/s Gee Three Constructors	6,412,000	3,686,446	2,725,554	42.51%
Construction of link road from Tando Adam - Bhit Shah road to Bhoro Kolhi road mile 0/0-0/3 +330 (0.70 km)	M/s UR Engineering	11,396,000	7,472,031	3,923,969	34.43%
Pavement of Paver Block Streets Akbar & Asghar Qureshi Shahdadpur road mile 0/0-0/1 (0.20 km)	M/s Chaudhary Iftikhar & Co.	5,471,000	3,116,645	2,354,355	43.03%
Construction of link road from Shahdadpur Grid Station road to village Sher Muhammad Bhatti road mile 0/0-0/1 (0.20 km)	M/s Gee Three Constructors	1,989,000	1,211,391	777,609	39.10%
Total		200,414,000	119,329,660	81,084,340	

**Annex-6 of Chapter-06
(Para No. 6.5.26)**

Excess execution of items of work – Rs. 319.520 million

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1	Project Director, Sindh Provincial Road Improvement Project, Hyderabad	excess execution of items of works	2020-21	303	203.629
2	XEN, Highways Division, Ghotki	Excess execution of items of works	2019-20	49	29.15
3	XEN Building Division, Khairpur	Excess execution of items of work	2019-20	49	19.206
4	XEN, Highways Division, Ghotki	Un-authorized execution of items of works	2019-20	49	11.822
5	XEN Provincial Highway Division Nousheroferoz @ Khairpur	Excess execution on item of wok	2019-20	49	10.988
6	XEN, Highways Division, Jamshoro	excess execution of items of works	2019-20	49	5.29
7	XEN Highway Division, Shaheed Benazirabad	Excess execution on item of wok	2019-20	49	3.999
8	XEN provincial Building division-II Karachi	Excess execution on item of wok	2019-20	49	3.268
9	XEN Highway Division, Mithi	excess execution of item of work	2019-20	49	3.266
10	Superintendent Engineer Police works Hyderabad	Excess consumption of steel	2019-20	49	0.41
11	XEN Highway Division Mirpur Khas	Excess execution of items of works	2020-21	234	17.219
12	XEN Provincial Highways Division, Dadu	Excess execution of items of works	2020-21	96	7.898
13	XEN, Highway Division, Tharparkar	Excess Execution of items of work	2020-21	141	3.375
Total					319.520

**Annex-7 of Chapter-06
(Para No. 6.5.28)**

Un-authorized payment of secured advance before supply of material– Rs. 72.000 million

W.O No. & Date	Date of signing of contract agreement	Name of work	Name of contractor	Duration	Amount of work	Secured Advance						
						Name of item	Qty.	Unit Per Ton	Full rate	Part rate (75%)	Amount of secured advance	Date of award of secured
740	18-05-2017	Construction of Courts (16 Nos.) at District Court Building, Korangi Karachi (Civil, mechanical, plumbing, sewerage & electrical work etc.)	M/s Iqbal Malik & Co.	24	396.811	M.S Steel Bar	800 Tons	Per Ton	120,000	90,000	72	13-03-2017
Months												
Dated												
6/3/2017												
				Total	396.811						72	
Annexure-A-I												
Sr. No.	Diameter of Bar	Material of site (Tons)	Date of Delivery	Receipt No.	Company							
Breakup of delivery of steel on site												
1	10 M.M	15	16-03-2017	184166	Amreli Steel							
2	12 M.M	22	16-03-2017	184166	Amreli Steel							
3	16 M.M	24.85	16-03-2017	184166	Amreli Steel							
4	20 M.M	24.95	16-03-2017	184166	Amreli Steel							
5	25 M.M	19.95	16-03-2017	184166	Amreli Steel							
6	12 M.M	140	16-03-2017	184165	Amreli Steel							
7	10 M.M	84.12	18-03-2017	43543	Amreli Steel							
8	12 M.M	35.9	3/4/2017	184481	Amreli Steel							
9	20 M.M	44.1	3/4/2017	184481	Amreli Steel							
10	25 M.M	40	3/4/2017	184481	Amreli Steel							
11	12 M.M	120	3/4/2017	184480	Amreli Steel							
12	16 M.M	19.48	4/4/2017	38889	Amreli Steel							
13	16 M.M	55.56	5/4/2017	47163	Amreli Steel							
14	12 M.M	55.56	5/4/2017	47163	Amreli Steel							
15	20 M.M	33	10/4/2017	47963	Amreli Steel							
16	16 M.M	40.45	10/4/2017	47963	Amreli Steel							
17	12 M.M	19.79	13-04-2017	40630	Amreli Steel							
18	16 M.M	40.5	14-04-2017	48837	Amreli Steel							
	Total	835.21										

**Annex-8 of Chapter-06
(Para No. 6.5.43)**

**Defective estimates with inclusion of extra items in violation of specifications –
Rs. 45.803 million**

W. O		Name of work	Name of contractor	Estimate Cost	Name of Item	Item amount
No.	Dated					
a) Un-justified inclusion of base course item in the estimates – Rs. 10.781 million						
165	12-01-2021	Reconditioning of road from Piyaro Lund to Wanhyal Thebo 0/0-3/4 (5.60 kms)	M/s Askari Enterprises	51.121	Item No.2: Preparing Base Course	10.781
Total						10.781
b) Un-justified inclusion of aggregate base course, two coats of surface dressing and asphalt in the estimates – Rs. 21.112 million						
1070	12-03-2021	Special M&R of repair & maintenance of road from Fateh Chowk to Subzi Mandi via Hali Road mile 0/0-0/3 + 220	M/s Shahrukh Engineers & Contractors (Pvt.) Ltd.	17.720	Item No.01 Aggregate Base Course	4.447
					Item No.2 Two Coats of surface dressing	2.324
					Item No.3 5 cm Thick Asphalt	7.139
Sub-Total						13.910
1843	31-05-2021	Special M&R of repair & maintenance of road from National Highway to GM Colony village Saeed Khan Leghari Taluka Hala Road mile 0/0-2/4 (0.00-4 kms) (with approach to Petaro)	M/s A.M.B & Co.	20.904	Item No.02 Preparing Base Course of 3” inches in 2 layers	7.691
					Item No.4 Providing surface dressing	2.532
					Item No.5 1- ½ Pre mix carpet	10.889
Sub-Total						21.112
Total						35.022
Grand Total						45.803

**Annex-09 of Chapter-06
(Para No. 6.5.46)**

Un-authorized repair & maintenance work beyond delegated powers – Rs. 6.767million

Sr. No.	Name of contractor	Dated	Amount	Month	Nature of work
01	M/S Subhan Traders	15.09.2020	198,800	Sep-20	M/R
02		15.09.2020	163,500	Sep-20	M/R
03		15.09.2020	198075	Sep-20	M/R
04		25.09.2020	199,397	Sep-20	M/R
05		29.09.2020	199,900	Sep-20	M/R
06		29.09.2020	198,100	Sep-20	M/R
07		29.09.2020	199,100	Sep-20	M/R
08		29.09.2020	198,900	Sep-20	M/R
09		24.11.2020	295,565	Nov-20	M/R
10		24.11.2020	297,369	Nov-20	M/R
11		24.11.2020	299,300	Nov-20	M/R
12		24.11.2021	299,300	Nov-20	M/R
13		29.12.2020	199,575	Dec-20	M/R
14		29.12.2020	196,450	Dec-20	M/R
15		29.12.2020	199,900	Dec-20	M/R
16		29.12.2020	196,376	Dec-20	M/R
17		05.01.2021	198,000	Jan-21	M/R
18		05.01.2021	197,300	Jan-21	M/R
19	M/S Sawaira Enterprises	25.08.2020	200000	Aug-20	M/R
20		25.08.2020	199,875	Aug-20	M/R
21		25.08.2020	198,850	Aug-20	M/R
22		25.09.2020	197,800	Sep-20	M/R
23		13.10.2020	197,600	Oct-20	M/R
24		30.11.2020	199,850	Nov-20	M/R
25		30.11.2020	199,771	Nov-20	M/R
26		29.12.2020	197,500	Dec-20	M/R
27		29.12.2020	198,782	Dec-20	M/R
28		25.01.2021	149,000	Jan-21	M/R
29		12.02.2021	297,400	Feb-21	M/R
30	M/S Central Management	10.12.2020	296,000	Dec-20	M/R
31		10.12.2020	299,700	Dec-20	M/R
Total			6,767,035		

**Annex-10 of Chapter-06
(Para No. 6.5.48)**

**Revision of estimates without prior approval of District Over-sight Committee -
Rs. 2.253 million**

(Amount in rupees)

Items	Original Estimate	Items	Contractor's Bid	Items	Modified Estimate
Base Course	283,939	Base Course	283,939	Base Course	709,603
1st Coat	2,152,739	1st Coat	2,152,744	1st Coat	2,498,680
1-1/2" Thick Carpet	8,315,077	1-1/2" Thick Carpet	8,315,077	1-1/2" Thick Carpet	9,651,292
Total cost	10,751,755	Total cost	10,751,760	Total cost	12,859,575
Add:		Add:		Less:	
Premium 9% Above	967,658	Premium 4.75% Below	510,709	Premium 4.75% Below	610,830
Difference of bitumen	264,220	Difference of bitumen	264,220	Difference of bitumen	488,238
	1,231,878		-246,489		1,099,068
Total estimate	11,983,633	Final Bid amount	10,505,271	Total estimate	11,760,507
Say Total	11,983,638	Say Total	10,505,271	Say Total	11,760,508
Saving			10,751,760		
			-510,709		
			-264,220		
Actual Bid amount			9,730,342		
Original Estimate amount			11,983,638		
Total saving			2,253,296		

**Annex-11 of Chapter-06
(Para No. 6.5.53)**

Non-crediting of government revenue – Rs. 560.603 million

(Rs. in million)

Sr#	Name of Office	Particulars	Financial Year	DP #	Amount
1.	XEN Machinery Maintenance Khairpur @ Shikarpur	Non-credit of misc. deposit	2020-21	74	21.674
2.	XEN, Provincial Highways Division, Sanghar	Unclaimed amount of security deposit in form 78	2020-21	23	143.563
3.	XEN, Highway Div, Jacobabad	Unclaimed amount of security deposit in form 78	2020-21	3	69.083
4.	XEN, Provincial Building Division-II, Karachi	Income tax	2020-21	239	29.942
5.	XEN, Provincial Building Division I, Karachi	Income tax & misc. receipts	2020-21	160	27.729
6.	XEN, Highway Division, Shikarpur	Misc. deposit	2020-21	35	24.641
7.	XEN, Provincial Highway Division, Neushero Feroze @Khairpur	Misc. deposit	2020-21	120	17.415
8.	XEN, Provincial Building Division-II, Karachi	Unclaimed amount of security deposit in form 78	2020-21	244	13.802
9.	XEN Machinery Maintenance Khairpur @ Shikarpur	Other Misc. items	2019-20 2020-21	76	5.189
10.	XEN, Highway Division, Mirpurkhas	Unclaimed amount of security deposit in form 78	2020-21	235	4.425
11.	XEN, Buildings Division-III, Karachi	Unclaimed amount of security deposit in form 78	2020-21	165	3.255
12.	XEN, District Building, Hyderabad	Non-credit of income tax	2020-21	299	4.234
13.	XEN, District Highways Hyderabad	Non-credit of income tax	2020-21	284	37.877
14.	XEN, Highways Division Coastal, Hyderabad	Non-credit of income tax	2020-21	14	36.218
15.	XEN, Provincial Highway Division Benazirabad	Non-crediting of call deposits	2020-21	06	121.556
Total					560.603

**Annex-12 of Chapter-06
(Para No. 6.5.54)**

Non-recovery of various taxes at prescribed rates – Rs. 113.489 million

(Rs. in million)

Sr#	Name of Office	Description	Financial Year	DP#	Amount
1.	XEN Building Division-I, Karachi	Non-deduction General Sales Tax	2019-20	60	16.717
		Non-recovery of Sindh Sales Tax		55	15.046
2.	XEN District Highways Division Dadu	non reconciliation of income tax	2019-20	55	12.677
3.	Project Director, PMU, Sindh Secretariat Complex 7 & 8, Karachi	Non-deduction of Sindh Sales tax on consultancy services	2019-20	55	9.644
4.	XEN, Provincial Highways Division, Sukkur	Non-recovery of Sindh Sales Tax from Supervision Consultants	2019-20	55	2.8
5.	XEN, Highways Division, Jamshoro	Non-deduction of Sindh Sales tax	2019-20	55	6.056
6.	XEN, District Building sujawal	Non deduction of SST from services	2019-20	55	5.581
7.	XEN Building Division, Tando Muhammad Khan	Non-deduction of Sindh Sales tax	2019-20	55	1.826
8.	XEN District Highways Division, Khairpur	Non-recovery of Sindh Sales Tax	2019-20	55	1.557
9.	XEN Building Division, Khairpur	Non-recovery of GST	2019-20	55	2.415
10.	XEN, Highways Division Kandhkot@Kashmor	Non-recovery of SST on services	2019-20	55	0.819
11.	Executive Engineer, Provincial Buildings Division, Sukkur	Non-deduction of GST	2019-20	55	0.584
12.	XEN, District Building Division Badin	Non recovery of Professional tax	2019-20	55	0.07
13.	XEN District Building Division Kandhkot @Kashmor	Non-recovery of GST	2019-20	55	0.423
14.	Secretary Works & Services, GoS, Karachi	Non/less recovery of Income Tax	2019-20	55	0.135
15.	XEN, Highways Division, Jamshoro	Non-deduction of Sindh Sales tax and Income Tax	2019-20	55	0.34
16.	XEN District Building Division Kandhkot @Kashmor	Non-deduction of SST on services	2019-20	55	0.323
17.	XEN, District Highways Tando Allahyar	less deduction of of income tax	2019-20	55	0.31
18.	XEN Provincial Building Division Mirpurkhas	non recovery of SST	2019-20	55	0.05
19.	XEN, District Highways Mirpurkhas	Non-recovery of Professional tax	2020-21	229	0.156
		Non-recovery of Professional tax	2019-20	55	0.14
20.	Chief Engineer Highways Sindh Hyderabad	Non/less deduction of government taxes	2019-20	55	0.024
21.	Secretary Works & Services, GoS, Karachi	Non-recovery of GST	2019-20	55	1.064
22.	Secretary, Works & Services Department, Karachi	Non/less recovery of income tax	2020-21	130	0.117
23.	XEN, Provincial Highways Division Hyderabad	Non-deduction of Sindh Sales tax on works	2020-21	217	8.314
24.	XEN, District Highways Division, Dadu	Non-deduction of 5% Sindh Sales Tax (Services)	2020-21	105	5.480
25.	XEN, Highway Division, Tharparkar	Non-Deduction of Sales Tax on Services	2020-21	140	4.896
26.	XEN, Provincial Highway Division, Mirpur Khas	Non-deduction of SST on account of work	2020-21	176	3.426

(Rs. in million)

Sr#	Name of Office	Description	Financial Year	DP#	Amount
27.	XEN, Highways Division Jamshoro	Non-deduction of SST on non-development/M&R works	2020-21	157	2.319
28.	XEN, Provincial Building Division I, Karachi	Non-deduction of income tax	2020-21	161	2.706
29.	Secretary, Works & Services Department, Karachi	Non-deduction of recovery of General Sales Tax	2020-21	136	0.944
30.	XEN, Building Division, Larkana	Payment of goods without deduction of GST	2020-21	107	0.91
31.	XEN, Provincial Building Health Works Division, (Lower Sindh), Hyderabad	Non-deduction of income tax	2020-21	178	0.464
32.	XEN, Highway Div, Jacobabad	Short deposit of Income tax in Government treasury.	2020-21	2	0.352
33.	XEN, District Highways Division, Sanghar	Non-deduction of sales tax on services	229	150	0.219
34.	XEN, District Highways Hyderabad	Non-deduction of SST	2020-2021	272	4.181
35.	XEN, District Highways Hyderabad	Less deduction of income tax	2020-2021	283	0.404
				Total	113.489

**Annex-13 of Chapter-06
(Para No. 6.5.55)**

Non-recovery of shrinkage allowance – Rs. 46.705 million

(Rs. in million)

Sr#	Name of office	Financial Year	DP #	Amount
1	Project Director, Sindh Provincial Road Improvement Project, Hyderabad	2020-21	300	9.004
	XEN, Provincial Highway Division, Badin	2020-21	27	0.969
2	XEN Provincial Highways Division, Dadu	2020-21	91	1.776
3	XEN Machinery Maintenance Khairpur @ Shikarpur	2020-21	49	17.902
4	XEN, Highways Division, Ghotki	2019-20	44	0.369
5	XEN, Coastal Highway Division, Hyderabad	2019-20	44	0.461
6	XEN, Provincial Highways Division, Sukkur	2019-20	44	1.001
8	XEN, Provincial Highways Division, Shaheed Benazirbad	2019-20	44	9.475
9	XEN, District Highways Mirpurkhas	2019-20	44	0.106
10	XEN Provincial Highways Division Dadu	2019-20	44	0.981
11	XEN Highway Division, Mithi	2019-20	44	0.336
12	XEN Building Division, Mithi	2019-20	44	0.27
13	XEN, District Highways Tando Allahyar	2019-20	44	0.056
14	XEN, District Highways Division, Hyderabad	2019-20	44	2.398
15	XEN, Provincial Building Division(GMMC), Sukkur	2019-20	44	0.105
16	XEN, District Road Highway Division, Karachi	2019-20	44	0.147
17	XEN, Highways Division, Jamshoro	2019-20	44	1.349
Total				46.705

**Annex-14 of Chapter-06
(Para No. 6.5.56)**

Non-recovery of stamp duty – Rs. 25.103 million

(Rs. in million)

Sr#	Name of Office	Financial Year	DP #	Amount
1	XEN, Highway Div, Mirpurkhas	2020-21	233	2.889
2	XEN, Highway Div, Jacobabad	2020-21	1	0.532
3	XEN Provincial Highway Division Benazirabad	2020-21	8	9.897
4	XEN District Highway Division, Sukkur	2020-21	19	0.589
5	XEN, Provincial Highway Division, Badin	2020-21	24	1.164
6	XEN, Provincial Building Division, Mirpurkhas	2020-21	31	0.317
7	XEN, District Highways Division, Hyderabad	2019-20	45	2.666
8	XEN, Provincial Highways Division, Sukkur	2019-20	45	1.83
9	XEN, District Building Division Tandoallahyar	2019-20	45	1.287
10	XEN Provincial Highways Division Tharparkar @ Mithi	2019-20	45	0.671
11	XEN, District Highways Tando Allahyar	2019-20	45	0.469
12	Superintendent Engineer Police works Hyderabad	2019-20	45	0.174
13	XEN Building Division, Mithi	2019-20	45	0.147
14	XEN, District Highways Mirpurkhas	2019-20	45	0.146
15	XEN, District Building Division, Ghotki	2019-20	45	0.137
16	XEN, District Building Division Badin	2019-20	45	0.117
17	XEN Highway Division, Mithi	2019-20	45	0.103
18	XEN, Provincial Buildings Division, Sukkur	2019-20	45	0.101
19	XEN Highways Division, Tando Muhammad Khan	2019-20	45	0.055
20	XEN District Highways Division Dadu	2019-20	45	0.048
21	XEN Building Division,Umerkot	2019-20	45	0.041
22	XEN, Highways Division, Jamshoro	2019-20	45	0.023
23	XEN, District Building Division Tandoallahyar	2019-20	45	0.001
25	XEN, District Highways Division, Sanghar	2020-21	55	0.140
26	XEN, Provincial Building Health Works Division, (Lower Sindh), Hyderabad	2020-21	85	0.942
27	XEN, Highways Division Ghotki	2020-21	251	0.050
28	XEN, Highway Division, Badin	2020-21	264	0.567
Total				25.103

Chapter-07 Annexes

Annex-1 of Chapter-07

7.1 School Infrastructure Investment for Improving Enrolment and Retention Rate

Enrolment trend in entire province: 2018 to 2020														
Boys	BKachi	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	Btotal
2018	516,498	378,964	337,928	303,693	267,060	235,605	158,941	146,164	128,445	129,526	118,872	46,396	43,908	2,812,000
2020	476,661	318,327	332,637	313,285	286,855	259,015	155,347	161,829	153,011	141,959	122,432	45,801	41,471	2,808,630
	(39,837)	(60,637)	(5,291)	9,592	19,795	23,410	(3,594)	15,665	24,566	12,433	3,560	(595)	(2,437)	(3,370)
Girls	GKachi	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	G12	Gtotal
2018	368,745	241,143	209,177	191,108	165,037	143,978	90,277	86,302	80,399	70,273	63,887	19,720	19,094	1,749,140
2020	352,743	218,415	213,694	198,008	181,115	163,773	84,063	89,168	87,082	75,117	65,782	20,425	19,030	1,768,415
	(16,002)	(22,728)	4,517	6,900	16,078	19,795	(6,214)	2,866	6,683	4,844	1,895	705	(64)	19,275
2018 Total	885,243	620,107	547,105	494,801	432,097	379,583	249,218	232,466	208,844	199,799	182,759	66,116	63,002	4,561,140
2020 Total	829,404	536,742	546,331	511,293	467,970	422,788	239,410	250,997	240,093	217,076	188,214	66,226	60,501	4,577,045
Difference	(55,839)	(83,365)	(774)	16,492	35,873	43,205	(9,808)	18,531	31,249	17,277	5,455	110	(2,501)	15,905
														% Difference
														0.34

Annex-2 of Chapter-07

Class and Gender wise HP School's Enrollment														
Year 2016-17														
Gender	Kachi	1	2	3	4	5	6	7	8	9	10	11	12	Total
Boys	152,195	141,620	128,558	115,586	102,576	90,173	28,467	25,988	24,918	22,739	20,699	1,902	562	855,983
Girls	110,074	88,110	77,428	70,944	64,206	58,256	18,447	17,449	16,405	13,285	12,107	262	409	547,382
Total	262,269	229,730	205,986	186,530	166,782	148,429	46,914	43,437	41,323	36,024	32,806	2,164	971	1,403,365
Year 2020-21														
Gender	Kachi	1	2	3	4	5	6	7	8	9	10	11	12	Total
Boys	165,533	118,611	126,075	119,700	111,332	104,073	32,407	32,961	31,277	27,675	24,146	520	361	894,671
Girls	115,292	79,656	80,449	75,637	71,266	65,097	18,266	18,244	16,948	14,246	12,202	430	385	568,118
Total	280,825	198,267	206,524	195,337	182,598	169,170	50,673	51,205	48,225	41,921	36,348	950	746	1,462,789
Difference between above Years														
Gender	Kachi	1	2	3	4	5	6	7	8	9	10	11	12	Total
Boys	13,338	(23,009)	(2,483)	4,114	8,756	13,900	3,940	6,973	6,359	4,936	3,447	(1,382)	(201)	38,688
Girls	5,218	(8,454)	3,021	4,693	7,060	6,841	(181)	795	543	961	95	168	(24)	20,736
Total	18,556	(31,463)	538	8,807	15,816	20,741	3,759	7,768	6,902	5,897	3,542	(1,214)	(225)	59,424
% Difference	7.08	-13.70	0.26	4.72	9.48	13.97	8.01	17.88	16.70	16.37	10.80	-56.10	-23.17	
														% Difference
														4.23

Annex-3 of Chapter-07

Decline in enrollment in Class Kachi and Class I				
Year	Boys		Girls	
	Kachi Class	Class 1	Kachi Class	Class 1
2018	516,498	378,964	368,745	241,143
2020	476,661	318,327	352,743	218,415
Decline in enrollment number	39,837	60,637	16,002	22,728
% Decline	7.7	16	4.3	9.4
Avg Decline	9.35			