



**AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
GOVERNMENT OF SINDH
AUDIT YEAR 2022-23**

AUDITOR GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 15 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Government Commercial Undertakings, Authorities or bodies established by the Federation or Provinces.

This report is based on audit of the accounts of Public Sector Enterprises of Government of Sindh for the year 2021-22. The Directorate General of Commercial Audit and Evaluation, Karachi conducted audit during the period July 01, 2022 to November 15, 2022 on a test check basis, with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes the systemic issues and relatively less significant issues have been listed in the Annex-1 (MFDAC). These shall be pursued with the relevant Principal Accounting Officers (PAOs) of the Department at Departmental Accounts Committee (DAC) level. In case where the PAOs do not initiate appropriate action, the audit observations shall be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

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

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS	i
EXECUTIVE SUMMARY	iii
Chapter-1	1
Agriculture, Supply & Prices Department	1
1.1 Sindh Seed Corporation, Hyderabad	1
1.1.1 Introduction	1
1.1.2 Comments on Audited Accounts	1
1.1.3 Classified Summary of Audit Observations	1
1.1.4 Compliance of PAC Directives	2
1.1.5 Audit Paras	2
Chapter-2	17
Health Department.....	17
2.1 PPHI, SINDH	17
2.1.1 Introduction	17
2.1.2 Comments on Audited Accounts	18
2.1.3 Classified Summary of Audit Observations	18
2.1.4 Compliance of PAC Directives	18
2.1.5 Audit Paras	18
Chapter-3	38
Industries and Commerce Department.....	38
3.1 Sindh Government Press, Karachi and Khairpur	38
3.1.1 Introduction	38
3.1.2 Comments on the Audited Accounts	38
3.1.3 Classified Summary of Audit Observations	38
3.1.4 Compliance of PAC Directives	39
3.1.5 Audit Paras	39

3.2	Sindh Small Industries Corporation	52
3.2.1	Introduction	52
3.2.2	Comments on the Audited Accounts	52
3.2.3	Classified Summary of Audit Observations	52
3.2.4	Compliance of PAC Directives	53
3.2.5	Audit Paras	53
3.3	Sindh Industrial Trading Estate (Guarantee) Limited	63
3.3.1	Introduction	63
3.3.2	Comments on the Audited Accounts	63
3.3.3	Classified Summary of Audit Observations	63
3.3.4	Compliance of PAC Directives	64
3.3.5	Audit Paras	64
3.4	Sindh Economic Zones Management Company	77
3.4.1	Introduction	77
3.4.2	Classified Summary of Audit Observations	77
3.4.3	Audit Paras	77
Chapter-4	85
Labour and Manpower Department	85
4.1	Sindh Employees' Social Security Institution	85
4.1.1	Introduction	85
4.1.2	Comments on the Audited Accounts	85
4.1.3	Classified Summary of Audit Observations	85
4.1.4	Compliance of PAC Directives	86
4.1.5	Audit Paras	86
Chapter-5	92
Sindh Land Management	92
5.1	Sindh Land Management & Development Company	92
5.1.1	Introduction	92
5.1.2	Comments on Audited Accounts	92

5.1.3	Classified Summary of Audit Observations	93
5.1.4	Compliance of PAC Directives	93
5.1.5	Audit Paras	93
Chapter-6	101
Finance Department	101
6.1	Sindh Insurance Limited	101
6.1.1	Introduction	101
6.1.2	Audit Paras	101
Chapter-7	103
Energy Department Sindh	103
7.1	Sindh Energy Holding Company (Pvt.) Limited	103
7.1.1	Introduction	103
7.1.2	Audit Paras	103
7.2	Sindh Transmission & Dispatch Company (Pvt.) Limited	105
7.2.1	Introduction	105
7.2.2	Audit Paras	105
	Annex-1	108
	Annex-2	109
	Annex-3	110
	Annex-4	111
	Annex-5	117
	Annex-6	118
	Annex-7	119
	Annex-8	120
	Annex-9	121
	Annex-10	123

ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme Scheme
AG	Accountant General
AGM	Annual General Meeting
AGP	Auditor General of Pakistan
AMC	Army Medical Corps
BHU	Basic Health Unit
BoD	Board of Directors
BoQs	Bill of Quantities
BS	Bachelor of Science
CA	Chartered Accountant
CDWP	Central Development Working Party
CM	Chief Minister
COVID	Coronavirus Disease Of 2019
DAC	Departmental Accounts Committee
DAP	Di-ammonium Phosphate
DDWC	District Development Working Committee
DDWP	Department Development Working Party
DGCA&E	Director General Commercial Audit & Evaluation
DM	District Manager
DOs	District Offices
DPC	Department Promotion Committee
DRAP	Drug Regulatory Authority of Pakistan
E & D	Efficiency and Discipline
EFU	Eastern Federal Union Insurance Company Limited
EOBI	Employees' Old-Age Benefits Institution
EOL	Extra Ordinary Leave
FoR	Freight on Road
GFR	General Financial Rule
GoP	Government of Pakistan
GoS	Government of Sindh
HESCO	Hyderabad Electric Supply Company
HR	Human Resource
IC	Investment Committee
ICAP	The Institute of Chartered Accountant of Pakistan
KCR	Karachi Circular Railway
LD	Liquidated Damages
LMM	Local Manufactured Machinery

MFDAC	Memorandum for Departmental Accounts Committee
MO	Medical Officer
MoU	Memorandum of Understanding agreement
MS	Medical Superintendent
NOC	No Objection Certificate
NSP	Nutrition Support Program
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PD	Public Domain
PDWP	Provincial Development Working Party
PPHI	Registered name of M/s PPHI, Sindh (Previously Peoples Primary Healthcare Initiatives-Sindh)
PSB	Public Service Broadcasting
PSE	Public Sector Enterprises
RBM	Result Based Management
RC	Rate Contract
RHFs	Rural Health Facilities
ROs	Regional Offices
SCS	Supervisory Credit Scheme
SECP	Securities & Exchange Commission of Pakistan
SEHCL	Sindh Energy Holding Company (Pvt.) Limited
SES	Self-Employment Scheme
SESSI	Sindh Employees' Social Security Institution
SEZMC	Sindh Economic Zones Management Company
SGA&CD	Services, General Administration & Coordination Department
SGP	Sindh Government Press
SIL	Sindh Insurance Limited
SITE	Sindh Industrial Trading Estate
SLM&DC	Sindh Land Management & Development Company
SPPR	Sindh Public Procurement Rule
SPPRA	Sindh Public Procurement Regulatory Authority
SRSO	Sindh Rural Support Organization
SSC	Sindh Seed Corporation
SSIC	Sindh Small Industries Corporation
STDC	Sindh Transmission & Dispatch Company
TPM	Third Party Monitoring
WAPDA	Water and Power Development Authority

EXECUTIVE SUMMARY

The Directorate General Commercial Audit & Evaluation (DG CA&E) (South) Karachi, carried out audit & evaluation of Public Sector Enterprises (PSEs), established by Government of Sindh, which maintain their accounts on commercial basis. Section 15 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empowers the Auditor General of Pakistan to conduct audit of companies and corporations established in public sector. DG (CA&E) Karachi is mandated to conduct regularity audit (financial audit & compliance with authority audit), performance audit and special audit of these PSEs. Out of total human resources available with DG (CA&E) Karachi, 12 officers and staff with 2,800 person-days, were deputed for the audit and an expenditure of Rs.1.007 million was incurred against above audits.

This report however does not contain comments on the annual audited accounts of 07 public sector enterprises for the financial year 2021-22 (**Annex-2**) as the concerned management failed to submit their annual audited accounts within four months of closure of financial / calendar year as mandated under regulatory requirements.

Scope of Audit

This office is mandated to conduct audit of 15 formations working under 07 PAOs/Ministries. Total expenditure and receipts of 08 formations were Rs.16,916.548 million and Rs.17,049.278 million respectively for the financial year 2021-22. However, 07 formations did not provide their expenditure and receipts.

Audit coverage relating to expenditure for the current audit year comprises 09 formations of 05 PAOs/Ministries having a total expenditure of Rs.16,916.548 million for the year financial year 2021-22. In terms of percentage, the audit coverage of expenditure is Rs.1,691.6548 million (10%), and that of receipts is Rs.1,704.927 million (10%).

Recoveries at the instance of Audit:

Audit pointed out recovery of Rs.894.009 million however, the management failed to recover the amount at the instance of Audit during the period.

a. Audit Methodology

Planning and Permanent Files of auditee organizations maintained in the office of DG (CA&E) South Karachi were updated before undertaking audit exercise for the year 2021-22. The desk audit helped in identifying high risk areas in operations, investment, procurements, asset & human resource management. During field audit activities, transactions were checked on the basis of the organization's rules and regulations and government policies and directives. Audit carried out examination of record, analysis of data, site visits and discussion with management.

b. Audit Impact

Audit through its findings and recommendations helped the management in different ways like:

- i. Improvement in their existing working, specially related to their revenue generation and expenditure utilization.
- ii. Improvement in their working by following the rules and regulations.
- iii. Effecting recoveries at the instance of Audit in different cases.
- iv. Identifying weaknesses in the systems and processes through holding of inquiries in cases involving violation of the rules and financial mismanagement by the management on the basis of audit recommendations.
- v. Improvement in transparency and accountability of operations within the commercial entities.

Audit findings and recommendations would have multiplier impact if the DAC and PAC meetings were held regularly.

c. Comments on Internal Controls and Internal Audit Department

Internal controls are reflected from policies, procedures, rules, regulations and monitoring mechanism in any organization. These controls not only guard against fraud, waste and inefficiency, but ensure reliable and accurate operational and financial information for rational decision-making. A number of internal control weaknesses were observed during the audit of Public Sector Enterprises, some of them are illustrated below:

- i. Management of Receivables in almost all the organizations require immediate attention. The revenue due was not being collected timely resulting in accumulation thereof with a risk of non-recovery.

- ii. Financial Management needs to be strengthened by establishing a system of maintenance of accounts comprising immediate posting of financial transactions, periodical reporting within a financial year, observance of year-end procedures, timely preparation of financial statements upon close of financial year and timely audit of accounts. The Principal Accounting Officers will be in a position to control the affairs of their organizations by strengthening the financial management. The non-submission of audited accounts illustrates weakness of internal controls.

d. The key audit findings of the report;

- i. Irregular appointments were reported in four cases¹
- ii. Irregular procurements were reported in three cases - Rs.9,435.587 million²
- iii. Non-recovery of dues was reported in four cases - Rs.623.512 million.³
- iv. Non-preparation / finalization of annual audited accounts in four cases⁴
- v. Non-production of record was reported in six cases – Rs.347.960 million.⁵

¹Paras- 3.2.5.8, 3.2.5.9, 3.3.5.12 & 3.3.5.13

²Paras- 1.1.5.14, 3.3.5.2 & 3.4.3.1

³Paras-1.1.5.7, 3.2.5.1, 3.2.5.2 & 5.1.5.5

⁴Paras-1.1.5.16, 2.1.5.12, 3.3.5.11 & 5.1.5.9

⁵Paras-2.1.5.1, 3.3.5.15, 4.1.5.5, 6.1.3.1., 7.1.3.1 & 7.2.3.1

e. Recommendations

The Principal Accounting Officers (PAOs) need to take necessary steps to evaluate, institute and strengthen the management, budgeting and accounting controls through adopting following measures:

- i. Ensure all appointments be made in transparent manner and on merit basis.
- ii. Ensure all procurement /expenditure be made in compliance with government rules.
- iii. Ensure that all Government dues are recovered timely.
- iv. Arrange timely submission of annual audited accounts to audit authorities.
- v. The Principal Accounting Officers need to issue directives for provision of record.

Chapter-1

Agriculture, Supply & Prices Department

1.1 Sindh Seed Corporation, Hyderabad

1.1.1 Introduction

Sindh Seed Corporation (SSC) was established in the year 1976 for the systemic production, procurement, processing and marketing of all kinds of seeds of major crops on the scientific lines. The prime objective of the SSC is to supply high quality, certified seed to the growers of Sindh on affordable price in order to enhance overall per acre yield in the Province of Sindh. The role and objectives of the organization are to provide technical advices / services to the registered growers and procurement, processing and marketing of certified seeds.

(Rs. in million for FY 2021-22)				
Description	Total#	Audited	Expenditure audited	Revenue / Receipts audited
Formations	1	1	67.775	68.429

1.1.2 Comments on Audited Accounts

1.1.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2011-12 to 2021-22.

1.1.2.2 Audit required that the annual audited accounts of the years 2011-12 to 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts. (**Annex-2**)

1.1.3 Classified Summary of Audit Observations

Audit observations of Rs.1,263.408 million were raised. This amount also includes recoverable of Rs.27.960 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	Classification	Amount
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement and misappropriation	73.802
3	Irregularities	
A	HR / Employees related irregularities	-
B	Procurement related irregularities	3.803
C	Management of Accounts with Commercial Banks	-
4	Value for Money and service delivery issues	7.326
5	Others	1,178.477

1.1.4 Compliance of PAC Directives

PAC has not been convened from the year 2004-05.

1.1.5 Audit Paras

1.1.5.1 Loss of revenue due to non-utilization of seed processing plant- Rs.600.000 million

Rule 23 of GFR states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management allowed HESCO Sakrand sub-division team on 16.04.2019 for installing new electricity meter at Seed Processing Plant Sakrand by replacing the old one which was installed in 1982 by the German Company. Just after one month of the installation, SSC Plant manager informed to HESCO about non-availability of electricity in plant's panels and requested for solving the issue. Another letter was issued to SE WAPDA for resolving the problem and informed him about the up-coming season of Kharif. HESCO/WAPDA did not address the issue and supplied the electricity to Plant till - date (Dec, 2022) nor the management took any serious efforts to operationalize the seed processing plant. Thus, seed processing plant Sakrand having capacity of 300,000 maunds of wheat seed, failed to process a single maunds since 2019, which resulted into huge losses of revenue. One year revenue (approximately) to be earned is calculated below;

$$(300,000 \text{ Mds} * \text{Rs.}2000 * 1 \text{ years} = \text{Rs.}600,000,000)$$

Audit was of the view that had the full capacity of plant been utilized, the management could have earned income of Rs.600.00 million in a single year.

This showed that management did not take strenuous efforts to operationalize the plant by addressing the electricity issue and failed to process the wheat seed according to the plant capacity.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that the HESCO team would visit the plant to check the electrical panels to ascertain the actual problem. The reply of the management was not tenable as neither the problem was resolved nor the loss was justified.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) for non-utilization of plant at full capacity.

1.1.5.2 Loss of revenue due to non-utilization of cultivatable land - Rs.325.205 million

Rule 23 of GFR states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Sindh Seed Corporation (SSC), Hyderabad for the year 2021-22, it was observed that the management failed to utilize fully its cultivatable land during wheat Rabi crop and cotton/ phutty / paddy Kharif crop which resulted into loss of revenue income of Rs.325.205 million. The details are as under;

(Amount in Rs)								
Season/ Crop	Number of Farm	Total cultivable Area in Acre	Net Area cultivated	Cultivable area in Acres not utilized	Actual Yield per Acre	Yield not achieved (D*E)	Rate per Kg- maund	Loss (F*G=H)
	A	B	C	D	E	F	G	H
wheat crop	7	3776	2,267	1514	9 to 27.9	17732.36	2,720	48,232,033
cotton/ phutty crop	5	2451	754.25	1696.75	3.9 to 14.6	15010.8	13000	195,140,465
Paddy	3	3776	980	1,407	16 to 18	29226.2	2800	81,833,360
Total		10,003	4001.25	4617.75		61,969.36		325,205,858

(Source: Target/production report)

Audit was of the view that had the management taken remedial measures to utilize the 4,617 acres land with qualified agricultural professionals and proper

guidance been provided to Haris / farmers, the corporation could have earned expected revenue of Rs.325.205 million.

The matter was reported to the management in December, 2022. The management provided irrelevant reply dated 16-01-2023.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) for low yield of crop against estimated standard production.

1.1.5.3 Embezzlement of funds by SSC employees - Rs.73.802 million

Section 24.1.1 of the Services Regulations of Sindh Seed Corporation, 1976, states that in case where an employee of the Corporation is accused of subversion, corruption or misconduct, the authorized Officer may require him to proceed on leave or with the approval of the Authority suspend him provided that any continuation of such leave or suspension shall require approval of the Authority after every three months.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management dismissed three employees from their services on account of various charges and involvement in embezzlement of Rs.73.802 million (Rs.49.331 million, Rs.17.450 million and Rs.6.986 million). The officials were found involved in embezzlement of crop income and corrupt practices particularly Mr. Khalil was found involved in illegal activities at BSF SSC Lodra and charged with missing of one tractor worth Rs.1,300,000 and one lazhar level machine worth Rs.800,000 and shortage of stock wheat commercial 166 mds @ 2000 per mds of Rs.332,000 during his posting as Farm Manager. The details are as under;

(Amount in Rs.)				
S#	Name of Employee	Designation	Dismissal Order Date	Amount
1	Mr. Khalil Ahmad Katpar	Office Assistant	20.07.2022	49,331,282
2	Mr. Muhammad Ali	Office Assistant	04.07.2022	17,485,000
3	Mr. Amir Ali Siyal	Field Asstt	07.07.2022	6,986,644
Total				73,802,926

Audit was of the view that due to loose internal controls and poor management, the officials embezzled huge funds of Rs.73.802 million on account of farm income and enjoyed the official portfolios till their dismissals from services in July, 2022.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that the employees have been dismissed from their services and the matter has also been referred to NAB and anti-corruption for recovery of amount. The reply of the management was not tenable as the recovery had not yet been realized.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person(s) at fault and recovery of misappropriated amount from the concerned.

1.1.5.4 Non-approval of Budget by SSC Board and incurring unauthorized expenditure – Rs.68.429 million

Section 4(2) of Sindh Seed Corporation (Amendment) Act, 2010 states that the Board shall have the powers and functions to approve annual Budget of the Corporation.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management incurred expenditure amounting to Rs.68.429 million on account of administrative and operational expenditure without budget allocation and approval of the Board of Directors. The detail is as under:

S#	Particulars	(Rs. in million)	S#	Particulars	(Rs. in million)
1	SSC Farm Expenses	13.355	3	Administration Expenses	53.481
2	Marketing Expenses	1.593	Total		68.429

Audit was of the view that non-approval of budget by the BoD depicts weak internal controls within corporation, besides, non-compliance of Seed Corporation (Amendment) Act, 2010 raises serious questions on the legality of running the organizations affairs.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that the annual budget was placed before the Board for approval however, minutes have still awaited. The reply of the management was not tenable as the approval of the Board in respect of annual budget was still awaited.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends obtaining ex-post facto approval of budget from the SSC Board, besides, fixing of responsibility on the person (s) at fault.

1.1.5.5 Non-achievement of targets resulted into loss of income due to less sowing of wheat /Paddy/cotton crop per acre - Rs.65.775 million

The management approved production targets for Rabi-Kharif crop for the year 2021-22 for wheat, cotton and paddy crops of quantity were as 39,875 Mds (40kg), 1992.5 Mds and 25,424.5 Maunds (40 kg) yield from sowed land of 1595 acres, 199.25 acres and 1,017 acres, respectively.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management approved targets of production of wheat, cotton and paddy crops of quantity 39,875 Mds (40kg), 1992.5 Mds and 25,424.5 Maunds (40kg) yield from sowed land of 1595 acres, 199.25 acres and 1,017 acres for Rabi-Kharif crop respectively. However, on the contrary, it was noticed that the actual production of wheat stood at 16,513 Mds with shortage of 23,363 Mds, actual production of cotton stood at 1122.97 Mds with shortage of 879.53 Mds and actual production of paddy stood at 15,362.635 Mds with shortage of 10,061.865 Mds. As a result of this, the corporation sustained a loss of income Rs.65.775 million. The details of less yield of production sowed by the SSC management are tabulated below:

Rabi-Kharif Crop-2021-2022									
(Amount in Rs)									
Crop type	No; of Farm	Estimated Production of Paddy			Actual Production of Paddy			Less Produced Mds (D-G)	Total Loss (H * 1500/Rate per Mds)
		Area in Acre	Yield per Acre Quantity in Mds	Total estimated Quantity in Mds	Area Harvest in Acre	Yield per Acre Mds	Total produced quantity Mds		
	A	B	C	D	E	F	G	H	I
Wheat	5	1,595	25	39,875	1,383	9 to 18	16,513	23,363	46,725,000
Cotton	3	199.25	10	1992.5		3 to 7	1,112.97	879.53	3,957,885
Paddy	4	1017	25	25424.5	980	16 to 22	15,362.635	10,061.865	15,092,797
Total		2,811		67,292	2,363		32,989	34,304	65,775,682

Audit was of the view that remedial measures were not adopted to get the required yield. Had proper and timely inspection been carried out by qualified agricultural professionals and provided guidance to Haarees / farmers, the estimated yield could have been achieved. The corporation suffered a loss of Rs.15.092 million due to management's failure to safeguard the interest of the corporation.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that during Kharif & Rabi season 2021-22, the targets of production was fixed as 67,292 mds while the total production achieved was 64,912 mds which is 96% of production. The reply of the management was not tenable as the management failed to achieve its estimated targets.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) for low yield of crop against estimated standard production.

1.1.5.6 Loss due to rejection of wheat / paddy/ cotton seed - Rs.28.203 million

Section 14 of the Sindh Seed Corporation Act, 1976 provides that the Corporation may arrange for multiplication, procurement, processing bagging and storage of certified seed. Make suitable arrangements for the certification of seed. Render technical advice and other services to the registered growers.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that a quantity of 4,610 kg Mds of wheat, 4,918 kg Mds of paddy and 3,236.587 kg Mds of cotton seed was produced by SSC Farm's growers and shifted at seed processing plant Sakrand for processing of seed. However, it was observed that the above quantity 12,765 of wheat, paddy and cotton seed was rejected/ declared as commercial and the same was sold through open auction at lower rates than approved seed rates, caused net loss of Rs.28.203 million. Details are as under:

(Amount in Rs)						
Crop	T.Qty	Rate	T.Amount	Seed rate	Total Amount	Loss
	A	B	C	D	E	F (C-E)
Wheat	4,610	2000	9,220,000	2720	12,539,200	3,319,200
Paddy	4,918.53	2400 - 1400	9,520,348	2,800	13,771,870	4,251,522
Cotton	3236.587	6625	21,442,392	13000	42,075,638	20,632,346
Total (Rs)	12765.11		40,182,740		68,386,708	28,203,068
(Source: Production report)						

Audit was of the view that had the proper procedure for sowing of certified seed been adopted and fertilizer been provided to the crops at proper time and proper supervision was given by management of SSC, quantity of

12,765 kg maunds could have been achieved as certified seed instead of rejected/ as commercial seed.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that SSC sold out wheat above fixed rates, due to inadequate water supply of irrigation water paddy was sown on commercial basis and due to heavy rain which reduced cotton germination percentage and crop could not be made as seed. The reply of the management was not tenable as the management failed to adopt applied procedures for sowing of certified seed.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter to fix responsibility on the person (s) at fault.

1.1.5.7 Non-recovery from tenants of farms - Rs.27.960 million

Section 20 of Sindh Seed Corporation Act, 1976 regarding Recovery of Dues states that all sums due to the Corporation from any person shall be recoverable as arrears of land revenue.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that an amount of Rs.27.960 million was lying outstanding against various tenants of different farms. The aging was requested to provide however the same was not made available. Details are as under;

(Amount in Rs)					
S#	Name of Farm	Outstanding	S#	Name of Farm	Outstanding
1	BSF, SSC, Pai	2,060,734	5	BSF,SSC, Ruk	348,293
2	BSF, SSC, Setharja	1,910,055	6	BSF,SSC, Ghotki	13,791,605
3	BSF, SSC, Kotdiji	1,690	8	BSF,SSC, Lodra	9,656,600
4	BSF,SSC, Sangi	191,857	Total		27,960,834
(Source: Outstanding/recovery statement)					

Audit was of the view that had strenuous efforts been taken by the management to recover outstanding amount from tenants at the time of crop distribution, SSC could have earned income well in time.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that SSC was not in a position to recover the outstanding amount in absence of regular staff as currently the field

work of farms was done through daily wages staff. The reply of the management was not tenable as the management failed to recover the outstanding dues till date.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that necessary steps may be taken to recover the outstanding amount at the earliest.

1.1.5.8 Non-reconciliation of the expenditure of ADP schemes with Accounting (Accounts) Offices – Rs.17.624 million

According to Para-iv of Administrative Approval dated 1st April 2022, in respect of on-going ADP Scheme 2021-22, scheme No.21 namely Revamping of Seed Development and Production Facilities, it shall be the responsibility of the executing officer to reconcile the expenditure with Accountant General Sindh/ District Accounts Officer Treasury Office.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management incurred an expenditure of Rs. 17.624 million in respect of an on-going ADP Scheme-2021-22, namely Revamping of Seed Development and Production Facilities. However, the expenditure was not reconciled with the office of Accountant General Office / District Accounts Officer Treasury Office Hyderabad. Resultantly, Audit remained unable to ascertain the genuineness of the expenditure of Rs.17.624 million.

Audit was of the view that the non-reconciliation of expenditure with AG office is violation of rules and regulations of operating Assignment Account and raises question on efficient departmental control over expenditure.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that the expenditure had been reconciled by DAO Hyderabad on 20-11.2022. The reply of the management was not tenable as no expenditure reconciliation was made with DAO Hyderabad.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixation of responsibility on the executing officer for this violation.

1.1.5.9 Non-utilization of Budget resulting into lapse of funds - Rs.17.495 million

According to instructions issued by Finance Department, Government of Sindh, ...the deadline for submission of Excess and surrender for the current financial year is March 31, 2022.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that an amount of Rs.35.119 million was approved and released to the SSC under project scheme Revamping of Seed Development and Production Facilities ADP-2021-22 during the month of April 2022. However, the management could only utilize funds of Rs.17.624 million and remaining amount of Rs.17.495 million lapsed from the assignment account. Besides, the lapsed amount was required to be surrendered well in time to Finance Department which was also not done resultantly the amount could not be utilized further.

Audit was of the view that due to mismanagement and negligence, released funds were neither utilized as per set objective nor the management surrendered the same well in time to Finance Department for its further utilization at their end.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that due to non-participation of bidders in the bidding process of procurement of goods, funds could not be utilized. The reply of the management was not tenable as the management neither utilized funds nor surrendered well in time.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of the matter and fixation of responsibility on person (s) at fault.

1.1.5.10 Loss of income due to non-sowing of Sugarcane Crop - Rs.12.140 million

Rule 38 of GFR states that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have

to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Seed Corporation (SSC), Hyderabad for the year 2021-22, it was observed that the management approved estimated target production of sugarcane quantity 60,100.0 Maunds (40kg) yield from cultivable land of 150.25 acres during Kharif crop season. Contrary to the set target, SSC failed to harvest a single acre of the land which resulted into zero production yield from the available land. Hence, the Corporation sustained a loss of income of Rs.12.140 million. Details are tabulated below:

(Amount in Rs)								
Name of Farm	Sugarcane-Kharif Crop-2021-2022						Less Produced Maunds	Total loss (H* 202/Rate per Maunds)
	Estimated Production of Sugarcane			Actual Production of Sugarcane				
	Area in Acre	Yield per Acre Qty in	Total estimated Qty in Maunds (40kg)	Area Harvest in Acre	Yield per Acre Maunds (40kg)	Total produced Qty Maunds		
A	B	C	D	E	F	G	H	I
Ruk, Farm	10.75	400.00	4300.00	-	-	-	4,300	868600
Ghotki Farm	139.50	400.00	55800.00	-	-	-	55,800	11,271,600
Total	150.25		60,100.00					12,140,200
Source: Production report								

Source: Production report

Audit was of the view that the management not only failed to achieve its estimated production of sugar cane which resulted into loss of income of Rs.12.140 million but also could not cultivate the land reserved during the Kharif crop. Had proper and timely inspection been carried out with qualified agricultural professionals, proper guidance would have been provided to Haris/farmers and remedial measures been adopted keeping in view of past problems. This resulted into management's failure to safeguard the interest of the corporation as well as losses to the Corporation.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that due to paucity of funds estimated targets could not be achieved. The reply of the management was not tenable as the loss of the income due to non-sowing of sugarcane crop was not justified.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) at fault for nil yield of crop against estimated standard production.

1.1.5.11 Operational loss - Rs.9.890 million

According to Rule 15 (c) (i) of Sindh Seed Corporation Act, 1976, powers of the corporation are to incur expenditure for carrying out purposes of the corporation and to take such action as may be necessary or conducive to the attainment of the objectives of the corporation.

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management incurred expenditure of Rs.68.429 million and generated revenue of only Rs.58.539 million, resulted in operational loss of Rs.9.890 million. Furthermore, it was observed that the management did not prepare its annual accounts since 2017 and in the absence of the certified annual accounts, accumulated losses could not be ascertained till date.

Audit was of the view that the management failed to follow its revenue targets, which indicated slackness and poor financial management within the organization which resulted into operating losses.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that SSC did not sustain any loss whereas closing balance as on 30.06.2022 was Rs.1.634 million. The reply of the management was not tenable as the management added inflows of proceeds of Paddy and wheat of last year into current financial year as profit which was unjustified and cannot depict the true picture of the financial statements.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of the matter of operational loss.

1.1.5.12 Wastage of funds due to non-utilization of machinery and equipment - Rs.7.326 million

ADP scheme No.21 of 2021-22 of Revamping of Seed Development and Production Facilities was approved in Budget 2017-18 with cost amounting to Rs 179.99 million including procurement of Assets.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the management procured following seven (7) assets under budget head Purchase of Assets-Machinery and equipment, of a project Revamping of Seed Development and Production Facilities under ADP Scheme 2017-18, but the same were not utilized till date and were lying idle in stores at SSC Processing Plant Sakrand. The details are as under;

S #	Item name	Unit Cost (Rs)	Units	Year of purchase	Total Cost (Rs)
1	Wheat Combine Harvester	4,980,000	01	2018-19	4,980,000
2	Paddy Thresher	585000	01	2017-18	585000
3	Wheat Thresher	330,000	02	2017-18	660,000
4	Reaper	90,000	02	2017-18	180,000
5	Wheat Seed Drill	81,000	01	2017-18	81,000
6	Raja Plough	350,000	2	2017-18	700,000
7	Disk Harrow	200,000	4	2017-18	800,000
Total					7,326,000

Thus, the management procured the assets without analyzing the need and incurred huge expenditure of Rs.7.326 million on assets procurements. This resulted into loss to the Corporation due to non-utilization of the machinery and equipment. The chances of complete assets deterioration and depreciation with passing of time could not be ruled out.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that due to non-availability of trained operator machine could not be utilized. The reply of the management was not tenable as the management failed to justify the procurements and non-utilization of the same.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends inquiry of the matter and fixation of responsibility on the person (s) at fault.

1.1.5.13 Wasteful expenditure on account of repair and maintenance of cotton ginning plant - Rs.4.418 million

According to Rule 15 (c) (i) of Sindh Seed Corporation Act, 1976, powers of the corporation are to incur expenditure for carrying out purposes of the corporation and to take such action as may be necessary or conducive to the attainment of the objectives of the corporation.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that an expenditure of Rs.4.418 million was incurred on account of repair and maintenance of cotton ginning plant installed at Seed Processing Plant Sakrand during the years 2017-18 to 2021-22. However, plant could not be operationalized despite huge repair and maintenance expenditure of Rs.4.418 million till date. Resultantly, corporation was deprived off the revenue income which could have been earned if the said plant operated well in time according to its capacity.

Audit was of the view that despite incurring huge expenditure of Rs.4.418 million on repair, the plant could neither be made operational nor ready to function as per its capacity. Due to non-utilization of the plant, the corporation not only sustained a loss of income but also caused wastage of expenditure.

The matter was reported to the management in December, 2022. The management provided irrelevant reply dated 16-01-2023.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) at fault for non-utilization of the plant.

1.1.5.14 Irregular purchase of Cotton and Paddy Seeds – Rs.3.803 million

According to Rule 15 (1) of SPPRA, 2010, Open competitive bidding shall be the principal method of procurement.

Further, Rule 17 (2) states that the advertisement in the newspaper shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages in the manner and format prescribed in these rules.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that an amount of Rs.3.803 was paid to M/s. Punjab Seed Corporation during the year 2021-22 for purchase of Cotton and Paddy seed without calling open competitive bids in violation of provision of SPPRA Rules, 2010.

Audit was of the view that procurement of fertilizer without calling open tenders was not only violation of the rules / bid but also deprived competitive bidding for lowest rates.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that the cotton and paddy was procured from Punjab Seed Corporation at their fixed rates. The reply of the management was not tenable as the management made procurements in violation of the SPRRA.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigating the matter and fixing of responsibility on the person (s) at fault for irregular purchase.

1.1.5.15 Loss of revenue due to shortage of wheat at Sakrand plant -Rs.1.338 million

According to the clause 22.2.10 of Sindh Seed Corporation Act, 1976, wilful tempering, theft, or destruction of any records, documents and any property of the corporation or its associated corporation shall be deemed to constitute misconduct or breach of discipline.

During audit of Sindh Seed Corporation (SSC) Hyderabad for the year 2021-22, it was observed that the corporation declared quantity 8,105 kg mds as wheat seed and shifted to seed processing plant Sakrand for seed processing. However, it was noticed that the actual quantity reached at plant was 7,613 Maunds resulted in registered shortage of 492 mds, whereas resulted into loss of Rs 1.338 million to the Corporation. The details are as under;

Quantity Produced in Kg Mds	Qty at Plant in Mds	Difference in Qty Mds	Rate (Rs)	Amount (Rs)
8,105	7,613	492	2,700	1,338,240

Audit was of the view that the shortage of 492 kg/mds of wheat occurred as a result SSC sustained loss of Rs.1.338 million which showed negligence and weak internal controls of the management.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that no wastage had been occurred except quantity of 34.45 mds. The reply of the management was not tenable as the evidence clearly showed that the shortage was noticed and declared as wastage by the concerned department.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends to conduct enquiry and fix responsibility on the person(s) at fault besides, recovery of shortage amount.

1.1.5.16 Non-finalization / preparation of annual audited accounts

Sub-sections (3) & (4) of Section 19 of Sindh Seed Corporation Act, 1976 states that the accounts of the corporation shall be audited at least once in every financial year by such firm of Chartered Accountants as may be approved by Government and statement of the audited accounts shall be furnished to Government within four months after the end of every financial year.

During audit of Sindh Seed Corporation (SSC) Hyderabad, for the year 2021-22, the management was asked to furnish the annual accounts for the year under review. In response, it was informed that the last annual audited accounts for the year 2015-16 have been prepared / finalized and since then neither the annual accounts have been prepared nor audited by any Chartered Accountants Firm till date. Moreover, draft accounts for the said year were also not prepared due to which audit could not examine factual financial position of the corporation.

In the absence of annual accounts, financial position and commercial viability of the entity with regard to its revenue, expenditures, profit and loss statement, trial balance and general ledger account could not be assessed and ascertained. Moreover, no opinion on justification and authenticity of the financial transactions can be offered. Non-maintenance of accounts leads to weak internal control existing in an entity which at times provides plenty of chances of misappropriation, theft and pilferages causing a tremendous loss to its solidarity and integrity. Annual accounts are of vital importance as they provide a tool for assessing the operational as well as financial stability of the entity and give an idea for its future prospectus.

The matter was reported to the management in December, 2022. The management in its reply dated 16-01-2023 stated that efforts were being made for finalization of accounts whereas accounts for the years 2017-18 to 2021-22 were under process. The reply of the management was not tenable as the management failed to finalize annual accounts till date.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

Chapter-2

Health Department

2.1 PPHI, SINDH

2.1.1 Introduction

PPHI Sindh (the Company) was incorporated on October 08, 2013 as a public company limited by guarantee and not having a share capital under Section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is assigned the responsibility to take over primary health care system in the Province of Sindh. The Company runs its operation in twenty two districts, referred as District Offices (DOs). The responsibility of the DO's is to provide health facility to the needy people in their respective districts, by utilizing the funds / grants received from Provincial Government in pursuance of the directives by the Board of Directors (BoD). The Company has bifurcated its operation in four Regions i.e. Hyderabad, Mirpurkhas, Larkana, and Sukkur by constituting Regional Offices (RO's) to which their respective DO's respond.

On January 27, 2014, an agreement was executed between Sindh Rural Support Organization (SRSO) and the Company, whereby, it was agreed that all assets and liabilities valued as on Dec 31, 2013 relating to a project named People's Primary Healthcare Initiatives-Sindh (PPHI Sindh/the Project) will be transferred from SRSO to the Company. The value of such assets and liabilities will be determined mutually by SRSO and the Company in terms of the said agreement. The decision was made consequent to the agreement dated December 06, 2013 entered into between the Government of Sindh and the Company and the resolution made by the Board of Directors of SRSO in their 38th meeting. Accordingly, the Project ceased to operate on December 31, 2013, as all the related assets and liabilities were transferred to the Company. The registered office of the Company is situated at C-27/1, Block-2, Clifton, Karachi.

(Rs. in million)				
Description	Total No.	Audited	Expenditure audited FY 2021-22	Revenue / Receipts Audit FY 2021-22
Formations	1	1	8,666.840	8,760.080

2.1.2 Comments on Audited Accounts

2.1.2.1 The annual audited accounts are required to be provided to Audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2018-19 to 2021-22.

2.1.2.2 Audit required that the annual audited accounts of the years 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts. (**Annex-2**)

2.1.3 Classified Summary of Audit Observations

Audit observations of Rs.437.428 million were raised. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	Classification	Amount
1.	Non-production of record	347.960
2.	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR / Employees related irregularities	12.373
B	Procurement related irregularities	54.753
C	Management of Accounts with Commercial Banks	-
4	Value for Money and service delivery issues	-
5	Others	22.342

2.1.4 Compliance of PAC Directives

No PAC was convened since 2014-15.

2.1.5 Audit Paras

2.1.5.1 Non-production of record - Rs.347.960 million

Section 1-1 of the Auditor General of Pakistan's Functions, Powers, Terms and conditions of Service Ordinance 2001 provides that 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 form as possible and with all reasonable expedition. Moreover under (Sub-Section 2) of aforementioned ordinance, any person or authority hindering the Auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary actions under relevant E&D Rules.

During audit of PPHI, Sindh for the year 2021-22, the management failed to provide auditable record (**Annex-4**) despite issuance of reminders and several verbal requests.

Audit was of the view that in absence of above mentioned record, Audit could not ascertain the authenticity of expenditure and grant.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that the most of record required by Audit team was provided to them in the due course of time. During the course of audit, this office was continuously engaged in the recruitment across all the Sindh province, due to the fact narrated above, all the officials of HR department were busy in those recruitment, which have caused delay / non-production in the provision of certain record mentioned in the audit observation. Further, staff of PPHI Sindh was engaged in health emergency caused by heavy flood and rain and expansion of PPHI Sindh due to taking over of additional HFs. The reply of the management was not tenable because the requisitioned record was available in head office but the same was not provided to Audit despite issuance of 03 reminders from time to time.

Audit recommends fixing of responsibility of person (s) at fault for non-production of records.

2.1.5.2 Irregular procurement of Medical Supplies & General Items - Rs. 28.879 million

According to Rule 21(A) of SPPRA, the procuring agencies shall formulate an appropriate evaluation criterion, listing all the relevant information against which a bid is to be evaluated and criteria of such evaluation shall form an integral part of the bidding documents.

According to PPHI bidding documents section VIII, eligibility criteria for medical supplies and general items, clause 5 states that valid product registration certificate issued by Drugs Regulatory Authority of Pakistan (DRAP).

During audit of PPHI, Sindh for the year 2021-22, it was observed that management awarded contract to M/s. Sandal Surgical and M/s Hospital Solutions at a cost of Rs.18.922 million and 9.956 million respectively for supply of medical supplies & general items in violation of SPPRA Rule and tender documents. Further scrutiny of the record reflected that said tender was

advertised on 09.10.2021 and thirteen (13) suppliers participated out of which nine (9) bidders were declared technically qualified. At the time of technical evaluation M/s. Sandal Surgical and M/s Hospital Solutions both did not had valid product registration certificate issued by the DRAP. Both suppliers technically were accepted by the management despite above mentioned irregularities. Detail list is under: -

Supplier	Generic	Brand	Manufacturer	(Rs)	
				Quantity required	Amount
M/s Sandal Surgical	Cord Clamp	Cikina Umbilical Cord	Al-Hamd	320,720	18,922,480
M/s Hospital Solutions	Glutaraldehyde solution 5 litre	Xue Huan	Wuhan Snow Medical Disinfectant Co Ltd.	4,329	9,956,700
Total (Rs)					28,879,180

Audit was of the view that the management extended undue favor to the supplier by awarding the contract in violation of above-mentioned SPPRA Rules & bidding documents.

The matter was reported to the management on December 23, 2022. The management in its reply dated 16-01-2023 stated that the registration of Medical Supplies and General Items have been recently introduced by the DRAP and only few companies had registered their products, therefore as precaution for ensuring procurement of items in para VIII-Eligibility for Medical Supplies and General Items note 3 of tender document, it was mentioned that in case of non-availability of product registration, anyone who has applied for registration of the product would be considered. The reply of the management was not tenable as the suppliers are still not registered with DRAP.

Audit recommended the management that responsibility should be fixed on the person (s) at fault for awarding contract in violation of SPPRA rules.

2.1.5.3 Irregular expenditure on insurance of assets from private insurance companies - Rs.12.830 million

Section 3 of the Sindh Insurance of Public Property Act, 2014 (Subject to the provisions of section 4) states that all insurance business related to any public property, or to any risk or liability with respect to any public property, shall be placed with and procured from the Company (Sindh Insurance Limited) only, and shall not be placed with or procured from any other insurer.

During audit of PPHI, Sindh for the year 2021-22, it was observed that management had been in practice of insuring all its fixed assets and vehicles from private insurance companies since long whereas the company was obligated to insure all assets with Sindh Insurance Ltd (SIL) as per Sindh Insurance of public property Act 2014. It is pertinent to mention here that the Government of Sindh had established M/s SIL for carrying the insurance business of assets and vehicles of Government controlled organizations. Due to non-insurance of its assets with SIL, PPHI defeated the very purpose of establishment of SIL. In addition to above, it is worth mentioning here that same type of observation was also pointed out by Government Audit in year 2021, but instead of complying with the rules thereafter, management has been awarding non-life insurance business to M/s EFU Insurance Company Ltd in 2021-22 on repeated order basis, rather than SIL, a Public Sector Entity. Detail of assets insured with M/s EFU Insurance Company Ltd in 2021 in violation of Sindh Insurance of public property Act 2014 is as under:

Category of assets	Insurance Premium (Rs.)	Category of assets	Insurance Premium (Rs.)
Vehicles	9,208,250	Medical Equipment	328,067
Warehouses	1,890,000	Laptop	354,375
Solar Items	826,965	Other assets	222,721
Total Insurance Premium			12,830,378

Audit was of the view that the management has defeated the very purpose of establishment of SIL due to non-insurance of its assets with SIL. Hence, audit considers the payment of insurance premium to above mentioned private insurance company as irregular.

The matter was reported to the management in December 29, 2022. The management in its reply dated 17-01-2023 stated that PPHI Sindh was a company registered under Section 42 of the Companies Act 2017, therefore the Insurance Act was not applicable to PPHI Sindh, PPHI Sindh was not a government department. Being a section 42 company, ruled under independent Board of Directors, PPHI Sindh followed the rules and procedures approved by Board. Moreover, the hiring of insurance company was done through open competitive bidding process / tender as per prescribed rules of the Company. In addition to the above, in subsequent years, PPHI Sindh had engaged Sindh Insurance Company for insurance of its assets, but faced various issues in service delivery, which was merely engaged on recommendation of audit observation in previous audits. The reply of the management was not tenable because the public property should be insured from Sindh Insurance Company and the same was not done during the audit year.

Audit recommends insurance of all of PPHI's fixed assets including vehicles with SIL along with fixing of responsibility on person (s) at fault for above violation.

2.1.5.4 Irregular award of Repair & Renovation contract to the 2nd lowest bidders - Rs.12.800 million

Rule 49 A of SPPRA Rules, 2019 states that bidder with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be awarded the procurement contract, within the original or extended period of bid validity.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI awarded contracts for repair & renovation works to different contractors who were the 2nd lowest instead of 1st lowest in violation of SPPRA rules. The 1st lowest bidders were rejected due to non-submission of performance security bonds. The details of the same are tabulated below:

(Amount in Rs.)				
S#	Description of contract	Budget estimated and approved amount	Offer of 1 st lowest	Offer of 2 nd lowest
1.	Construction of additional block at RHC Tando Jam District, Hyderabad	4,445,000	M/s. Wali Muhammad Khaskhely-Rs.3,664,100	M/s. N.A. Enterprises Co.-Rs.4,159,616
2.	Construction of additional block RHC Hoosri District, Hyderabad	4,003,500	M/s. Wali Muhammad Khaskhely-Rs.3,229,955	M/s. Marvel Engineering Works-Rs.3,783,463
3.	R&R work of DCD Shahmeer Khan Lund District Tando Muhammad Khan	4,517,500	M/s. Nawaz Builders-Rs.4,673,685	M/s. Allah Bux Kalwar-Rs.4,857,038
			Total	12,008,384

Furthermore, these contractors were also allowed extra work than the contract amount on repair & renovation and management paid additional amount of Rs.339,538 against the contract which was also in violation of the rule.

Audit was of the view that management in violation of the SPPRA rules awarded contracts for repair and renovation to the 2nd lowest evaluated bidder instead of 1st lowest and also allowed additional work expenses in violation of the above stated rules.

The matter was reported to the management in December 29, 2022. The management in its reply dated 17-01-2023 stated that M/S Wali Muhammad Khaskheli (lowest bidder) submitted the bid but turnover as per bank statement of bidder was less than Rs.30.000 million, thus his bid was non-responsive. Subsequently M/S. NA Enterprises Co. and M/S. Marvel Engineering was

considered in 1st two cases above and M/s Nawaz Builders did not submit the bid security amount. Hence M/S. Allah Bux Kalwar was considered in 3rd case mentioned above. The reply of the management was not tenable as no evidence of rejection was provided to Audit nor was intimated to the bidders.

Audit recommends fixing of responsibility on person (s) at fault for awarding contract in violation of SPPRA rules.

2.1.5.5 Unjustified income from Pathological Laboratories - Rs.5.856 million

Para 67(iii) of Articles of Association of PPHI Sindh states that Company shall utilize its money, property or income or any part thereof, solely for promoting its objects.

SECP License No. A048056 under Section 42 of the Companies Act, 2017 states that the primary object of PPHI is to guide, facilitate, design, execute, outsource, provide consultancy services and run the management and provision of healthcare services, through the existing available/newly created health infrastructure at primary/secondary/tertiary level health facilities and as more specifically contained in its Memorandum of Association. Memorandum of Association; V states the company shall achieve the above said objects subject to the following conditions: - (5) The company shall not itself set up or otherwise engage in industrial and commercial activities or in any manner function as trade organization.

During audit of PPHI, Sindh for the year 2021-22, it was observed that PPHI Sindh has established pathological laboratories at districts Mirpurkhas, Jacobabad, Khairpur and Hyderabad in 2018 with wide network of 30 collection points. These laboratories being used on commercial basis by PPHI. The summary of income generated during 2021-22 through these laboratories are as follow;

HF_Dispatch_Name	Amount (Rs.)	HF_Dispatch_Name	Amount (Rs.)
Badin-A	315,270	Mithi	948,042
Badin-B	7,730	Sanghar-A	1,995,550
Hyderabad	13,421	Sujawal	82,220
Jamshoro	493,040	Tando Allahyar	962,190
Larkana	8,550	Thatta	1,030,623
Total			5,856,636

Audit was of the view that income generated from laboratories is not in line with the core functions and objects of PPHI as per Articles of Association of PPHI Sindh and its objects given in Memorandum of Association, it, being charitable organization. Audit was of the view that establishment of pathological laboratories was actually for poor & needy patients on free of cost basis but the same being run on commercial basis is beyond scope and objective of PPHI.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that according to MoU with Health Department, Government of Sindh, PPHI Sindh was mandated to provide standard essential health services package of primary healthcare services. Provision of diagnostic services was not covered under essential health services package. Furthermore, other laboratory tests were performed on no loss no profit basis, and only nominal charges were taken from the patients to prevent hassle and expedite the treatment process. The management's reply was not tenable as the PPHI was bound to provide all the health services including diagnostic service.

Audit recommends that income generated from these laboratories may be justified.

2.1.5.6 Irregular reimbursement of medical charges to the employees of PPHI – Rs.5.761 million

The Board of Directors of PPHI in its 21st meeting held on June 28, 2018 had approved the limit of total reimbursement of hospitalization to employees and his/her spouses and children in a financial year shall remain fixed at current limit as below: -

Management	Support	Auxiliary
Rs. 250,000	Rs. 200,000	Rs. 150,000

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI paid an amount of Rs.5,760,872 to the employees of PPHI for the reimbursement of hospitalization during the year 2021-22 by violating medical rules, as per detail given below: -

S#	Name of Officer	Designation	Amount allowed (Rs)	Amount reimbursed (Rs)	Excess (Rs)
1.	Dr. Asma	Medical Officer	250,000	2,029,899	1,779,899
2.	Ms. Samina Bakhtawer	Mastr Trainer	250,000	2,500,000	2,250,000
3.	Ms. Ayesha	Manager (Admn)	250,000	296,141	46,141
4.	Ms. Sofia Noureen	Midwife	200,000	520,452	320,452
5.	Mr. Tariq Mehboob	Assistant Media Affairs	200,000	1,081,480	881,480
6	Mr. Arsalan Ahmed Shaikh	DPA	200,000	462,000	262,000
7.	Mr. Noor Ahmed	Assistant (F&A)	200,000	420,900	220,900
Total			1,550,000	7,310,872	5,760,872

Audit was of the view that as above medical rules the management of PPHI was required to reimburse the hospitalization charges Rs.1,550,000, but the management sanctioned / disbursed Rs.7,310,872. Hence, an amount of Rs.5,760,872 was reimbursed to the employees of PPHI was held irregular and unjustified.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that that the cases for medical charges reimbursement as mentioned in the audit observation memo were approved by the Board of Directors of PPHI Sindh being the competent authority, who can relax the ceilings of medical reimbursement which were prescribed by the Board itself. The reply of the management was not tenable as the medical ceiling is applicable to all the employees and relaxation of ceiling to few employees is unjustified and irregular.

Audit recommends fixing of responsibility on the person (s) for irregular reimbursement of medical charges to the employees of PPHI by violating medical rules and the same may be recovered from the concerned officers or from the person (s) at fault.

2.1.5.7 Irregular award of Repair & Renovation contract to 2nd lowest bidder-Rs.4.873 million

Rule 49 of SPPRA, 2010 states that he bidder with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be awarded the procurement contract, within the original or extended period of bid validity. According to work order, No payment of extra items shall be made unless written is given to you by the undersigned for execution of the extra item and approved by the competent authority.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management awarded contract for repair & renovation work of BHU Bahu Khan Pathan, District Matiari to the 2nd lowest instead of 1st lowest in violation of the SPPRA rules. Furthermore, the contract of repair and renovation was awarded to M/s. Marvel Engineering at Rs.4.711 million but the contractor claimed extra work cost and management paid total cost against the contract of Rs.4.873 million which is also violation of the rule.

Audit was of the view that management in violation of the SPPRA rules awarded contract for repair and renovation and paid extra expenses in violation of the above stated rules to the supplier who was 2nd lowest.

The matter was reported to the management on December 23, 2022. The management in its reply dated 30-12-2022 stated that the 1st lowest bidder did not submit 03 years bank statements due to which the bids were rejected. Accordingly contract was awarded to the 2nd lowest bidder. The reply of the management was not tenable as the management had to reject the bids at the time of technical evaluation and there was no need to open financial bids of the rejected bidder, which was in contravention of the rules.

Audit recommends fixing of responsibility on person (s) at fault for awarding direct contract in violation of SPPRA rules.

2.1.5.8 Irregular retention of services and actualization promotion of deputationist – Rs.4.729 million

According to section 11 (1) & (3) of Sindh Civil Servant Promotion Rules, 2022 consideration of promotion to civil servants who are on deputation abroad (1) promotion of a civil servant on deputation to an international agency or foreign government or within the country for a period not less than one year shall only be considered after the officer resumes duty on his/her cadre post. (3) in case the period of deputation is less than one year, the civil servant shall be considered for promotion but the officer shall actualize his / her promotion on return from such a deputation on the cadre post.

Section 3. Composition of PSB-I, PSB-II and DPC.- (1) The constitution of PSB-I and PSB-II shall be notified, in accordance with rule 6-A of Sindh Civil Servants (Appointment, Promotion and Transfer) Rules 1974, by the Services, General Administration & Coordination Department with the approval of the Chief Minister Sindh.

According to Section 6-A of Sindh Civil Servants (Appointment, Promotion and Transfer) Rules 1974, for the purpose of selection for appointment by promotion or transfer to posts in Basic Scale 18 carrying special pay, and above and such other posts as may be notified by Government, the Chief Minister may constitute one or more than one Provincial Selection Board consisting of not less than three members. One of whom shall be nominated as Chairman: 3[Provided that the Selection Board headed by the Chief Minister shall make selection for appointment by promotion or transfer to posts in Basic Pay Scale 21.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI appointed Mr. Fida Hussain Lashari, Section Officer (BS-17) as District Manager (DM) and extended undue favor by actualizing promotion in violation of the above stated rules. Initially the incumbent was appointed on deputation on 7th September, 2015 as DM, Sanghar, but due to some unknown reasons and on his request, the management of PPHI relieved him from the services of PPHI on 25th September, 2017. Moreover, the management of PPHI again on the request of Mr. Fida Hussain Lashari, requisitioned the services from the Services, General Administration & Coordination Department, Government of Sindh (SGA&CD) and he rejoined the PPHI as DM on 24th April, 2019 as DM. The incumbent Mr. Fida Hussain Lashari during his services at PPHI was promoted from BPS-17 to BPS-18 as per notification issued by SGA&CD dated 2nd February, 2021. The management of PPHI in violation of the rules wrote letter to the Secretary, SGA&CD for actualization of promotion during deputation and retaining the services. The salary and allowances paid to the incumbent after actualization of promotion on deputation at PPHI amounted to Rs.4.729 million (Rs.205,624 * 23 months).

Furthermore, the management without getting the formal NOC from his parent department i.e. SGA&CD actualized the promotion and promoted him from District Manager to Regional Manager and also extended deputation period (03 years) without approval from the competent authority i.e. Chief Minister (CM) which is violation of the above stated rules.

Audit was of the view that management in violation of the rules extended undue favor extended to the incumbent by actualizing the promotion and without NOC extended the deputation period also. Furthermore, the incumbent should have been repatriated to the parent department to get the promotion in the next grade but the same was not done.

The matter was reported to the management in December 29, 2022. The management in its reply dated 17-01-2023 stated that Mr. Fida Hussain who was serving in PPHI Sindh as District Manager, was promoted from BPS 17 to BPS 18 by SGA&CD GoS on February 02, 2021. Hence, his promotion was actualized by virtue of notification of SGA&CD referred above. Moreover, the notification did not specify the time period for such deputation nor his services were called back. As far as his elevation to senior position in PPHI Sindh was concerned (i.e. from District Manager to Regional Director), it did not correspond to the promotion in his parent department. Therefore, the decision of elevation in PPHI Sindh was not made on the basis of his promotion from BPS 17 to BPS 18 by SGA&CD. The reply was not tenable as the employee was required to be repatriated to parent office for actualization of his promotion, which was not done.

Audit recommends fixing of responsibility on the person (s) for retention of services and actualization promotion.

2.1.5.9 Irregular award of contract to 2nd lowest bidder- Rs.4.130 million

Rule 49 of SPPRA Rules, 2010 states that the bidder with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be awarded the procurement contract, within the original or extended period of bid validity. As per work order, No payment of extra items shall be made unless written is given to you by the undersigned for execution of the extra item and approved by the competent authority.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI awarded contract for repair & renovation work of Medical Officer (MO) Bungalow BHU Plus, District Hyderabad to the 2nd lowest at Rs.3.890 million in violation of SPPRA rules. Furthermore, the contract of repair and renovation was awarded to M/s. Marvel Engineering initially at Rs.3.890 million but the contractor claimed extra work cost and management paid additional amount against the contract and paid total of Rs.4.130 million in violation of the rules/bid.

Audit was of the view that management in violation of the SPPRA rules awarded contract for repair and renovation to the 2nd lowest evaluated bidder instead of 1st lowest and also allowed additional work expenses violation of the above stated rules.

The matter was reported to the management on December 23, 2022. Management in its reply dated 30-12-2022 stated that 1st lowest bidder was rejected due to non-fulfilling of requirement of turnover of Rs.30.000 million of the bidder, accordingly contract was awarded to the 2nd lowest bidder. The reply of the management was not tenable as no documentary evidence of non-fulfilling requirement of turnover by the bidder was provided to Audit.

Audit recommends fixing of responsibility on person (s) at fault for awarding contract in violation of SPPRA rules.

2.1.5.10 Irregular refund of deducted liquidated damages charges – Rs.2.261 million

According to contract agreement work Clause-7, Medicine shall be delivered at the destination F.O.R. basis (Freight on Road) within 60 days after receiving purchase order. However, if any supplier needs more time maximum upto 30 days then it has to submit its case with sound justification and subject to approval of PPHI management. Delay per day beyond the schedule time will be charged as 0.1 percent of contract value per day upto maximum of 10 percent of contract price as liquidated damages and adjusted in the contract price payment.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI refunded Liquidated Damages to concerned companies during the year, which was deducted due to late supply of medicines. Details are as below:

S.#	Name of Company	Description	Amount deducted as LD charges (Rs)
1.	M/s. Glaxo Smith Kline Pakistan Limited	Paracetamol 500 mg late delivered	654,886
		Ciprofloxacin 500 mg late delivered	1,200,480
		Paracetamol Drops 80mg/0.8 ml late delivered	52,976
		Ferrous Sulphate+Folic Acid late delivered	288,891
2.	M/s. Zafa Pharmaceutical Laboratories (Pvt), Ltd.	Hydrocortisone Skin Cream 10 Gram	64,067
Total			2,261,300

Audit was of the view that management extended undue favor against the supplier and already deducted LD charges were refunded in violation of the rules.

The matter was reported to the management on December 23, 2022. The management in its reply dated 17-01-2022 stated that while pursuing the purchase

orders for medicines, companies time to time informed PPHI Sindh about delay due to disturbance of supply chain Internationally at that time after COVID restrictions and companies were facing delays in receiving of raw materials. The district offices deducted liquidity damages of companies as per terms & conditions of the agreements but companies requested for waiver of the liquidity damage keeping in view the disturbance of supply chain internationally after COVID restrictions, which the management considered as per agreement clause-17. The reply of the management was not tenable as the relevant record was not provided to Audit.

Audit recommends investigating the matter with a view to fixing responsibility on the person(s) for irregular refund of deducted liquidated damages charges.

2.1.5.11 Mis-procurement of services of External Auditors – Rs.2.200 million

According to guidelines / letter dated January 02, 2002 issued by the Auditor General of Pakistan in accordance with the provisions of Section 15(1) of the Auditor General's (Functions, powers and terms and conditions of Service) Ordinance, 2001, the auditors should be appointed in consultation with Auditor General of Pakistan and rotated after every 5 years. Instructions were issued in compliance of Finance Division's letter dated March 25, 1981.

Rule 17 (1A) of SPPRA Rules, 2010 states that all procurement opportunities over two million rupees shall be advertised on the Authority website as well as in the newspaper as prescribed.

During audit of PPHI, Sindh for the year 2021-22, it was observed that PPHI, Sindh hired services from M/s. BDO Ebrahim & Co. for conducting statutory audit for the year 2021-22 without tendering and competitive bidding. Further; concurrence for the appointment of Chartered Accountant firm from o/o the Auditor General of Pakistan was not obtained.

Audit was of the view that management should have observed laid down procedures as per SPPRA Rules, 2010. However, PPHI, Sindh violated rules which deprived it to obtain competitive rates from other bidders. Thus, payment of Rs2.2 million and appointment of the external auditor without tendering and concurrence of the Auditor General of Pakistan stands irregular / unjustified.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that PPHI Sindh is a company

established under Companies Act 2017. Hence, SPPRA rules were not applicable to PPHI Sindh, which is a not-for-profit organization and is registered as a company under section 42 of the Companies Act, 2017 duly registered with the Securities and Exchange Commission of Pakistan (SECP). Previous external auditors EY Ford Rhodes Chartered Accountants had declined for re-appointment as external auditor in view of their client acceptance and risk management policies. Therefore, management approached BDO Ebrahim & Co. which was well recognized and is categorized as fifth largest firm globally. BDO Ebrahim & Co. was appointed at existing audit fee level of retiring auditors without any increase. Therefore, the objective of SPRA rules could not be achieved by open tendering. The reply of the management was not tenable as the management was required to follow the above rules, which was not done.

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

2.1.5.12 Irregular payment of additional charge allowance – Rs.1.883 million

According to Finance Department Government of Sindh, Division Office Memorandum No. FD(SR-1)1(32)2011-2015 dated 22-07-2016, the Government servant assigned additional charge of the posts will be allowed additional charge allowance at the rate of 20% of the basic pay subject to maximum Rs.12,000 per month.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the additional charge allowance was paid to the employees posted in Head Office in excess of amount allowed by Finance Department. The officers were paid Rs. 1,883,000 as additional charge allowance at the rate of ranging from Rs.20,000 to Rs.60,000 instead of Rs.12,000 per month, which was a violation of Finance Department. Further the management was requested to provide the detail of payment of additional allowance to all officers/officials of PPHI (including all district / region) vide Requisition No 20/CAP/PPHI/2021-22 dated 30-11-2022, but the management provided only the data of officers posted at PPHI (HO) who were getting additional charge allowance (**Annex-5**).

Audit was of the view that undue favor of financial benefits was extended to the above officers due to which PPHI sustained a loss of Rs.1,883,000.

The matter was reported to the management on December 30, 2022. The management in its reply dated 17-01-2023 stated that PPHI, Sindh followed the rules and procedures approved by Board. The Board of Directors approved in its 23rd meeting held on January 31, 2019, the additional charge allowance to

Officers / Officials @ 20% of current base salary. The reply of the management was not tenable as the management paid allowance in violation of above rules.

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

2.1.5.13 Irregular procurement of sub-standard medicines - Rs.1.871 million

According to Drug Act, 1976, misbranded drug means a drug which is not labelled in the prescribed manner.

During audit of PPHI, Sindh for the year 2021-22, it was observed from the record that sub-standard medicines were procured by the management. Further, it was observed from verification of the batch number of the Drugs testing laboratory report that following medicines were reported sub-standard as per Drug Testing Laboratory at Islamabad during the year 2020-21.

S#	Medicine Name	Company	Batch No.	Price (Rs.)	Quantity	Amount (Rs.)
1	Benzibiotic Injection	Zafa	449	32.5	9,320	302,900
2	Zatrnex Injection	Zafa	594	13.93	9,530	132,753
3	Zatrnex Injection	Zafa	598	13.93	6,230	86,784
4	Zatrnex Injection	Zafa	599	13.93	10,570	147,240
5	Zatrnex Injection	Zafa	603	13.93	15,000	208,950
6	Tocinox Injection	Geofmann	187116	9.63	4,000	38,520
7	Gentamed Injection	Munawer	BY137	11.99	1,000	11,990
8	Foley Catheter	Pigeon	210618	61.111	8,445	516,082
9	Cortizone Injection	Global	22A066	83.83	3,050	255,682
10	Cortizone Injection	Global	21M031	83.83	2,030	170,175
Total (Rs.)						1,871,076
<i>(Source: Drug Testing laboratory reports)</i>						

It was further observed that above batches of medicine were also supplied to the districts which were still lying in different districts location accordingly. The cost of the sub-standard stock was Rs.871.000 million.

Audit was of the view that there were no internal controls in place to procure branded medicines and the companies were supplying sub-standard drug at the risk and cost of human life. The objectives behind irregular procurement of misbranded medicines and their further distribution to other districts are question mark on the objectives of the PPHI.

The matter was reported to the management in December 23, 2022, the management in its reply dated 28-12-2022 stated that upon receipt of medicine at various District Offices, samples were collected from District for testing. Upon receipt of standard testing report, payment was released and also issued for

consumption. The reply of the management was not tenable as the above batches of medicines were still lying in different districts.

Audit recommends fixing of responsibility on the person (s) for irregular procurement of sub-standard medicines in violation of Drug Act.

2.1.5.14 Unjustified excess expenditures against the actual repair & renovation contracts – Rs.1.395 million

According to Clause 10 of tender documents, Contractor shall not execute items which was / were not part of the Contract without the prior written approval. Any extra items executed by the contractor without prior formal written approval could not be paid.

During audit of PPHI, Sindh for the year 2021-22, it was observed that the management of PPHI paid excess amount against the awarded contracted in the regions to different contracts for repair & renovation works in violation of the above stated rules. Furthermore, files of repair & renovation were called for scrutiny of payment of additional works against which the excess amount was paid but the same was not yet provided to Audit which justify the excess cost of contracts. The details of the same contracts are tabulated below:

S#	Description	District	Contract Amount (Rs)	Actual Exp (Rs)	Excess (Rs)
1.	Construction of Boundary wall BHU Satellite Town	Mirpurkhas-A	1,621,167	1,749,996	128,829
2.	R&R MO Bangalow, BHU Plus TandoFazal	Hyderabad	3,890,503	4,130,233	239,730
3.	R& R Work , BHU KauroDiando	TandoAlahyar	4,726,945	4,974,000	247,055
4.	R&R work of BHU Bahu Khan Pathan	Matari	4,711,524	4,873,000	161,476
5.	Remaining work of BHU Ghulam Muhammad Jat	TMK	4,282,000	4,900,000	618,000
Total					1,395,090

Audit was of the view that management in violation of the above stated rules paid additional work expenses which was showing negligence of the management.

The matter was reported to the management on December 23, 2022. The management in its reply dated 30-12-2022 stated that the excess expenditure was approved by the Regional Director as per delegation of powers, who had powers to allow up to 20% of the contract amount. The reply of the management was not tenable as excess payment should not have been allowed beyond offered amount.

Audit recommends fixing of responsibility on person (s) at fault for awarding direct contract in violation of above stated rules.

2.1.5.15 Non-finalization of annual audited financial statements

Clause 13 of Articles of Association of PPHI Sindh states that a general meeting to be called annual general meeting, shall be held, in accordance with the provision of Section 158, (Companies Ordinance 1984 repealed by Companies Act, 2017) within eighteen (18) months from the date of incorporation of the company and thereafter once at least in every calendar year within a period of four (4) months following the close of its financial year. According to the Section 223 of the Companies Act, 2017, the Board of every company must lay before the company in Annual General Meeting (AGM) its financial statements for the period up to the date of close of financial year adopted by the company. The financial statements must be laid within a period of one hundred and twenty days following the close of financial year of a company.

During audit of PPHI, Sindh for the year 2021-22, it was observed that management has not finalized the audited financial statements for the year 2021-22. Further, the management failed to lay annual audited accounts in Annual General Meeting (AGM) on the scheduled date for the years 2016-17 to 2020-21. Detail is as under:

Year	Closing date	Dates of Financial Statements		Delays in days
		Due Date	Issue Date	
2016-17	30-06-2017	31-10-2017	06-01-2018	66
2017-18	30-06-2018	31-10-2018	31-01-2019	91
2018-19	30-06-2019	31-10-2019	16-01-2020	76
2019-20	30-06-2020	31-10-2020	24-04-2021	174
2020-21	30-06-2021	31-10-2021	28-06-2022	239
2021-22	30-06-2022	31-10-2022	Nil	-

Due to delays in approval of the accounts for the years 2016-17 to 2020-21 and non-compilation of annual accounts for the year 2021-22, which creates negative impact on all the stakeholders of PPHI. Resultantly, Govt. of Sindh and executives were unable to take timely policy decisions.

Audit was of the view that the management failed to act in accordance with Article of Association & Companies Act, 2017, by not finalizing the audited financial statements for the year 2021-22.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that overall operations and size of organization had expanded over the period of time. However, with increase in the quantum of financial transactions, staff resources in finance wing had not been increased. Further, in FY 2019-20, new International Financial Reporting

Standard IFRS - 16 – Leases became applicable. Due to adoption of IFRS 16, management had to put extra effort on its adoption in the financial statements of the company which took extra time and effort to conclude the financial statements of PPHI Sindh for years 2019-20 and 2020-21. Furthermore, external audit of 2021-2022 was currently in process and would be finalized and observation of AGP on non-finalization of annual audited financial statements was noted for necessary compliance. The reply of management was not tenable as the management was required to follow the rules.

Audit recommends to finalize the financial statement without any further delay for the year 2021-22 on top priority under intimation to audit.

2.1.5.16 Non-verification of Degrees/Certificates of the employees/officers

According to Clause (9) (a) on Candidate validation of PPHI Compendium of Manuals, claimed qualifications – both academic and professional should be verified before an offer is made.

Cabinet Secretariat, Establishment Division (Management Services Wing) through its D.O. No. 6(28)2011-DG-II, dated March 08, 2011 informed that the Prime Minister has been pleased to direct that measures should be taken to authenticate degrees/certificates of all Federal Government employees of the respective Ministries/Divisions, their attached departments, subordinate offices and autonomous bodies under their administrative control. The verification process may be initiated by the respective Ministries / Divisions and Heads of autonomous / semi-autonomous organizations at their own, and it will be the responsibility of concerned Secretary and Head of the Department / Organization to have the degree/ certificates verified.

During audit of PPHI, Sindh for the year 2021-22, it was observed that PPHI has no proper mechanism to verify the degrees of employees as PPHI Sindh has more than eight thousand employees/officers (approx.) including professional management and support staff. As per above mentioned rules, it was the duty and responsibility of the Management to verify the degrees / certificate of the officers & staff employed initially in the entity, the required exercise was not done properly and timely in PPHI to dig out the officers/staff holding fake degrees & qualification certificate accordingly.

Audit requested for record pertaining to status of degree verification of officers/officials working in PPHI vide requisition No.16 dated: 25.11.2022 but

record was not provided to Audit. Therefore, Audit was unable to get assurance whether degrees / certificates of employees working in PPHI were verified or not.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that as per the policy of PPHI Sindh, the human resource could be acquired for the organization either through deputation from the government or otherwise on a contract basis through the recruitment process. However, during the process of hiring of staff on a '**contract basis**', the production of original degrees/certificates (duly verified from the HEC/PMC etc) were mandatory for each candidate, and in case he /she failed to produce any evidence to justify his educational qualification his / her name was removed from the list of eligible candidates. Furthermore, before the issuance of appointment offer to the candidates, the organization also sought validation of references provided by candidates, along with employment confirmation and service track records from his / her previous employer, also all Regional / District Offices officially seek verification of degrees from the concerned institutions / authorities, whereas, upon the reports of non-validation the services of the employee concerned were terminated with immediate effect along with the imposition of the bar on future employment in PPHI Sindh. The reply of the management was not tenable as the management did not provide relevant document and procedure which justify the point of view.

Audit recommends fixing of responsibility on the person (s) for non-verification of Degrees/Certificates of the employees/officers.

2.1.5.17 Irregular appointment of Nutrition Assistant on bogus certificate

Clause 2.4 Selection Process (Sub-clause-9) of PPHI Sindh Human Resource Manual 2014 states that claimed qualification- both academic and professional should be verified before an offer is made. As a general rule, originals of academic certificates and proofs of professional membership should be obtained from the candidate, and copies retained on the personnel record. Formal (written) confirmation from an appropriate officer of the awarding institution concerned may also be considered.

During audit of PPHI, Sindh for the year 2021-22, it was observed that Nutrition Assistant was appointed at BHU Plus Kamil Keerio (Sanghar) in February, 2019 on gross salary Rs.30,878 excluding incentive & allowances admissible. He submitted diploma certificate of Dispenser bearing Sr. No. 022335 with passing year 2014. The management wrote a letter to Sindh Medical Faculty, Karachi for the verification of his Certificate of Dispenser on August 31,

2020 after delay of one year and 6 months. The Sindh Medical Faculty in response vide letter dated: September 09, 2020 verified the status of other employees except Muhammad Ismail. The management of District Office-Sanghar wrote another letter dated November 20, 2020 for confirmation of status of remaining staff. In response, Sindh Medical Faculty vide letter dated December 15, 2020 stated that the Certificate of Muhammad Ismail was fake. On the basis of the issue, management terminated his contract w.e.f. January 08, 2021.

Audit was of the view that the certificate of the incumbent was found fake despite lapse of approximately twenty-three (23) months after the date of appointment which reflected inefficiency, slackness and favoritism by the management. There seems to be no proper checking mechanism of degrees / certificates and verification of antecedents available within the organization. The degree / certificate was required to be verified at the time of appointment in the first place which was not done which depicts weak internal controls.

The matter was reported to the management in December 23, 2022. The management in its reply dated 17-01-2023 stated that PPHI Sindh had a policy of degree verification of all employees by the concerned board / university. During recruitment process, the degrees / credentials of the paramedic staff were physically checked, and if the candidate was selected / recommended, his appointment was made in accordance with the decision of the recruitment committee. After recruitment, the PPHI Sindh got those credentials verified from the concerned Board / University independently to ensure transparency. In the instant case, PPHI Sindh had already identified this case, conducted inquiry in order to fix the responsibility for delay and had taken actions recommended by Inquiry Committee. The reply of the management was not tenable as management did not verify degree on time and thus paid salary and allowances for more than 1 year in violation of the rule.

Audit recommends fixing of responsibility on the person (s) at fault for such inordinate delay. Furthermore, provide current status of verification of degree / certificates of all employees.

Chapter-3

Industries and Commerce Department

3.1 Sindh Government Press, Karachi and Khairpur

3.1.1 Introduction

As a result of disintegration of One Unit, the West Pakistan, Government Press, Karachi was renamed as Sindh Government Press, (SGP) Karachi w.e.f. July 01, 1970 under Controller, Printing and Stationery Department, Government of Sindh. Main functions of the Press are as under:

- Printing of all kinds of jobs for all departments/offices of the Government of Sindh.
- Supply of all types of stationery articles to all departments/offices of the Government of Sindh.

(Rs. in million for FY 2021-22)				
Description	Total No.	Audited	Expenditure audited	Receipts
Formations	5	5	1100.378	783.273

3.1.2 Comments on the Audited Accounts

3.1.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 1984-85 to 2021-22 despite number of reminders.

3.1.2.2 Audit required that the annual audited accounts for the years 1984-2015 to 2021-22 be provided and timely submission be ensured in future along with fixing of responsibility for non-submission of annual audited accounts. (**Annex-2**)

3.1.3 Classified Summary of Audit Observations

Audit observations of Rs.1,491.046 million were raised. This amount also includes recoverable of Rs.1.753 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	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	177.962
C	Management of Accounts with Commercial Banks	-
4	Value for Money and service delivery issues	1.589
5	Others	1,311.495

3.1.4 Compliance of PAC Directives

PAC has yet to discuss Audit Paras from the year 2004-05 onwards.

3.1.5 Audit Paras

3.1.5.1 Non-reconciliation of the expenditure with Accounting Offices – Rs.395.903 million

GFR (viii) states that the head of the department and the Accountant General will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accountant General's books. Unless in any case there are special rules or orders to the contrary such as those contained in paragraph 90, the reconciliations should be made monthly the initial responsibility resting with the Accountant General. The reconciliation need not be very close; its extent should be determined by the following considerations: (1) that the account figures finally published will be those maintained by Accountant General and (2) that the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that an expenditure of Rs.395.903 million was incurred during the period under review, but the same were not reconciled with the office of Accountant General Office Sindh on monthly/yearly basis, which is violation of above rules.

Audit was of the view that in the absence of reconciliation with AG Sindh, the expenditure could not be considered as authentic.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that reconciliation of expenditure with AG office needs to be done on regular basis and action may be taken against the person (s) at fault for non-reconciliation.

3.1.5.2 Operational loss by the Sindh Government Press - Rs.281.843 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the management incurred an expenditure of Rs.395.903 million against revenue of Rs.114.060 million, which resulted operational loss of Rs.81.843 million.

Furthermore, the management did not prepare its annual accounts since its declaration as commercial entity in 1970 whereas in the absence of the certified annual accounts, accumulated losses could not be ascertained.

Audit was of the view that the management failed to follow its revenue targets which indicated slackness and poor financial management within the organization which resulted into operating losses.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends the matter may be justified.

3.1.5.3 Non-accounted of expenditure in cash book - Rs.263.403 million

A Cash Book should be maintained in Form T. R. 4A, and an abstract of the same in such form as may be prescribed by the Accounts Officer (duly signed by the Secretary) should be submitted to the Accounts Officer each month, so as

to reach him not later than the 10th of the following month. The abstract should show (on the receipts side) the opening cash balance and (on the disbursement side) the closing cash balance of the month, the latter being verified by the Secretary by actual count.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that an amount of Rs.132.500 million was accounted for in debit/credit side of the cash book for the year 2021-22. The reconciled statement issued by AG Sindh showed an expenditure of Rs.395.903 million, leaving a huge difference of Rs.263.403 million as un-accounted for in Cash Book as detailed below;

(Amount in Rs. for the year 2021-22)		
Reconciled Expenditure	Cash Book amount	Difference / Non-account for amount
395,903,600	132,500,365	263,403,235

Audit was of the view that non-accountal for Rs.263.403 million in cash book raises not only questions on the genuineness of the actual expenditure incurred by the press but also doubts about the fairness of the transactions.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

3.1.5.4 Non-achievement of revenue targets - Rs.151.268 million

The Ministry of Finance fixed revenue target of Rs.203.461 million for the year 2021-22 for the Sindh Government Printing Press, Karachi.

During audit of Sindh Government Press (SGP), Karachi for the year 2021-22, it was observed that Ministry of Finance assigned targets of revenue of Rs.203.461 million to SGP for the year 2021-22 against which management could achieve a target of only Rs.52.192 million. Detail is as under:

(Amount in Rs.)			
Description	Target	Achievement	Shortfall / Excess
Printing & Forms	203,461,000	52,192,424	(151,268,576)

Audit was of the view that there is a huge scope of business with Govt. Press regarding printing and stationery through Sind Govt. Departments. The requirement is also increasing day by day but the share of business of Govt. Press is not satisfactory.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that matter of non-achievement of targets may be justified and strenuous efforts may be taken to capture the business from department of Sindh.

3.1.5.5 Non-floating / hoisting of Procurement Plan on SPPRA website-Rs.131.250 million

According to Rule 12 (2) of Sindh Public Procurement Rules (SPPR) 2010, the annual or longer rolling plan, as the case may be, thus prepared, will be posted in advance on the Authority's website as well as on website of the procuring agency, in case the procuring agency has its own website.

During audit of Sindh Government Press, Karachi for the year 2021-2022, it was observed that the management did not float its annual procurement plan of Rs.131.250 million for the year 2021-22, which is violation and non-compliance of the rule 12 of SPPRA 2010.

Audit was of the view that annual procurement plan is an advance arrangement for procurement of goods, works or services, method of procurement based on regulated thresh-hold and details as to when and how the processing steps will be conducted. Procurement in accordance with annual plan saves time and money, serves as a means to achieving entity's objectives.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter of procurement without annual plan in violation of SPPR needs to be justified.

3.1.5.6 Non-preparation of PC-II of the project - Rs.89.557 million

According to notification No.2(38)/PIP/PC/2017-18 dated 15th August 2017 issued by Planning Commission Ministry of Planning, Development and Reform on subject enhancement of proper Feasibility Study / PC-II states that in compliance to the direction of the Public Accounts Committee , it is conveyed that all the projects costing Rs.50 million to Rs.500 million should be based on feasibility studies prepared by the professionals hired by the Ministries /Divisions Departments/Executing Agencies for respective Project management Unit/Planning Cells etc. Such feasibility studies should include technical details of the proposed Projects including Design, BOQs etc.

During audit of Sindh Government Press (SGP), Karachi for the year 2021-22, it was observed that a PC-1 of the project Establishment of Museum of Antique Printing and Allied Machines in Sindh was approved by the Departmental Development Working Party (DDWP) with estimated cost of Rs. 89.557 million on 3rd February 2022 without conducting feasibility studies i.e. (preparation of the PC-II) in violation of the above cited notification of the Planning Commission. Furthermore, it was observed that an expenditure of Rs 22.574 million was incurred on the project during the year under review.

Administrative Approval was issued by the Secretary, Industry and Commerce Department, being the sponsoring and executing Authority along with co-partner PDWD, Government of Sindh. The estimated cost of the project was charged to the SGP, besides, assigned the task of repairs & maintenance agency of the project.

Audit was of the view that the approval of PC-1 of the project with estimated cost Rs.89.557 million without preparation of PC-II was violation of the PAC directives.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of the matter.

3.1.5.7 Non-reconciliation of expenditure with Accounting Offices- Rs.52.708 million

According to section (7) of Controller General of Accounts Ordinance 2001 on Reports.— From the accounts directly kept or maintained by him or by accounts officers sub ordinance to him, and from the accounts kept and maintained by other entities, including self-accounting entities, the Controller General shall- (a) prepare each year the appropriation and finance accounts and such other accounts as may be prescribed by rules for submission to the Auditor-General on such dates as may be specified by him.

During audit of Sindh Printing Press, Khairpur for the financial year 2021-22, it was observed that the management did not get reconciliation of monthly expenditure statement with the office of the Accountant General, Office amounting to Rs.52.708 million during the year under review. Resultantly, incurred expenditure could not be ensured sufficiently accurate to render possible an efficient department control of expenditure.

Audit was of the view that reconciliation with Accountant General is mandatory and it is sheer violation rules and regulations and show the weak internal control of the management.

The matter was reported to the management in November, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigating the matter and fixing the responsibility on person (s) (s) at fault.

3.1.5.8 Un-approved system of costing of printing material – Rs.52.192 million

Clause 9.2 of the Chapter IX of Printing & Stationary Manual 1960 provides, the sale price of the all publications will be fixed by press on the basis of the approved system of costing. No department or officer will have the power to question the sale price so fixed.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the revenue of Rs.52.192 million was earned for sales of

printing material to the different government departments without approved system of costing.

The management was asked to provide approved rates of the costing of printing material. However, they stated that the sale price was fixed by the Press as per past practice which is intact since last many years and there was no approved system of costing exists. The sale price was determined by adding overhead charges, as share of profit, to the actual cost of raw material / stationary, which was totally illogical costing and same practice was being done for billing the government departments. Press, being the commercial entity sustained losses due to this unapproved and illogical system of costing.

Audit was of the view that fixing the sale prices of printing materials without approved system of costing is unjustified and irregular and showed the mismanagement of the Printing Press.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

3.1.5.9 Irregular award of the contracts of Paper, Printing, Binding & Sundry Material - Rs.34.223 million

SPPRA Rules, 2010 (aa) Open Competitive Bidding provides that a fair and transparent specified procedure defined under these Rules, advertised in the prescribed manner, leading to the award of a contract whereby all interested person (s) , firms, companies or organizations may bid for the contract and includes both National, and International Competitive Biddings.

Tender Form for supply of printing, binding and sundry material 2020-21, Part-1 Bid data Sheet / eligibility criteria 2021-22, IBT 8. provides;

- (6) Bidder should have turn-over of at least three years for Rs.2.000 million (Mandatory)
- (7) Documents showing last five years' experience in the relevant field of different government Departments /offices and other Public sector (Mandatory)

- (8) Documentary evidence of at least 2 similar assignments (Mandatory)

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the payment of Rs.34.223 million was made to following three contractors M/s A.S Trading at Rs.17.30 million, M/s Mehran Traders at Rs.9.351 million and M/s Muhammadi Trading at Rs.7.042 million for supply of paper, printing, binding & sundry material during the year under review.

Moreover, the bidders in question failed to fulfill the above mandatory requirements of bidding as mentioned in tender document. The details are as under;

(Rs. in million)			
S#	Name of Bidder	Particulars	Amount
1.	M/S A.S Trading	Supply of Paper, Printing, Binding & Sundry Material	17.830
2.	M/S Mehran Traders	-do-	9.351
3.	M/S Muhammadi Trading	-do-	7.042
		Total	34.223
<i>Source: Bidding documents</i>			

Audit was of the view that the management extended un-due favour to the suppliers despite not meeting the eligibility criteria, huge procurements of Rs.17.830 million were made from the disqualified bidders.

The matter was reported to the management on August 16, 2022 however, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

3.1.5.10 Non-account for stationery and printing material - Rs.17.392 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the Press supplied stationery of Rs.61.867 million and printing material of Rs.52.094 million to Government Departments as mentioned in

Annual Budget 2021-22. Whereas, as per stock register material of Rs.75.759 million and Rs.56.192 million was supplied to Government Departments during the year 2021-22, resulting in a difference of Rs.13.491 million and Rs.3.901 million on account of stationary receipts and printing material receipts. Details are given below;

(Rs. in million)		
Receipts Amount as per Annual Budget	Receipts as per Stock Register	Receipts Amount
61.867	75.359	13.491
52.192	56.094	3.901
Total		17.392

Audit was of the view that the management either registered short of receipts in its annual budgets or supplied the stationary to government offices in excess as mentioned in its physical verification reports / records.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter and fixation of responsibility on the person (s) at fault.

3.1.5.11 Irregular award of contract of stationery and store items - Rs.12.489 million

SPPRA Rules, 2010 (a) Open Competitive Bidding provides that a fair and transparent specified procedure defined under these Rules, advertised in the prescribed manner, leading to the award of a contract whereby all interested person (s) , firms, companies or organizations may bid for the contract and includes both National, and International Competitive Biddings.

Tender Form for supply of stationery and store items 2020-21, Part-1 Bid data Sheet / eligibility criteria 2021-22, IBT -0 8, provides;

1. Bidder should have turn-over of at least three years for Rs.2.00 million (Mandatory)
2. Documents showing last five years experience in the relevant field of different government Departments /offices and other Public sector (Mandatory)

3. Documentary evidence of at least 2 similar assignments (Mandatory).

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the management awarded the contract of Rs.6.612 million to M/s Mehran Traders and Rs.5.877 million to M/s Muhammadi Trading for supply of stationary and store items during the year under review without fulfillment of above mentioned mandatory requirements of SPPRA-2010.

Audit was of the view that the management extended un-due favor to the suppliers who failed to meet the mandatory bidding eligibility criteria of qualification while procuring of Rs.12.489 million, which resulted in irregular and unjustified procurements.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

3.1.5.12 Excess amounts of savings not surrendered well in time – Rs.5.476 million

Rule 95 of GFR states that all anticipated savings should be surrendered to Government immediately not later than 15th May of each year.

During audit of Sindh Printing Press, Khairpur for the financial year 2021-22, it was observed that the management failed to surrender their savings granted under different budget heads amounting Rs5.476 million during the period under review, well in time to Finance Department, Government of Sindh. The amount was surrendered to the Finance Department on May 30, 2022 before the end of financial year. Resultantly, the amount could not be utilized. The details is given below:

(Rs. in million)		
Released Budget In 2021-22	Budget Utilized	Savings Amount
57.998	52.708	5.476

Audit was of the view that due to the mis-management and negligence of the management savings were not surrendered well in time resultantly; funds could not be utilized further by the Finance Department efficiently.

The matter was reported to the management in November, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

3.1.5.13 Non-recovery of printing dues - Rs.1.753 million

Rule 38 of GFR states that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that an amount of Rs.1.753 million was lying outstanding against the Services General Administration & Control Department, Government of Sindh on account of printing work for the year under review. Furthermore, the concerned Department failed to pay its outstanding dues of Rs.12.856 million since 2012-13 till date.

Audit was of the view that the printing work done on credit basis was against the rules and regulations of the Press.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends recovery of outstanding dues from the above department.

3.1.5.14 Blockage of funds due to excess/irrational procurement of stationery, store and printing material - Rs.1.589 million

Rule 10 of GFR states that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Sindh Government Press, Karachi for the year 2021-22, it was observed that the management procured stationery & Store items of Rs. 0.730 million and procured paper, printing, binding material and sundry articles of Rs. 0.858 million for various departments of Govt. of Sindh for the year under review without observing the rules.

The details of opening available balance of the stationery and paper, printing, binding material & sundry articles as on July 1st, 2021 available in store and procurements made during the period to fulfill the obligations of the government Departments are as under;

(Amount in Rs.)				
Year	Opening balance on 01-07-2021	Procurement during the year	issued to Govt. Offices	Closing balance on 30-06-2022
2020-21	1,515,480	74,574,913	75,359,548	730,844
	1,299,982	55,652,882	56,094,125	858,739
Total	2815462	130,227,795	131,453,673	1,589,583

It was evident from the above fact that the Press irrationally planned its stationery and stores without analyzing the actual demands of the government offices which resulted into excess procurements.

Audit was of the view that the management while raising requisition / demand of budget from the Finance Department, Govt. of Sindh, the actual requirement of Stationery and stores and paper printing materials was not properly analyzed, which resulted into un-necessary blockade of funds of Rs.1.589 million.

The matter was reported to the management on August 16, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that matter may be justified.

3.1.5.15 Non-preparation / finalization of annual accounts

According to notification No B.111-13-29(29) (4)/71 dated 5th June 1971, it was decided to declare the Printing & stationery Department as a commercial Department and to commercialize its accounts w.e.f 1st July 1970. The annual report, together with the audited accounts of the department, shall be published and copies thereof shall be made available for public.

According to Section 233 of Companies' Ordinance 1984, the company shall prepare the annual accounts within four months after closure of accounts for the specific year.

During audit of Sindh Government Press, Karachi and Khairpur for the year 2021-22, it was observed that the management had neither prepared nor got the annual accounts of press audited from a Chartered Accountant firm. The department, after being declared a commercial entity in 1971, was bound to get its accounts finalized and audited on commercial pattern

Audit was of the view that in the absence of annual accounts, financial position and commercial viability of the entity with regard to its revenue, expenditures, profit and loss statement, trial balance and general ledger account could not be assessed and ascertained

The matter was reported to the management of SGP Karachi on August 16, 2022 and management of SGP Khairpur in November 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

(DP No. 24 & 80)

3.2 Sindh Small Industries Corporation

3.2.1 Introduction

Sindh Small Industries Corporation (SSIC) Karachi was established under Small Industries and Handicrafts Development Corporation Act, 1972. Its main functions are as under:

1. The Corporation shall take such measures as it thinks fit to provide assistance in the establishment and development of cottage, small and other industries.
2. The Corporation shall also be responsible for preparing and submitting schemes to Government for the development of handicrafts, cottage, small and other industries, such schemes may include schemes for research and mechanization in respect of cottage and small industries; and Sponsoring the industries to be set up in the private sector in Sindh.

3.2.2 Comments on the Audited Accounts

3.2.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 1987-88 to 2021-22.

3.2.2.2 Audit required that the annual audited accounts for the years 1987-88 to 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts. (**Annex-2**)

3.2.3 Classified Summary of Audit Observations

Audit observations of Rs.678.789 million were raised. This amount also includes recoverable of Rs.580.144 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

S#	Classification	Amount (Rs. in million)
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	678.789

3.2.4 Compliance of PAC Directives

PAC has yet to discuss Audit Paras pertaining to SSIC from the year 2004-05 onwards.

3.2.5 Audit Paras

3.2.5.1 Non-recovery from allottees of Small Industrial Estates and Industrial Parks - Rs.329.323 million

Rule 38 of GFR states that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Small Industries Corporation (SSIC), Karachi for the year 2021-22, it was observed that an amount of Rs.329.323 million was outstanding against the allottees of Small Industrial Estates and Industrial Parks (SIEs/ IPs) as detailed below:

(Rs. in million)			
Name of Region	Recoverable amount	Recovered amount	Outstanding Amount as on 30-06-2022
Karachi Region	226.79	108.893	117.896
Hyderabad Region	104.171	60.448	59.86
Sukkur Region	110.935	55.038	55.897
Larkana Region	107.757	12.087	95.67
Total	549.653	236.466	329.323

The plots were allotted to the people for the purpose of establishing small industries, industrial parks and cottages to boost up the business of artisans. The dues of the Corporation were not recovered in time.

Audit was of the view that had the timely action been taken towards recovery of the loans, the amount so blocked could have been realized early.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends prompt recovery.

3.2.5.2 Non-recovery of loan from the defaulters of various schemes-Rs.250.821 million

According to Section 23 (4) of Sindh Small Industries and Handicraft Development Corporation Act, 1972, notwithstanding anything in any agreement or in any law to the contrary:-

- a) The Corporation shall have the option to recover the amount due from a borrower either from him or from his surety and a certificate issue under sub-section (1) shall also be executable against the surety as if he himself were the borrower; b) any transfer of properties pledged, mortgaged, hypothecated or assigned by the borrower as security for the loan, so long as the loan or the interest thereon or any part thereof remains unpaid to the Corporation, shall be void as against the Corporation, and such properties shall be liable to attachment and sale as if no such transfer had taken place.

During audit of Sindh Small Industries Corporation (SSIC), Karachi for the year 2021-22, it was observed that the management launched following two schemes. Repayment period was ten years with a grace period of one year with markup @ 7%. An amount of Rs.250.821 million including installment, markup, service charges and penalty was outstanding against various defaulters / borrowers but the same was not recovered despite lapse of considerable time as detailed below:

(Rs.in million)						
S#	Name of Scheme	Year	No. of parties	Principal Amount disbursed	Amount recovered	Outstanding
1	Self-Employment Scheme	1992	62	34.974	16.584	230.518
2	Supervisory Credit Scheme	1988	10	3.92	4.551	20.303
Total			72	38.894	21.135	250.821

Audit was of the view that had the timely action been taken towards recovery of the loans, the amount so blocked could have been realized in time. If the guarantee/surety obtained at the time of disbursing the loan been invoked, the default situation as well as litigation could have been avoided.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

3.2.5.3 Non-completion / under construction of units since long - Rs.32.530 million

Clause 11 & 12 of terms & conditions for allotment of plots in Small Industrial Estates / Industrial Parks states that you will implement the project within the specified limit of two years from the date of procession and if for reason any of the condition of this provisional allotment is not complied with, the Corporation reserves the right of cancel the allotment without notice at your own cost and risks and the decisions of the Managing Director, SSIC, in this respect will be the final.

During audit of Sindh Small Industries Corporation (SSIC), Karachi for the year 2021-22, it was observed that the management allotted plots of Rs.32.530 million to the allottees from 1976 to 2010. However, allottees of Larkana Estate failed to construct the plots / implement the projects despite lapse of considerable time (**Annex-6**).

Audit was of the view that the management neither canceled the allotment of above plots nor taken any action against the allottees since long which showed undue favour and weak controls existing within the Corporation.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter, besides, fixing of responsibility on the person (s) at fault and provision of complete detail of units near/under completion and non-implementation of projects.

3.2.5.4 Encroachment of plots at various estates - Rs.31.383 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Sindh Small Industries Corporation For the year 2021-22, it was observed that SSIC has its Estate Offices at Hyderabad and Sukkur,

wherein following 43 plots of Rs.31.383 million were encroached by the land-grabbers:

(Rs. in million)				
Name of Estate	No. of Plots	Total Area (Sq. Yard)	Cost of plot per Sq. Yard	Total
Small Industrial Estate (Hala)	20	20,000	800	16
Small Industrial Estate (Sukkur Ext.)	11	11,000	800	8.8
Small Industrial Estate (Badin)	11	9,972	600	5.983
Small Industrial Estate (Sehwan)	1	1,000	600	0.6
Total	43	31,000		31.38

Audit was of the view that the encroachment of plots reflects negligence & weak monitoring mechanism to safeguard the assets of the Corporation.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends fixing of responsibility on the person (s) at fault and taking corrective action to vacate the plots from land-grabbers under intimation to Audit.

3.2.5.5 Non-achievement of income targets - Rs.15.917 million

Section 3 of Chapter II off SSIC Act, 1972, states that the Board in discharging its functions shall act on commercial considerations and shall be guided by such directions as Government may, from time to time, give and Section 25 of Chapter III, states that the Corporation shall also be responsible for (IX) organizing fairs, pavilions sales and display of products of cottages and small industries.

During audit of Sindh Small Industries Corporation (SSIC), Karachi for the year 2021-22, it was observed that management failed to achieve the income targets as detailed below:

(Rs. in million)			
Name of Region	Target	Achievement	Shortfall
Larkana Region	40.053	24.256	(15.797)
Pakistan Handicraft Shops	0.200	0.080	(0.12)
Total	463.465	288.124	(15.917)

Audit was of the view that due to weak internal controls and slackness of the management, the Corporation deprived of income worth Rs.15.917 million.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of non-achievement of income targets, besides taking corrective measures.

3.2.5.6 Excess expenditure on handicraft shops - Rs.13.895 million

Section 3 of Chapter II off SSIC Act 1972, states that the Board in discharging its functions shall act on commercial considerations and shall be guided by such directions as Government may, from time to time, give and Section 25 of Chapter III, states that the Corporation shall also be responsible for (IX) organizing fairs, pavilions sales and display of products of cottages and small industries.

During the audit of Sindh Small Industries Corporation (SSIC) for the year 2021-2022, it was observed that Corporation was running four handicraft shops in different cities of Pakistan (Karachi, Islamabad, Moen-Jo-Daro and Sehwan). The income and expenditure statement of handicraft shops showed expenditure of Rs.14.666 million incurred on salaries and other expenses on these shops, besides, generating revenue of Rs.0.771 million for the year under review. Details are as under:

S#	Name of Shop	Revenue(Rs)	Expenditure(Rs)	Excess (Rs)
1.	Sindh Handicraft Display Center, Islamabad	269,675	3,201,699	2,932,024
2.	Sindh Handicraft Sales & Display Center, Sehwan	386,044	3,198,480	2,812,436
3.	Pakistan Handicraft Shop Moen-Jo- Daro	6,324	6,054,732	6,048,408
4.	Pakistan Handicraft Shop/ Display Center, Karachi	109,100	2,211,483	2,102,383
Total		771,143	14,666,394	13,895,251

Besides, need of displacing the handicraft goods through shops is unjustified as SSIC itself failed to produce the handicrafts goods due to non-operation of Ceramic Centre. Furthermore, if these shops were rented out, it could have generated a reasonable rental income.

Audit was of the view that excess expenditure over the revenues showed weak internal controls and financial mismanagement, which resulted in recurring loss to the Corporation.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of operational loss.

3.2.5.7 Irregular deployment / placement of staff - Rs.4.920 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During the audit of Sindh Small Industries Corporation (SSIC), Karachi for the year 2021-22, it was observed that following employees of Corporation were posted in Industries & Commerce Department, Government of Sindh without due process i.e. deputation/temporary transfer and their salaries of Rs.4.920 million were being drawn from the budget of Corporation without performing duties at Corporation.

S#	Name	Designation	Monthly Salary (Rs)
	Mr. Kashif Ali Bohio	Account Asstt	60,000
	Mr. Shahryar Khan Lodhi	Clerk	45,000
	Mr. Rizwan Sulehri	Clerk	45,000
	Mr. Mohd Imran	Clerk	45,000
	Mr. Sufiyan Abdul Ghafoor	Clerk	45,000
	Mr. Sajjad Mehmood	Clerk	45,000
	Mr. Kamran Yousaf	Peon	25,000
	Mr. Arsalan Mehfooz	Peon	25,000
	Mr. Imran Nagori	Chowkidar	25,000
	Mr. Toufeeque Ahmed Raza	Security Guard	25,000
	Mr. Sohail	Peon	25,000
Total			410,000

Audit was of the view that placement of employees without due process, besides payment of salaries of Rs.4.920 million (Rs.410,000 x 12) from budget of Corporation is held irregular/ unjustified.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends action may be taken against the person (s) at fault without adopting due procedure.

3.2.5.8 Irregular appointment and promotion of Deputy Director (Technical)

According to the Service Rules of Sindh Small Industries Corporation (SSIC), the minimum prescribed qualification for the appointment/promotion on the post of Deputy Director (Technical) BPS-17 was by promotion on seniority - cum-fitness from amongst SSIC employees in BPS-16 having Degree or Diploma in Mechanical Technology.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2021-22, it was observed that Ms. Sana Arooj was appointed as Clerk (BPS-7) and then Deputy Director (BPS-17) without advertisement, required qualification and experience in the relevant field. Initially she was appointed as a Clerk on fixed pay for the period of 89 days vide order dated 22-02-2012 having a qualification of BS (Electronic Engineering). Her services were regularized as Clerk (BPS-07) vide order dated 12-06-2012. Only after four months on 26-06-2012 she was placed as Deputy Director in BPS-17 (Technical Cadre) in IT Section.

Furthermore, in pursuance of judgment of Honorable Supreme Court dated 12-06-2013 and SSIC office order dated 09-09-2013 she was demoted/reverted due to out of turn promotion, to original position (Clerk). In June 2014 she was again appointed by promotion as Deputy Director (Technical).

Audit was of the view that undue favor was extended to the incumbent while appointment and promotion without meeting requirement. Thus her appointment/promotion stands irregular and unjustified.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigating of matter and fixing of responsibility on the person (s) at fault for her irregular appointment and promotion.

3.2.5.9 Irregular appointment of Assistant Director (Accounts)

Clause 4 (2) of Sindh Civil Servants (E&D) Rules, 1973 states that removal from service does not, but dismissal from service does, disqualify for future employment.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2021-22, it was observed that Mr. Rehan Khan was appointed as Assistant Director (Accounts) BPS-16 on 24-03-2006 and further promoted as Deputy Director (Accounts) BPS-17 on 14-01-2012.

Mr. Muhammad Irfan (Clerk in SSIC) submitted a complaint to the Director Administration against Mr. Rehan that he was appointed as Data Coder (BPS-12) in 1992 at Hyderabad Electric Supply Company (HESCO) and accordingly he was dismissed from service. Mr Irfan, further requested for inquiry of the matter and taking of disciplinary action.

On the basis of complaint, the management vide letter dated 09-03-2022, requested to the Director (HR & Admn), HESCO to share the matter regarding dismissal of Mr. Rehan Khan at HESCO. The Manager (HR-HESCO) vide letter dated 12-4-2002 confirmed that Mr. Rehan Khan, Data Coder of WAPDA Computer Centre Hyderabad was dismissed/ removed from service on account of misconduct.

Mr. Rehan was dismissed from service due to misconduct and he intentionally concealed this fact before joining the Corporation. Furthermore, any employee who was dismissed from service on the allegation of misconduct could not work as employee in any place in future.

Audit was of the view that he was dismissed from service before joining the Corporation and as per above rules dismissal from service does, disqualify future employment. Thus his appointment stands irregular/ illegal.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that action may be taken as per rules against the concerned person and the person (s) at fault for his appointment.

3.2.5.10 Inaction against the absconders/ absentees

Rule 10 (i) of GFR states that every public officer is expected to exercise the same vigilance in respect expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Sindh Small Industries Corporation (SSIC) for the year 2021-22, it was observed that management issued show cause notices on 29-08-2022 to 165 employees of the Corporation on account of absent from duties/availing self-granted leave without prior approval/ not attending office regularly/ frequently slip away from the office before closing hours. The notices were served with the directives to justify/ clarify reasons as to why strict disciplinary action should not be initiated against them under SSIC (Efficiency & Discipline) Rules, 1978.

A Committee was also constituted in order to evaluate all the disciplinary matters like replies & personal hearing of employees and to submit findings, suggestions and recommendations. The committee reviewed the replies of show-cause notices submitted by the employees and found the replies unsatisfactory. Furthermore, the committee decided to check the attendance through bio-metric attendance device for the period from 01-07-2021 to 31-08-2022 in respect of employees whom show-cause notices were issued. In order to determine the attendance of employees, the committee divided the employees into three categories as below:

1. A attendance found more than 400 bio metric attendance out of total of 822 in the whole year.
2. B attendance found more than 200 but less than 400 bio metric attendance out of total of 822 in the whole year.
3. C attendance found less than 200 bio metric attendance out of total of 822 in the whole year.

S #	Place of posting	No. of employees to whom notices issued	Category fall A= above 400, B= above 200 below 400, C= below 200
1.	Head Office, Karachi	34	C=2, B=13
2.	Karachi Region	05	B=03, A=02
3.	Hyderabad Region	25	C=20, B=05
4.	Dadu	55	B=12, A=03, C=40
5.	Sukkur Region	30	A=01, C=29
6.	Larkana Region	16	B=01, C=02, A=13
Total		165	C=112, B=34, A=19

It was evident from the above table that as per attendance of bio metric device most of employees found absent from duty without approval.

Audit was of the view that employees in the Corporation were habitual absentee and getting salaries & benefits without attending office/ performing

duties. Furthermore, management also failed to take timely action against the absconders/ absentees.

The matter was reported to the management on November 11, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends immediate action against the absconders/ absentees as per SSIC (E&D) Rules, besides deduction of salaries of absentees/ conversion of absent period in Extra Ordinary Leave (EOL).

3.3 Sindh Industrial Trading Estate (Guarantee) Limited

3.3.1 Introduction

At the time of partition in 1947, Pakistan had no industrial base worth the name. Karachi which was selected as the capital of Pakistan as it was only Seaport and International Airport of the country. Karachi was, therefore, selected as the finest location to begin with arduous and onward journey to industrialization of the country. It was the realization of this objective that Sindh Industrial Trading Estate (SITE) was established in 1947 over an area of 4460 acres of land on U.K. pattern and an appropriate sum of money was allocated to put the industrial estate on its feet.

SITE has rail and road links with seaport which also connects the rest of the country. SITE comprises Industrial Units and godowns providing employment to hundreds of goods and services. It has generating billions of rupees worth of goods and services. It has provided the largest industrial base which is a major contributor in the export earnings of the country. At its inception, it had only local industrial units but today a sizable number of multinationals are also using its infrastructural facilities.

3.3.2 Comments on the Audited Accounts

3.3.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2021-22.

3.3.2.2 Audit required that the annual audited accounts of the years 2015-16 to 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts (**Annex-2**).

3.3.3 Classified Summary of Audit Observations

Audit observations of Rs.2,792.025 million were raised. This amount also includes recoverable of Rs.284.152 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	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	687.448
C	Management of Accounts with Commercial Banks	-
4.	Value for Money and service delivery issues	-
5.	Others	2,104.577

3.3.4 Compliance of PAC Directives

The SITE is auditee of Commercial Audit for last two years. No PAC related directives were outstanding against the organization in the records of this office.

3.3.5 Audit Paras

3.3.5.1 Irregular execution of ADP scheme - Rs.1,381.861 million

According to section 2.22 of SPPRA Procurement Regulation (Works), PC-I/PC-II of schemes/projects prepared by the administrative department is required to be placed before the Provincial Development Working Party/Committee according to the cost/competency of the forum as enumerated below:

S #	Development Forum	(Rs.in million)
1	District Development Working Committee (DDWC)	20.00
2	Departmental Development Working Party (DDWP)	40.00
3	Provincial Development Working Party (PDWP)	5,000.00
4	Central Development Working Party (CDWP)	1,000.00

During audit of Sindh Industrial Trading Estate (Guarantee) Ltd for the year 2021-22, it was observed that initial cost of PC-1 was Rs.2,125.489 million and later scope of work was changed by the management by increasing the cost up to Rs.3,506.489 million for ADP Scheme, Larkana without approval of the competent authority and following the SPPRA Rules, 2010.

The PC-I was revised with increased cost of Rs.1,381.861 million. The approval of PDWP forum was required but the same was not acquired. Furthermore the work of five (05) components could not be commenced as per PC-I. Detail is as under:

S#	Particular component	BoQ Amount(Rs)	Gross work done amount	Remarks
1	Amount of water supply Network	177,742,648	Nil	No work was done
2	Amount of Oxidation Pond	107,539,403	Nil	No work was done
3	Amount of UGWT & pump room and intake water line from source to UGWT	131,796,026	Nil	No work was done
4	Amount of security office & gate	14,439,964	Nil	No work was done
5	Amount of school	3,476,632	Nil	No work was done
Total		434,994,673		

Thus work on un-approved PC-I was executed at extended cost of Rs.1,381.861 million without completion of above necessary components and approval of Provincial Development Working Party (PDWP).

Audit was of the view that due to inefficiency, weak financial internal controls, the PC-1 cost was increased without approval from competent forum. Moreover work of Rs.434.994 million also remained incomplete. In absence of water source and storage as highlight at serial No.1, 2 & 3, the industrialization in the developed area of the SITE Larkana would not be workable in violation of BoQs, and SPPRA rules.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

3.3.5.2 Award of work without execution of agreement - Rs.640.578 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that The chief executive is responsible for the management of the public sector company and for its procedures in financial and other matters, subject to the oversight and directions of the board, in accordance with the ordinance and these rules. His responsibilities include implementation of strategies and policies approved by the board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of Sindh Industrial Trading Estate Ltd (S.I.T.E), Karachi for the year 2021-22, it was observed that management awarded works of Rs.640.578

million to contractors for various schemes of site without formal agreement. Detail is as under:

(Rs. in million)			
S#	Name of Contractor	Scheme	Amount
.01	M/s Fida Hussain & Brothers	Rehabilitation of road from plot No. E/28 to last boundary wall village at Site, Sukkur	9.211
.02	Bahadur Ali Sheikh	Construction of boundary Wall at SITE, Larkana	36.100
.03	M/s ZBA Group Jv M/s JN&CO	Development of various roads at Site, Nooriabad	595.267
Total			640.578

Audit was of view that non-execution of contract agreement is serious negligence on the part of management and put question mark on legality of work.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that inquiry may be initiated to probe the matter, besides fixing responsibility on the person (s) at fault.

3.3.5.3 Non-recovery of dues from Industrial allottees - Rs.284.152 million

According to advertisement published in daily Jang dated December 22,2021 regarding recovery of dues that in case of failure to deposit the temporary allotment dues pertain to industrial plots allotted to different allottees, shall be suspend and legal action to be taken against the allottees.

During audit of Sindh Industrial Trading Estates (Guarantee) Ltd for the year 2021-22, it was observed that management failed to recover premium dues from various industrial allottees of Rs.284.152 million against the allotment of industrial plots for the establishment of industrial units in different estates of site.

Audit requisitioned the complete detail of rent /premium charged to industrial units along with ageing. However, no related data was provided by the management. Detail of outstanding dues as on 22-12-2021 is given below:

(Rs. in million)					
S#	SITE Estate	Outstanding Rent	S#	SITE Estate	Outstanding Rent
1	SITE Karachi	93.653	5	SITE Kotri	0.54
2	SITE Super Highway-I	0.669	6	SITE Hyderabad	9.193
3	SITE Super Highway-II	102.6	7	SITE Sukkur	9.166
4	SITE Nooriabad	69			
Total outstanding rent					284.152

Audit was of the view that management failed to recover outstanding rent / markup on premium rent. It reflected weak management and inefficient recovery process.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that strenuous efforts may be taken to recover, besides, fixing of responsibility on person (s) at fault for non-recovery and non-production of record to Audit.

3.3.5.4 Excess expenditure at Larkana Development Scheme - Rs.207.977 million

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that The chief executive is responsible for the management of the public sector company and for its procedures in financial and other matters, subject to the oversight and directions of the board, in accordance with the ordinance and these rules.

During audit of Sindh Industrial Trading Estate Ltd (SITE), Karachi for the year 2021-2022, it was observed that contract was awarded to M/S Haji Syed Ameer & Brothers at Rs.438.854 million for infrastructure development of land at SITE Larkana. The work was awarded beyond the approved rates of BOQ, which resulted in excess expenditure of Rs.207.98 million and 15% higher than the limit of repeated order. The component wise detail is as under:

(Rs. in million)					
S#	Particular component	BoQ Amount	Gross work done amount	Excess expenditure	% of the excess cost
1	Road Network	418.097	590.041	171.944	41%
2	Masjid & ablution	16.245	40.934	24.689	152%
3	recreation center	4.512	15.856	11.344	240%
Total		438.854	646.831	207.977	

Audit was of the view that due to inefficiency and weak financial internal controls of the management, Government sustained a loss of Rs. 207.977 million.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

3.3.5.5 Non-deduction of SST on services rendered by suppliers - Rs.163.095 million

According to Section 3 & 8 of Sindh Sales Tax on Services Act, 2011, 13% sales tax was applicable under Second Schedule on Technical, scientific, construction and engineering consultants services.

During audit of Sindh Industrial Trading Estate (Guarantee) Ltd for the year 2021-22, it was observed that management incurred expenditure of Rs.1.254 billion on different ADP Schemes. However, in contrary to above rule, management did not deduct Sindh Sales Tax on Services from the payment of suppliers (**Annex-7**).

Audit was of the view that management failed to deduct the Sales Tax on Services as required under Sindh Sales Tax, 2011 from the payment made to suppliers which is serious negligence on the part of management. Hence, National Tax Kitty sustained a loss of Rs.163.095 million.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that tax amount be recovered from suppliers and deposit to tax authorities as manner defined under law under intimation to audit.

3.3.5.6 Non-imposition of penalty due to non-completion of contract - Rs.46.870 million

According to Rule 23 of the General Financial Rules, every Government Servant would be held responsible for any loss sustained by government through fraud or negligence on his part due to his negligence.

During audit of Sindh Industrial Trading Estates (SITE) Limited Karachi for the year 2021-22, it was observed that the management awarded contract to M/s Haji Syed Ameer & Brothers on 12.10.2021 valuing Rs.468,749,906 against Annual Development Plan (ADP) scheme for construction of RCC drain, allied works and road culvert along Karachi circular railway (KCR) at various location of the SITE, Area, Karachi.

As per work order, the time of completion of work specified in the tender advertisement was 06 months i.e. till 30.03.2022, but the work could not be completed till ending of October, 2022. The management did not impose the liquidity damages at 10% as per contract agreement amounting to Rs.46.870 million.

Audit was of the view that the contractor, M/s Haji Syed Ameer & Brothers failed to complete the contract work in the stipulated period of time besides, undue favor was extended by non-imposition of penalty.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the management of the SITE should take effective measures to ensure speedy completion of the work, besides, fixing of responsibility on the person (s) at fault.

3.3.5.7 Lapse of ADP funds due to non-utilization - Rs.42.612 million

According to Rule 10 of General Financial Rules, every officer is expected to exercise the same vigilance in respect of expenditure incurred from

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

During audit of Sindh Industrial Trading Estates (SITE) Limited, Karachi for the year 2021-22, it was observed that an amount of Rs.42.612 million was allocated by the Govt. of Sindh under the ADP Scheme No. 983 for Survey and Feasibility Study of Scheme Establishment of combined effluent treatment plant at SITE, Nooriabad. The funds were released by Finance Department, Government of Sindh on February 21st, 2022, which could not be utilized by the management, and lapsed at the end of year.

Audit was of the view that due to negligence of the management an amount of Rs.42.612 million lapsed which indicated poor financial management.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

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

3.3.5.8 Un-justified expenditure on account of third party monitoring - Rs.12.880 million

According to Rule 10 of General Financial Rules, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Sindh Industrial Trading Estates (Guarantee) Ltd for the year 2021-22, it was observed that management paid Rs.12,888,236 to the Planning and Development Division, Government of Sindh as Third Party Monitoring (TPM) without any justification and provision in PC-1 for town planning / Architectural / Landscaping & Allied Jobs of various nature and scope for the projects of SITE.

Despite of having own engineers and hired consultant M/s International Design Group (IDG), the hiring of third party (Planning and Development Division) is irregular and unjustified.

Audit was of the view that the management did not made due diligence in payment to third party. This showed weak internal controls and poor financial management.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification of the matter

3.3.5.9 Loss due to waiver of Non-utilization Fee - Rs.10.350 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Sindh Industrial Trading Estate (Guarantee) Ltd for the year 2021-22, it was observed that Ex- Director, Finance (SITE) waived off non utilization fee (NUF) of Rs.10,350,000 which were outstanding against Plot No. A/410 measuring 40 acres at SITE Nooriabad owned by M/s. Al-Karam Textile Mills (Pvt) Limited, without the approval of the Competent Authority, i.e. Board of Directors & Managing Director, SITE Limited and issued No dues Certificate.

Above plot was allotted to M/s. Al-Karam Textile Mills Pvt Ltd on 24th July 2003 and given physical possession on 13th November 2003. The outstanding NUF were waived off on the directions of Mr. Zubair Motiwala, one of the Directors of SITE Board, insisting for issuance of No Dues certificate to the party. Non Utilization Fee was required to be recovered from the 24th August 2004 to 15th August 2007.

Audit was of view that management extended undue favor to M/s. Al-Karam Textile Mills (Pvt) Limited by waiving off dues of Rs.10.350 million without timely taking any action against the person (s) involved.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter involving non recovery of dues at higher level and fixation of responsibility on the person (s) at fault, besides recovery of the amount.

3.3.5.10 Non-furnishing of Environment reports by the consultant - Rs.1.650 million

Rule 88 of Sindh Financial Rules provides that every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community.

During audit of Sindh Industrial Trading Estates Ltd (SITE), Karachi for the year 2021-2022, it was observed that management paid Rs.1.650 million to a consultant for preparation of environment report of the project but he failed to furnish the report.

Particulars	Invoice No	Date	Amount (Rs.)
Environmental Impact Assessment Report	SNTN:2878264-0	13-05-2020	1,650,000

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that action may be taken against the concerned consultant for non-submission of report of the project, besides, fixing of responsibility on the person (s) at fault.

3.3.5.11 Non-finalization of audited accounts since 2008

According to section 233 of the Companies Ordinance, 1984, the company shall prepare the annual accounts within four months after closing the date of accounts for the specific year. Further according to section 10(1)&(2) of Public Sector Companies (Corporate Governance) Rules, 2013 that every public sector company shall, within one month of the close of first, second and third quarter of its year of accounts, prepare profit and loss account and balance sheet as at the end of the relevant quarter for the BOD approval

During audit of Sindh Industrial Trading Estate (SITE), Karachi for the year 2021-22, it was observed that the management failed to get the annual accounts of SITE audited by the Chartered Accountant firm since 2008.

In the absence of annual accounts, financial position and commercial viability of the entity with regard to its revenue, expenditure, profit and loss statement, trial balance and general ledger account could not be assessed and ascertained.

Audit was of the view that non-maintenance of accounts leads to weak internal control in the entity which at times provides plenty of chances of misappropriation, theft and pilferages. Annual accounts are vital as they provide a tool for assessing the operational as well as financial stability of the entity and give an idea for its future prospects.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that action may be taken against the concerned person (s) for non-finalizing annual account and finalized the annual account without further loss of time.

3.3.5.12 Non appointment of Chief Engineer in SITE

According to Section 12 of Corporate Governance Rules (Public Sector Entities) 2013, the Board shall set up the following committees to support it in performing its functions efficiently, and for seeking assistance in the decision making process, namely:(c) Human resources committee, to deal with all employee related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures for effective utilization of the employees of the Public Sector Company (e) Nomination committee, to identify, evaluate and recommend candidates for vacant positions, including casual vacancies, on the Board, including the candidates recommended by the Government for consideration of shareholders or in case of casual vacancy to the board of directors after examining their skills and characteristics that are needed in such candidates.

During audit of Sindh Industrial Trading Estate (Guarantee) Ltd for the year 2021-22, it was observed that the management did not appoint a chief engineer. A junior engineer of grade-17 was posted in SITE who was exercising powers of Chief Engineer against the development schemes.

As per Corporate Governance, the Board is responsible for ensuring appointment of appropriate person (s) at appropriate posts for maintaining an effective system internal financial control.

Audit was of the view that non-appointment of Chief Engineer resulted in non-maintenance of proper record and effective internal financial control as well as imprudent decision making related to finance and other relevant rules and regulations.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends appointment of Chief Engineer promptly and fixation of responsibility on person (s) at fault for non-appointment.

3.3.5.13 Non appointment of Project Director for ADP Schemes

According to Guidelines for Project Management, 8.8: Role and Responsibilities of a Project Director/Manager: Last but not least the role of a Project Director in completing the project without time and cost overrun. Among all the stakeholders of a development project or program, role of the Project Director or Manager will be pivotal in the successful implementation of RBM.

During audit of Sindh Industrial Trading Estates (Guarantee) Ltd for the year 2021-22, it was observed that work management did not appoint Project Director on twelve (12) ADP schemes, which was violation of above guidelines for Project Management.

In the absence of PD, monitoring of schemes remained weak, compromised and causing cost overrun of the schemes.

Audit was of the view that for the successful of any project / scheme, role of Project Director is critical. Non-appointment of Project Director

showed mismanagement and weak controls and put the viability of schemes at risk.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that appointment of Project Directors for schemes immediately and action may be taken against the person (s) at fault for no appointment.

3.3.5.14 Irregular procurement through non-notified Procurement Committee

According to SPPRA Rule 7, the procuring agency shall, with approval of its Head of the Department, constitute as many procuring committees, as it deems fit, each comprising odd number of person (s) and headed by a gazetted officer not below the rank of BS-18, or if not available, the officer of the highest grade, and shall ensure that at least one third of the members of a procurement committee are from the agencies or departments other than the procuring agency.

During audit of the accounts of Sindh Industrial Trading Estates (SITE) Ltd, Karachi for the financial year 2021-2022, it was observed that management initiated process of procurement on ADP Scheme No.839-Larkana & ADP Scheme No.819-Kotri (comprising of three (03) packages). However, management failed to notify the Committee of Procurement from the competent authority i.e. Board of Directors.

Audit was of the view that all the procurements made through non-notified and illegal Procurement committees is held irregular and management willfully neglected such an important function of procurement, which reflects weak management and internal controls.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification and regularization of the procurement by the competent forum, besides, fixation of responsibility on the person (s) at fault.

3.3.5.15 Non-production of record

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

14(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 form as possible and with all reasonable expedition.

14 (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 E&D Rules.

During audit of Sindh Industrial Trading Estates (SITE) Limited, Karachi for the year 2021-22, the audit team issued various requisitions for production of record, issued reminders and requested verbally, but the management failed to provide the record (**Annex-8**).

Audit was of the view that due to non-production of the record, the audit was unable to ascertain transparency in relevant transactions.

The matter was reported to the management in December, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends that the action may be taken against the person (s) at fault for non-production of record.

3.4 Sindh Economic Zones Management Company

3.4.1 Introduction

The Government of Sindh has established Sindh Economic Zones Management Company (SEZMC) under the Company's Act (2017) to institutionally facilitate, promote, encourage and enhance the industrial base in the province. The company aims to develop new industrial zones and facilitate existing zones to strengthen the industrial base in the province of Sindh.

3.4.2 Classified Summary of Audit Observations

Audit observations of Rs.8,858.582 million were raised. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	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	8,797.457
C	Management of Accounts with Commercial Banks	-
4.	Value for Money and service delivery issues	-
5.	Others	61.125

3.4.3 Audit Paras

3.4.3.1 Irregular award of Dhabeji project work - Rs.8,791.206 million

According to Schedule C of Request for Proposal dated January 18, 2021 provided that Financial Proposal standard form shall be used for the preparation of the Financial Proposal. Bidder who quotes the highest present value (PV) of revenue share using a fixed percentage share of revenue for each phase will be considered as the Preferred Bidder.

During audit of Sindh Economic Zones Management Company (SEZMC) for the year 2018-19 to 2020-21, it was observed that management awarded the contract to the 2nd highest bidder M/s. Zahir Khan & Bros instead of the 1st highest bidder M/s D.Baloch & Sachal, which is violation of above mentioned clause.

The contract was awarded to M/s. Zahir Khan & Bros at Rs.8,791.206 million on March 02, 2021 to undertake designing, financing, construction,

operation and maintenance of Dhabaji Industrial Zone measuring 1,530 acres under Public Private Partnership mode at Dhabaji Project. The advisory consortium mentioned that following is the outcome based on the evaluation criteria adjusted values of all bidders: -

(Amount in Rs.)				
Criteria	D. Baloch and Sachal (SMADB)	Zahir Khan & Bros. (ZKB)	The Motor City Development	Sultan Mahmood (SMC-ACE)
Ranking	1	2	Not complaint	Not complaint
Origin bid Price as per form	10,014,099,869	8,791,206,024	5,500,000,000	5,166,225,308
Adjusted Bid price	8,278,148,990	-	5,430,653,646	-
GoS share in Phase- (PV)	2,208,495,705	485,583,003	545,240,120	306,328,625

Audit was of the view that award of contract to the 2nd highest bidder M/s. Zahir Khan & Bros was irregular and undue favor to the developer.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that Technical & Financial Evaluation Committee (TFEC) decided in its meeting dated April 30, 2021; to invoke Sindh Public Procurement Rule 83(1) so that revised financial bids be submitted by the technically qualified bidders. Subsequently, revised bids were submitted by two technically qualified bidders and other two withdrew from the bidding process. Result of revised bid submission are as follows:

S #	Bidder	Bid Price (Rs.)
1.	Zahir Khan & Brothers (ZKB)	16,250,000,000
2.	Sardar Muhammad Ashraf D.Baluch (SMADB) Consortium	13,751,000,459

In revised submissions, contract was awarded to highest bidder i.e. M/S Zahir Khan and Brothers. DAC directed the management to provide relevant documents to audit reflecting that the award of work was in order and that there were no any discrepancies in the award of work.

Audit recommends implementation of the DAC directives.

3.4.3.2 Blockage of projects funds of Dhabaji and Marble City - Rs.58.025 million

According to Rule 4 (3) of the Public Sector Companies (Corporate Governance Rules) 2013, the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance and these rules.

During audit of Sindh Economic Zones Management Company (SEZMC) for the year 2018-19 to 2020-21, it was observed that the management received the project funds Rs.96.200 million from March 2018 to December 2020 for Dhabaji project and Marble City Karachi Project from Government of Sindh. Out of which, only Rs.38.175 million were utilized up to June 2021 and remaining amount of Rs.58.025 million remained unutilized. Resultantly funds remained blocked / idle due to poor financial management.

Audit was of the view that the non-utilization of the aforesaid projects' funds, caused blockage of funds of Rs.58.025 million. This reflected poor financial controls.

The matter was reported to the management in June, 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that these funds were being utilized for transaction advisory services of the Dhabaji and Marble City projects. Contract envisages various performance milestones under the contract and payments would be made upon completion of each milestone. DAC directed the management to provide relevant documents to Audit reflecting that no blockage of funds in these projects.

Audit recommends implementation of the DAC directives.

3.4.3.3 Irregular payment of additional work to the consultants - Rs.6.251 million

Rule 16 (e) I of SPPRA Rules, 2010 states that the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount.

During audit of Sindh Economic Zones Management Company (SEZMC) for the year 2018-19 to 2020-21, it was observed that the management hired consultants as Advisory Consortium at Rs.45.000 million on 30.11.2018 for the

performance of the services. Later, the management allowed the additional consultancy work of Rs.6.251 million to the Consultant M/s. EA Consulting (Private) Ltd. and M/s. Riaa Barker Gillette, in excess of 31.25% of the original cost of consultancy work, which is held irregular and violation of SPPRA Rules as mentioned above. Detail of additional consultancy work cost is as under: -

(Amount in Rs.)				
Name of consultant	Advisory consortium fee	Additional work assigned	Total cost of works	Additional work in %
EA Consulting (Private) Ltd.	13,000,000	4,450,858	17,450,858	34.24
Riaa Barker Gillette	7,000,000	1,800,000	8,800,000	25.71
Total	20,000,000	6,250,858	26,250,858	31.25

Audit was of the view that award of additional work of Rs.6.251 million beyond 15% permissible limit was irregular and tantamount to undue favor to the consultants.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that as rightly stated in the audit observation that total contract value was Rs.45.000 million and additional consultancy work of Rs.6.251 million was awarded. The agreement has been signed with the Consortium for complete transaction advisory services. Hence the additional amount was paid to entire contract amount. The additional amount is 13.89% of the original contract value and is well within permissible limit of 15% as per SPPRA guidelines. DAC directed the management to provide relevant documents to audit reflecting that the additional work was in order and that there were no any discrepancies in the additional work of consultants.

Audit recommends implementation of the DAC directives.

3.4.3.4 Irregular expenditure of legal / professional charges - Rs.3.100 million

The Ministry of Law, Justice & Human Rights vide letter dated 03.06.2015 clarified to Corporation/authorities and Government Controlled organization that in case legal fee exceeds Rs.300,000 approval of Law Ministry should be sought before the payment is made.

During audit of Sindh Economic Zones Management Company (SEZMC) for the year 2018-19 to 2020-21, it was observed that the management hired services of advocates M/s. Riaa Barker Gillatte Chambers and Mr. Khalid Javed

at Rs.3.100 million against Legal & Professional charges without consultation and approval of the Law and Justice Division, which is a violation of directives of Ministry. Detail is as under:

Date	Descriptions	(Amount in Rs.)
09-02-2021	Payment to M/s. Riasa Barker Gillatte Chambers.	1,000,000
16-02-2021	Payment to M/s. Riasa Barker Gillatte Chambers.	1,000,000
22-03-2021	Pay to M/s. Khalid Javed	600,000
04-05-2021	Pay to M/s. Khalid Javed	500,000
Total		3,100,000

Audit was of the view that the management extended undue favor to above firms / advocates without seeking approval of Law Ministry.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed the DAC that the referred policy guidelines were applicable on organizations working under the umbrella of Federal Government, whereas, SEZMC was body corporate sponsored by Government of Sindh. DAC directed that it was mentioned in the cited policy that policy was applicable on every Government Department or Semi Government or Public Corporate bodies. DAC further directed the management to regularize the matter and place before the BOD for penal approval.

Audit recommends implementation of the DAC directives.

3.4.3.5 Non-registration of employees with SESSI

According to the HR Manual of Sindh Economic Zone Management Company and the Sindh Employees' Social Security Institution (SESSI) Act employee with wages up to Rs.22,500 are covered and shall be entitled to avail medical facilities at designed Government / SESSI Medical Institutions and Hospitals both for inpatient and outpatient treatment for himself and close family members.

During audit of Sindh Economic Zone Management Company (SEZMC) for the years 2018-19 to 2020-21, it was observed that the company did not register its employees with Sindh Employees Social Security Institution (SESSI) since inception i.e. August 2018 and no any account was created under the name of SESSI contribution to pay the contribution to the SESSI. The act of non-registration has paved problems for the welfare of employees. Detail of employees earning salary up to Rs.22,500 as on 30.06.2021 is given below;

S#	Name	Designation	Amount (Rs.)
1	Mr. Sultan Ahmad	Naib Qasid	22,000.00
2	Ms. Faria Farasat	Office Assistant	18,000.00
3	Mr. Atif Ali	Naib Qasid	20,900.00
4	Mr. Naveed-ul-Qamar	Naib Qasid	19,250.00
5	Mr. Zulfiqar Ahmed Khan	Naib Qasid	19,000.00
6	Mr. Khadim Hussain	Driver	22,000.00
7	Mr. Abdul Hameed	Chowkidar	19,250.00
8	Mr. Khema Kalidas	Sweeper	19,250.00
9	Mr. Mohammad Mohsin	Chowkidar	17,500.00
10	Mr. Mohammad Umair	Chowkidar	19,000.00
11	Mr. Altaf Ahmed	Chowkidar	22,000.00
12	Mr. Karim Bux	Driver	22,000.00

Audit was of the view that, due to non-registration of employees with SESSI is clear violation of the above rules. Furthermore, the non-maintenance of SESSI contribution account in SEZMC financial record creates its medical policies vague and also makes the provision of their medical facilities doubtful.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that in accordance with SESSI Act 2016, the SEZMC was state owned entity and was in the service of State. Hence, SEZMC did not need to register with SESSI. DAC directed the management to verify the facts from Audit.

Audit recommends implementation of the DAC directives.

3.4.3.6 Non-compliance of EOBI Act due to non-registration of employees

EOBI Act 1976, clause 1[(4) stipulated that wherein ten or more person (s) are employed by the employer, directly or through any other person, whether on behalf of himself or any other person, or were so employed on any day during the preceding twelve months, and shall continue to apply to every such industry or establishment even if the number of person (s) employed therein is, at any time after this Act becomes applicable to it, reduced to less than ten. Chapter 2(3), All employees in an industry or establishment shall be insured in the manner prescribed by or under this Act.] Furthermore, Section-9 of (1) and (2) explains that, contribution shall be payable every month by the employer to the Institution in respect of every person in his insurable employment.

According to HR Manual of SEZMC, a contribution equal to 5% of minimum wages shall be paid by the company. Whereas, contribution equal to 1% of minimum wages shall be paid by the employees under the head of EOBI contribution.

During audit of Sindh Economic Zone Management Company (SEZMC) for the years 2018-19 to 2020-21, it was observed that the company did not register its employees with Employees Old Age Benefits Institution (EOBI) since inception i.e. August 2018 and no amount is kept under the head of EOBI contribution.

Audit was of the view that non-registration of employees with EOBI was a clear violation of above rules as it undermines the rights of employees working in the organization.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that the instructions have been complied with accordingly. DAC directed the management to provide relevant documents to Audit reflecting that the compliance of EOBI Act has been made.

Audit recommends implementation of the DAC directives.

3.4.3.7 Non-appointment of officers on important positions

Rule 5 of Public Sector Companies (Corporate Governance) Rules, 2013, states that board shall exercise its power and carry out fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

During audit of Sindh Economic Zone Management Company for the years 2018-2019 to 2020-21, it was observed that various key management positions were lying vacant in the company since long. Detail is as under: -

S #	Name of Post	Number of Post (s)
1.	Chief Internal Auditor	01
2.	Chief Technical Officer	01
3.	Company Secretary	01
4.	Manager	03
5.	Assistant Manager	02
6.	Deputy Manager	04
7.	Assistant Manager	02
8.	Research Analyst	01

Audit was of the view that in absence of the key management position the functioning of the company had been affecting badly as it is clearly evident that the court cases of the company are still lying unresolved because along with the other posts, the posts of Manager legal, Procurement, Assistant Manager legal

and Procurement are still lying vacant. Furthermore, Board of Directors failed to perform their fiduciary duties in true letter and spirit as they were responsible for non-appointment of key management personnel in the company at earliest.

The matter was reported to the management in June 2022. The irregularity was discussed in the DAC meeting held on January 25, 2023. The management informed that SEZMC was a nascent and progressive organization. New projects were underway and these positions would be filled accordingly considering the workload and cost impact on the financial health of the organization. DAC directed the management to fill the vacant posts, if required.

Audit recommends implementation of the DAC directives.

Chapter-4

Labour and Manpower Department

4.1 Sindh Employees' Social Security Institution

4.1.1 Introduction

Social Security Scheme was launched on March 01, 1967 under West Pakistan Employees' Social Security Ordinance No. X of 1965, with the assistance of the International Labour Organization. The Sindh Employees' Social Security Institution (SESSI). However, came into being on July 01, 1970.

SESSI is an autonomous body and is guided by such instructions on questions of policy as may be given to it from time to time by the Government. The main function of SESSI is to provide medical care and cash benefits to secured workers and their dependents in the event of sickness, maternity, employment injury, death grant, iddat, disablement gratuity, disablement pension, survivors' pension and ex-gratia grant.

(Rs. in million for FY 2021-22)				
Description	Total Nos	Audited	Expenditure Audit	Revenue / Receipts Audit
Formations	1	1	7,035.606	7,437.496

4.1.2 Comments on the Audited Accounts

4.1.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2015-16 to 2021-22.

4.1.2.2 Audit required that the annual audited accounts of the years 2015-16 to 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts. (**Annex-2**)

4.1.3 Classified Summary of Audit Observations

Audit observations of Rs.9,574.435 million were raised. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	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	9,574.435

4.1.4 Compliance of PAC Directives

No PAC was convened since 2016.

4.1.5 Audit Paras

4.1.5.1 Unjustified short-fall in social security contribution - Rs.8,417.112 million

According to Para 20 (1) of Social Security Act, 2016, subject to the other provisions of this Chapter, the employer shall, in respect of every employee, whether employed by him directly or through any other person pay to the Institution a contribution at such times, at the rate of 6% and subject to such conditions as may be prescribed.

During special study of SESSI on potential and actual contributions received and benefits transferred to secured workers for the years 2015-16 to 2019-20, it was observed that the management fixed the target of social security contribution from various employers amounting to Rs. 29,549.218 million. Out of which, an amount of Rs.21,132.106 million was received during the years 2015-16 to 2019-20. This resulted in a short-fall of targets by Rs.8,417.112 million (**Annex-9**).

However, no concrete steps were taken to achieve the targets of social security contribution due to which the deficit increased up to Rs.8,417.112 million.

Audit was of the view that the management had failed to achieve the contribution targets. The matter needed to be elucidated.

The matter was reported to the management in May, 2022, however no reply was received.

Despite request and subsequent reminders on 10-06-2022, 17-06-2022, 22-09-2022, 26-10-2022 and 11-11-2022, DAC meeting was not convened by the PAO.

Audit recommends achieving the targets of contribution and taking action against the person (s) at fault for under-performance.

4.1.5.2 Accumulation of long outstanding contribution - Rs.1,040.000 million

According to Clause 24 of SESSI Act, 2016, increase of unpaid contributions and recovery of contributions, etc., as arrears of land revenue.— (1) If any employer fails to pay, on the due date, the contributions payable by him under sub-section (1) of section 20, the amount so payable by him shall be increased by such percentage or amount as may be prescribed: Provided that in no case shall such increase exceed fifty per cent of the amount due: Provided further that no part of such increase shall be payable by, or the liability to pay the same be passed on by the employer to his employees. (2) Without prejudice to any other remedy, the amount of the contributions due, together with the increase provided for under sub-section (1) may be recovered as arrears of land-revenue.

During special study of SESSI on potential and actual contributions received and benefits transferred to secured workers for the years 2015-16 to 2019-20, it was observed that under relevant policy, the management was required to recover arrears of contribution that were lying outstanding since 2015-16 from various registered clients/parties, but the management failed to recover the same. If the situation remained the same, the recoverable arrears would be converted into irrecoverable debt as the amount of recoverable arrears were surging since last many years instead of going down. Directorate-wise balance detail of the Recoverable amount as on June 2020 is at (**Annex-10**).

Audit was of the view that piling up of such huge arrears was due to negligence of the management as no concrete steps had been taken to mitigate the situation. If the situation remained the same, SESSI could not be able to recover the existing recoverable arrears and would be facing huge losses amounting to Rs.1.040 billion.

The matter was reported to the management in May, 2022, but no reply was received.

Despite request and subsequent reminders on 10-06-2022, 17-06-2022, 22-09-2022, 26-10-2022 and 11-11-2022, DAC meeting was not convened by the PAO.

Audit recommends for fixing of responsibility against person (s) at fault besides recovery.

4.1.5.3 Loss due to unnecessary referral of patients to expensive private hospitals - Rs.77.323 million

Rule 11 of General Financial Rules states that each head of department is responsible for enforcing financial order and strict economy at every step.

During special study of SESSI on potential and actual contributions received and benefits transferred to secured workers for the years 2015-16 to 2019-20, it was observed that management referred its patients to private & expensive hospitals like Agha Khan Hospital, Ziauddin Hospital, National Medical Center, Patel Hospital and Darul Sehat Hospital etc. for medical treatment without getting certificate from public sector hospitals about non-availability of medical facilities in these hospitals. Total referral cases to private hospitals aggregated to Rs.77.323 million. The detail of annual referred cases from 2016-17 to 2018-19 to private hospitals is given below;

Year	No. of cases	Amount in Rs.
2016-17	222	20,973,527
2017-18	197	19,682,635
2018-19	247	36,667,723
Total	666	77,323,885

Moreover, following additional irregularities were also noticed by Audit.

- Unnecessary and non-emergency referral of SESSI patients/staff to panel hospitals were increasing day by day.
- Hospitalization budget on account of treatment of SESSI patients outside hospitals were increasing every year up to an alarming level.
- No medical policy was adopted and medical cases were referred to private hospitals without getting any medical certificates from authorized officials.

Audit was of the view that management's unjustified referral of patients to private hospitals instead of public sector hospitals without formulation of SOPs and subsequent payment of huge bills of private hospitals, was irregular and a financial loss to SESSI. Audit requisitioned complete detail of referred cases to

private hospitals and the medical policy of SESSI along with other relevant record pertaining to cases referred to private hospitals, but limited data was provided to Audit team.

The matter was reported to the management in May, 2022, but no reply was received.

Despite request and subsequent reminders on 10-06-2022, 17-06-2022, 22-09-2022, 26-10-2022 and 11-11-2022, DAC meeting was not convened by the PAO.

Audit recommends that critical cases should be referred to Government hospitals first and in case of non-availability of medical facilities at public sector hospital, cases may be referred to private hospitals as a last resort and SOPs need to be formulated immediately, besides fixing of responsibility against the person (s) at fault.

4.1.5.4 Non completion of construction work of 25 Bed Hospital at Labour Colony, Daharki - Rs.40.000 million

Rule 23 of GFR states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During Special Study of SESSI on Potential & Actual Contribution Received & Benefits Transferred to Secured Workers for the period from 2015-16 to 2019-20, it was observed that the management booked an amount of Rs 40.00 million in the budget for the year 2017-18 for 25 Beds Daharki hospital, but the hospital did not start working till date of audit.

Audit was of the view that the management violated the aforesaid rules by non-completion of construction work of Daharki hospital, resultanty, blockage of funds of Rs.40.00 million occurred,, besides depriving general public from health facilities.

The matter was reported to the management in May, 2022, but no reply was received.

Despite request and subsequent reminders on 10-06-2022, 17-06-2022, 22-09-2022, 26-10-2022 and 11-11-2022, DAC meeting was not convened by the PAO.

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

4.1.5.5 Non-production of auditable record

Section 14 (2) & (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 entails that (2) The officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with 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 year 2022- 23, the audit requisitioned auditable record of Sindh Employees' Social Security Institution (SESSI) which was not provided to the audit despite efforts of audit. The Commissioner SESSI office vide letter No.SS/Admn/2022/742 dated 08.11.2022 refused audit to this office. The matter of refusal of Audit was taken up with SESSI management through meetings by this office Deputy Directors / Heads of Audit Team with the Commissioner SESSI, telephonic conversation of the Director General Audit with the Secretary, Labour & Human Resource Department, Government of Sindh, and letter dated 21.11.2022 addressed to all concerned on the subject matter. The matter was raised to the level of the Chief Secretary to Government of Sindh. However, SESSI management despite being auditee refused audit.

The SESSI management contended that SESSI having its autonomous status to acquire, hold and dispose of the property, both moveable and immovable, for such functioning, as an institution acquires No Public Funds from the Government of Sindh or from the Federal Government. Thus, Audit by Auditor General's Office was not justifiable under SESSI Ordinance. However, Audit was of the view that Section 32 (3) of Provincial Employees Social Security Ordinance, 1965, and Clause 11 (a) (1) of Provincial Employees Social Security (Financial & Accounting) Rules, 1966, do not restrict audit on the accounts of SESSI by this office working under the Auditor General of Pakistan. Besides, other Federal & Provincial Employees' Social Security Institutions are being regularly audited by the Auditor General of Pakistan on annual basis. The Directorate General of Commercial Audit & Evaluation (South) Karachi has been established by the Auditor General of Pakistan to conduct audit of the public entities registered with Securities & Exchange Commission of Pakistan (SECP) under Companies Ordinance, 1984 / Companies Act, 2017, on the audited

certified accounts (by the Chartered Accountant) of any authority or body maintaining accounts independently.

The matter of audit refusal by SESSI was resolved in past through an intervention of the Chief Secretary to Government of Sindh in response to letter of the then Deputy Auditor General (Corporate Audit & Evaluation) Wing dated 27.07.2016. Subsequently, Audit of SESSI accounts was conducted from 2016 to 2021.

Accordingly, the matter of non-production was reported to the management on 21.11.2022, but no reply was received by the Audit.

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

Chapter-5

Sindh Land Management

5.1 Sindh Land Management & Development Company

5.1.1 Introduction

Sindh Land Management & Development Company (SLMDC) has been incorporated in Pakistan on June 24, 2010 as a public limited company by shares under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. The company is mainly engaged in the business of land management and development in line with the government policy in the province and for making available land for the purpose of designing cities, towns, townships, new residential, commercial, industrial, recreational, and other such projects. The registered office of the company is situated in Karachi.

(Rs. in million for FY 2020-21)				
Description	Total Nos.	Audited	Expenditure audited	Revenue / Receipts audited
Formations	1	1	45.950	-

5.1.2 Comments on Audited Accounts

5.1.2.1 The annual audited accounts are required to be provided to Audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2013-14 to 2021-22.

5.1.2.2 Audit required that the annual audited accounts of the years 2013-14 to 2021-22 be provided and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts (**Annex-2**).

5.1.3 Classified Summary of Audit Observations

Audit observations of Rs.329.508 million were raised. This amount also includes recoverable of Rs.15.408 million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	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	60.707
4	Value for Money and service delivery issues	-
5	Others	268.799

5.1.4 Compliance of PAC Directives

The PAC has yet to discuss Audit Paras pertaining to SLMDC from the year 2011-12.

5.1.5 Audit Paras

5.1.5.1 Non-obtaining commencement certificate - Rs.162.500 million

According to Section 146 of SECP regarding Promoters' Guide formation and incorporation of Companies under the Companies Ordinance, 1984, Company shall be entitled to commence its business after obtaining commencement of business certificate from the registrar concerned.

During audit of Sindh Land Management & Development Company Limited (SLMDCL), for the years 2020-22, it was observed that management incurred expenditure of Rs.162.496 million without obtaining certificate of commencement of Business in violation of above SECP rules.

The Company was formed in 2010 with a view to develop housing and commercial schemes on the land that was to be allotted to it by the Government of Sindh. A sum of Rs.300 million was sanctioned as authorized capital for the company, out of which Rs.200 million was released to initiate the company.

The management could not execute and complete any single project for developing housing and commercial schemes on the land. Where to meet administration expenses, the management started utilizing fund from paid up

capital. By the end of June 30, 2022, an amount of Rs.162,496,268 was utilized, leaving balance of paid up capital of Rs37,503,732 with no operational activity.

Audit was of the view that expensing of Rs.162.496 million without obtaining commencement of Business Certificate is a wasteful expenditure.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends action may be taken against the person (s) at fault for non-compliance of rules and justified expenses without operation.

5.1.5.2 Placement of funds in Bank without competitive bidding - Rs.60.707 million

According to Finance Division letter No.F.4 (1)/2002-BR.II Islamabad, dated 02-07- 2003 section 3 (b) the process of selections of banks should be transparent. Therefore, prior to placing deposits with a bank under this new policy, and in case the total working balances exceed Rs.10 million, the selection of the bank as well as the terms of deposits will be approved by the concerned Board of Directors/Governing Body on the basis of competitive bids from at least three independent banks; (c) The risk associated with keeping deposits should be diversified. Therefore, in cases where total working balance of an enterprise exceeds Rs.10 million, not more than 50% of such balance shall be kept with one bank;

During audit of Sindh Land Management & Development Company (SLM&DC) for the year 2020-22, it was observed that the management deposited Rs.60.707 million in Sindh bank limited without obtaining competitive rates.

Further, all the money was kept with one bank. This is also a violation of above rule which clearly indicated that not more than 50% of such balance shall be kept with one bank;

Audit was of the view that the management violated above rules in placement of funds in bank.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends compliance in above mentioned rules.

5.1.5.3 Expenditure without concurrence of SGA&CD - Rs.45.951 million

Rule 7(1) of Public Sector Companies (Corporate Governance) Rule 2013 states that the Board shall establish appropriate arrangements to ensure it has access to all relevant information, advice and resources necessary to enable it to carry out its role effectively. Significant issues shall be placed before the Board for its information and consideration, in order to formalize and strengthen the corporate decision making process. Sub-rule (1) states significant issues shall, inter-alia, include the following, namely:

- (a) Annual business plans, cash flow projections, forecasts and long term plans; budgets including capital, manpower and expenditure budgets, along with variance analyses;

During audit of Sindh Land Management & Development Company (SLM&DC) for the year 2020-22, it was observed that Chief Executive Officer approved annual budget of the company for Rs.45.951 million during the year review instead of board of directors in violation of above code of corporate governance.

However, due to non-existence of board (the board is not functional since 2016) the management should have got the approval of budget from Services, General Administration & Co-ordination Department (SGA & CD) as no power were delegated to CEO by the Board.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends reasons for non-obtaining concurrence from Ministry for expenditure budget.

5.1.5.4 Loss due to poor operational results - Rs.30.560 million

Rule 5 (5) of the code of Corporate Governance states that the Board shall establish a system of sound internal control, which shall be effectively

implemented at all levels within the Public Sector Company, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty and relationship with the stakeholders, in the following manner, namely: (a) the principle of probity and propriety entails that company's assets and resources are not used for private advantage and due economy is exercised so as to reduce wastage.

During audit of Sindh Land Management & Development Company Limited (SLMDCL), for the years 2020-22, it was observed that general and administrative expenses of Rs.34.498 million were incurred in year 2021-22 whereas its total income (interest) during the year was only Rs.3.941 million which resulted in loss of Rs.30.559 million after taxation in 2021-22 and accumulated losses of Rs.162.496 million as on June 30, 2022.

Audit was of the view that due to slackness of the management, the Company could not be able to generate positive operational results since inception.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends justification may be provided for poor results and effective measures to be adopted to increase revenue.

5.1.5.5 Non-recovery of advances/ dues from various parties - Rs. 15.408 million

Rule 38 of GFR states that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Sindh Land Management & Development Company Limited (SLMDCL), for the years 2020-22, it was observed that an amount Rs.15.408 million was outstanding under advances, deposits and other receivables against various parties. Details are tabulated below;

Description	Amount (Rs.)
Advance income tax	14,274,833
Receivable against Development Expenditure	941,505
Sindh Board of Investment	108,800
Solomon David (Ex-employee)	11,965
Advance to employee	35,000
Solid Waste Management Board	36,607
Total	15,408,710

Audit was of the view that due to poor pursuance and weak internal controls, an amount of Rs.15.408 million was lying outstanding and the chances of recovery are becoming remote with the passage of time, causing losses to the organization.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends recovery of the above amount and fixation of responsibility on the person (s) at fault.

5.1.5.6 Un-justified expenditure on office rent - Rs.14.380 million

Section 4 (3) of Public Sector Companies (Corporate Governance) Rule, 2013 the Chief Executive is responsible for the management of public sector company and for its procedures in financial and other matters, subject to the oversight and directions of the Board in accordance with the Ordinance and these rules.

During audit of Sindh Land Management & Development Company (SLMDC) for the year 2020-21 & 2021-22, it was observed that the management hired the banglow measuring 8000 sq. feet, having 11 rooms at Rs.599,000 for only 4 officer and 07 officials without keeping in view the above rules while hiring office.

Management made agreement with Mr. Hilal Khan Afridi for hiring a bungalow No. D-47, Block -2 Clifton Karachi at monthly rent of Rs.599,000 in January 2012. It was worth mentioning that there were no core operations of the company and few staff was working in the company and most of the rooms were lying vacant.

The management paid Rent of Rs.14.380 million (Rs.599,000 @ 24 months) from July, 2020 to June, 2022 under the head of Office Rent.

Audit was of the view that hiring a Banglow with monthly impact of Rs. 599,000 is unjustified in the context of very limited staff and with non-functional status of the company. Further, non-renewal of Rental agreement for the period 2020-21 & 2021-22 before releasing rental payment of Rs.14.380 million is also irregular.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends measures may be taken to minimize the expenditures and justification for irregular payment of Rent.

5.1.5.7 Non-auditing of accounts by external auditors

According to Public Sector Companies (Corporate Governance) Rule 2013, rule 5(5) (b)(vi) 23, every Public Sector Company shall ensure that its annual accounts are audited by external auditors, as envisaged under section 252 of the Ordinance. When carrying out audit of a Public Sector Company, the external auditors shall take into account the specific requirements of any other relevant regulations, ordinances or ministerial directives which affect the audit mandate and any special auditing requirements.

During audit of Sindh Land Management & Development Company (SLM&DC) for the year 2020-22, it was observed that the annual accounts for the year 2020-21 & 2021-22 were not audited by the external auditors.

According to above mentioned rule the requisite accounts were required to be audited by external auditors, but the same was not done.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommended that management should get the accounts audited by external auditors and action may be taken against the person (s) at fault for not getting the accounts audited.

5.1.5.8 Non-existence of Board of Directors

Section 3 of the Corporate Governance Rules 2013 states that the Board shall consist of executive and non-executive directors, including independent directors and those representing minority interests with the requisite range of skills, competence, knowledge, experience and approach so that the Board as a group includes core competencies and diversity considered relevant in the context of the Public Sector Company's operations. Section (6) states that the Board shall consist of not less than seven and not more than eleven members including the chairman.

During audit of Sindh Land Management & Development Company (SLM&DC) for the year 2020-22, it was observed that the Board of Directors were not available in organization since 2016 in violation of above rules of code of corporate governance.

According to above mentioned rule, the appointment of Board of Directors was mandatory to administer the affairs of Sindh Land Management & Development Company, but the management ignored the rules completely.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommends appointment of directors of Board by the Competent Authority in compliance of above-mentioned rule and action may be taken against the person (s) for non-compliance of rules.

5.1.5.9 Non-preparation of accounts

According to Section (10) of Public Sector Companies (Corporate Governance) Rule, 2013, every Public Sector Company shall, within one month of the close of first, second and third quarter of its year of account, prepare a profit and loss account for, and balance- sheet as at the end of, that quarter, whether audited or otherwise, for the Board's approval. Annual report including annual financial statements shall be placed on the Public Sector Company's

website:

During audit of Sindh Land Management & Development Company (SLM&DC) for the years 2020-22, it was observed that the annual accounts for the audit years were not prepared. In addition, the annual accounts from 2015 have not been prepared in violation of above rules.

According to above mentioned rule the requisite accounts (i.e. profit & loss accounts and Balance sheet) were required to be prepared within one month of the close of first, second and third quarter (whether audited or not audited) and submit to board for approval. However, the said rule was not complied.

Audit was of the view that due to weaknesses in accounting system caused delay in timely preparation of accounts and completion of audit.

The matter was reported to management on October 15, 2022. However, no reply was received.

Despite request and subsequent reminders on 28-12-22, 13-01-2023 and 01-02-2023, DAC meeting was not convened by the PAO.

Audit recommended that action may be taken against the person (s) at fault for non-compliance of the rule.

Chapter-6

Finance Department

6.1 Sindh Insurance Limited

6.1.1 Introduction

On April 20, 2010, Pakistan's parliament passed a constitutional amendment to restore Pakistan's constitution to its original intent of a decentralized federation of provinces. Sindh Bank started its operations in year 2010. Now the Government of Sindh (GOS) has taken another step forward by launching the formation of Sindh Leasing Company Limited, Sindh Modaraba Management Limited and Sindh Insurance Company Limited. The leasing company would supplement the activities in the financial sector by assisting the small entrepreneurs, offering Finance Lease, Operating Lease, Factoring and Working capital finance for small entities. Sindh Modaraba Company would be managing a multipurpose Modaraba catering to small businessmen interested in availing Shariah compliant Islamic modes of financing, like: Ijarah Financing, Modaraba Financing, Musharika Financing and Commodity Financing. In order to cater Insurance need for huge assets owned and financed by GOS, its autonomous bodies Sindh Insurance was also launched with capital of Rs. 500 million.

6.1.2 Audit Paras

6.1.2.1 Non-production of auditable record

Section 14 (2) & (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 entails that (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with 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 year 2022-23, the audit requisitioned auditable record of M/s Sindh Insurance Limited an entity under administrative control of the Secretary to Government of Sindh, Finance Department, which was not provided to the Audit

despite efforts of audit. The Insurance Company vide office letter No.SIL/HO/CEO/2022-0143 dated 10.05.2022 refused audit to this office. The matter of refusal of audit was taken up with the Company management through meetings by this office Deputy Director / Heads of Audit Team and subsequent letter to the Principal Accounting Officer / Secretary to Government of Sindh, Finance Department. The matter was raised to the level of the Chief Secretary to Government of Sindh. However, Sindh Insurance Limited management again refused to get its accounts audited by Government auditors.

The Sindh Insurance Limited management contended that Sindh Insurance Limited that being an independent legal corporate entity, it was subjected to audit by Chartered Accountants, *et al* & that this institution acquired No Public Funds from the Government, therefore, Audit by Auditor General's Office was not justifiable. The contention of M/s Sindh Insurance Limited was examined and it was communicated to the Company management, PAO and the Chief Secretary to Government of Sindh to the effect that contention of M/s Sindh Insurance Limited was not in order and the same was in deviation from above stated articles of the Constitution. The Directorate General of Commercial Audit & Evaluation (South) Karachi has been established by the Auditor General of Pakistan to conduct audit of the public entities registered with Securities & Exchange Commission of Pakistan (SECP) under Companies Ordinance, 1984 / Companies Act, 2017, on the audited certified accounts (by the Chartered Accountant) of any authority or body maintaining accounts independently.

Accordingly, the matter of non-production was reported to the management on 21.11.2022, but no reply was received by the Audit.

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

Chapter-7

Energy Department Sindh

7.1 Sindh Energy Holding Company (Pvt.) Limited

7.1.1 Introduction

Sindh Transmission & Dispatch Company (Pvt.) Ltd. (STDC) is a subsidiary company of Sindh Energy Holding Company (Pvt.) Ltd. serving wholly under the Government of Sindh, Pakistan. STDC was incorporated on 7 January, 2015 under the 18th amendment and registered with Securities & Exchange Commission of Pakistan (SECP) which comes under the umbrella of Companies Ordinance 1984. Since the last 5 years, STDC has been accommodating the individual power producers from conventional or alternative renewable resources. These resources include Wind, Solar and Biomass Energy. STDC is successful in providing economically technical solutions in the name of energy transmission in Pakistan.

7.1.2 Audit Paras

7.1.2.1 Non-production of auditable record

Section 14 (2) & (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 entails that (2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with 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 year 2022-23, the audit requisitioned auditable record of M/s Sindh Energy Holding Company (Pvt.) Limited (SEHCL), an entity under administrative control of the Secretary to Government of Sindh, Energy Department, which was not provided to the Audit despite efforts of Audit. The Company refused audit by this office Audit Teams deputed vide office letters dated 09.05.2022 and 12.10.2022. The matter of refusal of audit was taken up with the Company management through meetings by this office Deputy Director / Head of Audit Team and subsequent letter to the Principal Accounting Officer /

Secretary to Government of Sindh, Energy Department. The matter was raised to the level of the Chief Secretary to Government of Sindh. The last letter to that effect was issued on 01-12-2022. However, SEHCL management refused audit by this Office team.

The SEHCL management contended that SEHCL that being an independent legal corporate entity was subjected to audit by Chartered Accountants, *et al* & that the Company acquired No Public Funds from the Government, therefore, Audit by Auditor General's Office was not justifiable. The contention of M/s SEHCL was examined and it was communicated to the Company, PAO and the Chief Secretary to Government of Sindh to the effect that contention of M/s SEHCL was not in order and the same was in deviation from above stated articles of the Constitution. The Directorate General of Commercial Audit & Evaluation (South) Karachi has been established by the Auditor General of Pakistan to conduct audit of the public entities registered with Securities & Exchange Commission of Pakistan (SECP) under Companies Ordinance, 1984 / Companies Act, 2017, on the audited certified accounts (by the Chartered Accountant) of any authority or body maintaining accounts independently.

Accordingly, the matter of non-production was reported to the management on 01-12-2022, but no reply was received by the Audit.

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

7.2 Sindh Transmission & Dispatch Company (Pvt.) Limited

7.2.1 Introduction

Sindh Transmission & Dispatch Company (Pvt.) Ltd. (STDC) is a subsidiary company of Sindh Energy Holding Company (Pvt.) Ltd. serving wholly under the Government of Sindh, Pakistan. STDC was incorporated on 7 January, 2015 under the 18th amendment and registered with Securities & Exchange Commission of Pakistan (SECP) which comes under the umbrella of Companies Ordinance 1984. Since the last 5 years, STDC has been accommodating the individual power producers from conventional or alternative renewable resources. These resources include Wind, Solar and Biomass Energy. STDC is successful in providing economically technical solutions in the name of energy transmission in Pakistan.

7.2.2 Audit Paras

7.2.2.1 Non-production of auditable record

Section 14 (2) & (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 entails that (2) The officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with 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 year 2022-23, the audit requisitioned auditable record of M/s Sindh Transmission & Dispatch Company (Pvt.) Limited (STDC), an entity under administrative control of the Secretary to Government of Sindh, Energy Department, which was not provided to the Audit despite efforts of Audit. The Company refused audit by this office Audit Teams deputed vide office letters dated 09.05.2022 and 12.10.2022. The matter of refusal of audit was taken up with the management through meetings by this office Deputy Director / Head of Audit Team and subsequent letter to the Principal Accounting Officer / Secretary to Government of Sindh, Energy Department. The matter was raised to the level of the Chief Secretary to Government of Sindh. The last letter to that effect was issued on 01-12-2022. However, STDC management refused audit by this Office team.

The STDC management contended that STDC that being an independent legal corporate entity was subjected to audit by Chartered Accountants that the Company acquired No Public Funds from the Government, therefore, Audit by Auditor General's Office was not justifiable. The contention of M/s STDC was examined and it was communicated to the Company management, PAO and the Chief Secretary to Government of Sindh to the effect that contention of M/s STDC was not in order and the same was in deviation from above stated articles of the Constitution. The Directorate General of Commercial Audit & Evaluation (South) Karachi has been established by the Auditor General of Pakistan to conduct audit of the public entities registered with Securities & Exchange Commission of Pakistan (SECP) under Companies Ordinance, 1984 / Companies Act, 2017, on the audited certified accounts (by the Chartered Accountant) of any authority or body maintaining accounts independently.

Accordingly, the matter of non-production was reported to the management on 01-12-2022, but no reply was received by the Audit.

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

ANNEXES

MFDAC Paras

The Directorate General of Commercial Audit and Evaluation, Karachi on behalf of the Auditor-General of Pakistan, conducted the audit of organizations of Government of Sindh which maintain their accounts on commercial pattern.

As a result of audit conducted during 2021-22, various types of financial irregularities and losses of public money, etc., were detected and reported to the Departments and organizations concerned. The important irregularities/ losses and malpractices pertaining to various organizations have been printed in this report, while irregularities/losses not considered worth reporting to the PAC as listed below were left for Departmental Accounts Committees. The same will be discussed with the respective Secretaries to the Departments by the Director General, Commercial Audit and Evaluation, Karachi.

S#	Subject	Rs. in million
Health Department Sindh		
PPHI– Sindh		
1.	Irregular appointment of Internal Auditor	-
2.	Irregular/unjustified re-joining of Ex-Ophthalmologist	-
INDUSTRIES & COMMERCE DEPARTMENT		
Sindh Government Press Karachi &Khairpur		
3.	Receipt of stationary and printing material without annual plan / consumption account	18.390
4.	Non-abolition of various vacant posts resulting in blockage of funds	31.112

Non-submission of Audited Accounts

Annual audited accounts of Public Sector Enterprises for the year 2021-22 were required to be submitted to the Directorate General of Commercial Audit & evaluation, Karachi by November 30, 2022. Despite requests, the organizations (listed below) failed to submit their annual audited accounts for the year(s) indicated against each by the prescribed date. While non-submission of audited accounts needs to be explained, efforts should be made for immediate finalization and submission thereof:

Agriculture Department		
1	Sindh Agricultural Supplies Organization, Karachi	2002-03 to 2021-22 (under process of winding up since 2001-02)
2	Sindh Sugar Corporation, Hyderabad	1998-99 to 2021-22 (under liquidation since 1998-99)
Agriculture, Supply & Prices Department		
3	Sindh Seed Corporation, Hyderabad	2011-12 to 2021-22
Health Department Sindh		
4	PPHI	2018-19 to 2021-22
Industries Department		
5	Sindh Government Press, Karachi & Khairpur	Commercialized w.e.f. July 01, 1984 but accounts for the years 1984-85 to 2021-22 were either not compiled on commercial pattern or not submitted to Audit for certification.
6	Sindh Small Industries Corporation, Karachi	1987-88 to 2021-22
Labour and Manpower		
7	SESSI	2015-16 to 2021-22
PAO has not been notified by Govt. of Sindh after declaring Special Initiative Department as defunct by the Court		
8	Sindh Management & Development Company	2016-17 to 2021-22

Organizations under liquidation

The following organizations/units closed their operational activities since the year mentioned against each. The decision about their privatization/liquidation had already been taken but the implementation of the same was awaited.

Agriculture Department		Status
1.	Sindh Agricultural Supplies Organization, Karachi	Under process of winding up since 2001-02
Industries Department		
2.	Sindh Sugar Corporation, Hyderabad	Under liquidation since 1998-99

Annex-4
(Para No. 2.1.5.1)

Annex-4(i)			
Non-production of record in PPHI 2021-22.			
Trial Balance Date 01/07/2021 to 30/06/2022			
Code	A/C Title	Grant	Amount involved (Rs.)
20101001	Current Assets Advances, Deposits, Prepayments & Receivables Advance to Vendor Advance to Vendor 020101001	BRHF, Mgmt Cost	691,917
20103001	Current Assets Advances, Deposits, Prepayments & Receivables Prepayments Rent Prepaid 020103001	BRHF, Mgmt Cost	18,539,021
60302009	Income/Grants Other Income Other Income Liquidated Damages on delay in medicine delivery 060302009	BRHF	2,936,624
60305001	Income/Grants Other Income Sale Proceeds on Scrap Material Sale Proceeds on Scrap Material 060305001	BRHF	1,504,575
70401004	Expenditure Recurring Operational Expenditure Transportation Expense POL (Ambulance) 070401004	BRHF, Mgmt Cost, MCHC	31,146,093
70401005	Expenditure Recurring Operational Expenditure Transportation Expense POL (Vehicles / Bikes) 070401005	BRHF, Mgmt Cost, MCHC	98,268,428
70701007	Expenditure Recurring Operational Expenditure Repairs & Maintenance R&M Ambulance 070701007	MCHC	10,684,191
70703001	Expenditure Recurring Operational Expenditure Repairs & Maintenance R&M Vehicle 070703001	BRHF, Mgmt Cost, MCHC	25,096,931
71001001	Expenditure Recurring Operational Expenditure Legal & Professional Charges Legal & Professional Charges 071001001	BRHF	2,280,785
11-02-500	Solarization 11-02-500	MCHC	80,521,585
HO-000288RC	National Police Foundation	BRHF	3,177,600
	Copy of Accelerated Action Plan (AAP) agreement signed by PPHI with GoS 24 th May, 2018.	AAP	73,111,647
Total amount in Rupees			347,959,397

Annex-4(ii)				
Statement of record not provided to Audit during the year 2021-22. (PPHI)				
S.#	Req#	Dated	Description of items	Amount (Rs.)
1	1	15.11.22	10. Internal Audit Report(s).	-
			11. Internal Audit Manual.	-
			15. Copy of Accelerated Action Plan (AAP) agreement signed by PPHI with GoS 24 th May, 2018.	73,111,647
5	5	15.11.22	7. List of Promotions made for the last year.	-
			9. Detail of sanctioned and available strength of Permanent & contractual employees (all grades).	-
6	6	16.11.22	2. Complete detail of medicines near to expiry and expired within 3 months with amounts reported by PPHI during the year 2021-22	-
			6. Detail of consumption related to outbreak of diseases during the year 2021-22	-
			9. Shortage of stock out report of medicines reported by PPHI for the year 2021-22	-
			10. Complete detail of blacklisted suppliers of medicines along with reasons of blacklisting maintained by PPHI during the year 2021-22	-
7	7	16.11.22	9. Complete detail of expired medicines reported by PPHI and its hospitals/units/centres during the year 2021-22	-
			10. Complete detail of replacement of unconsumed expired medicines during the year 2021-22	-
			15. Detail of annual requirement/need of medicine submitted by District Manager for tendering of medicines and general items.	-
8	8	17.11.22	1. Copy of Policy/SOPs for procurement of medicines adopted by PPHI	-
			3. Copy of SOPs/Policy related to maintenance of shelf life of medicines	-
			5. Copies of Basis for preparation of technical specification of procurements of medicines and other items adopted by PPHI	-
			8. Copies /files of complaints by parties submitted to Grievance Committee for any procurement and decision of committee thereof.	-
9	9	17.11.22	7. Copies of report related to maternal mortality, child mortality or mortality rate due to any other disease prepared by PPHI during the year 2021-22	-
			10. Copy of warehouses assessment study / reports and action plans taken by PPHI in the light of these reports.	-
11	11	18.11.22	9. Tender and payment files of all Ongoing Schemes during the year 2021-22.	-

12	12	24.11.22	7. Copy of Board approved Internal Audit Plan along with Internal Audit Reports during the year 2021-22.	-
13	13	25.11.22	5. Complete tender file for procurement of Batteries for Solarization system during 2021-22.	80,521,585
			6. Complete tender / contract file of the following contractors / service providers;	-
			a. M/s National Police services for security services.	3,177,600
			b. M/s Octopus 360 Media (Pvt) Ltd	-
			d. M/s PSO for providing POL services	-
14	14	25.11.22	1. Copy Transport policy and vehicle auction policy of PPHI.	-
			3. Details of addition/deletion of vehicles during the year 2021-22.	-
			4. Designation-wise Allocation of vehicles along with Ceiling of officers.	-
			5. Log Books of each vehicle.	-
			6. Details of Repair and Maintenance expenditure of vehicles during the year.	25,096,931
			7. Details of fuels consumed during the year of each vehicle.	98,268,428
			8. Details of vehicles fully depreciated and declared faulty/condemn/not in use.	-
			9. Details of vehicles auctioned/under auction along with file(s).	-
			10. Details of accident cases (if any) along with current status.	-
			12. List of claims lodged, received and pending from Insurance Company during the year 2021-22.	-
15	15	25.11.22	1. List of all Court cases running/pending up to date along with details of each case and relevant files.	-
			2. List of Court cases decided in favour/against PPHI Sindh.	-
			3. Case wise payment details to each advocate / Law firm during the year 2021-22.	2,280,785
			6. Complete file for appointment/hiring policy of Law Consultants/legal advisor.	-
			8. Correspondence files for appointment of lawyers /consultants etc.	-
16	16	25.11.22	Personnel files of the following officers; a. CEO, b. COO, j. Other specialized / technical doctors	-
17	17	28.11.22	1. Complete tender / contract file(s) for procurement along with total payment made to supplier(s) of the following;	-
			a. Solar Panel system	-
			b. Ambulances & vehicles	-

			c. Ultra sound & Doppler machines	-
			4. Complete detail of rented properties along with rental agreement, its occupancy, market value and per month rent.	-
			5. Detail of payment made as security deposit & advance payment for hiring of rental properties along with copy of payment vouchers.	18,539,021
			10. Copy of performance / assessment / internal audit reports on Pathology Laboratory.	-
18	18	28.11.22	1. Details about Research Wing of PPHI i.e. Its function, primary purpose, locations etc.	-
			2. List of officers/staff working in research wing along with their place of posting.	-
19	19	29.11.22	1. List of all 3rd party projects along with MOU and TORs.	-
			2. Third party assessment report on performance of BRHFs managed by PPHI.	-
			3. Internal audit reports of 3rd party projects.	-
			4. Audit reports on 3rd party projects.	-
			5. Memos /Management/ Board Letters by External auditors related to 3rd party projects.	-
			7. Key Performance Indicators (KPIs) for performance evaluation of operational activities.	-
20	20	30.11.22	5. Performance evaluation report of Regional Directors and District Managers.	-
			6. List of employees working on additional charge in the given format;	-
			7. List of employees working on Current charge in the given format;	-
			9. Annual Performance evaluation of senior management of PPHI by Board of Directors for last year with relevant record.	-
21	21	30.11.22	2. Detail of liquidated damages (LD) charge / received from contractors / suppliers during the year 2021-22.	2,936,624
			3. Detail of advances to contractors as on 30.06.2022 in the given format;	691,917
			4. List & detail of R&R / Civil work of projects as on 30.06.2022 in the given format;	-
23	23	02.12.22	1. Copy of Board approved recruitment policy for COO.	-
			2. Detail list of appointment made by PPHI against the advertisement for appointment of Chief Operating Officer (COO) during the year 2021-22 alongwith complete hiring file.	-
			3. Complete list of candidates applied for the post of COO through online as on 30-07-2021 alongwith copy of emails/applications of applied candidates.	-
			4. Complete list of candidate appeared for test and interview for the post of COO during the year 2021.	-

			5. Detail list of Test and Interview conducted by PPHI for the post of COO alongwith minutes and results.	-
			6. Board/HR Committee minutes for appointment of COO in PPHI.	-
			7. Copy of seniority list of officers and staff maintained by PPHI.	-
25	25	12.12.22	1. Complete detail of Category wise R & R works carried out by PPHI in BRHF, RHC & BHU (Latest).	-
			2. Brief description of each category made by PPHI / Govt. for the purpose R & R works.	-
			3. Copy of feasibility / survey reports of R & R Scheme completed during the year 2021-22.	-
			4. Details of R & R Scheme completed during the year 2021-22 in the given format:	-
27	27	13.12.22	3. Details of TA/ DA paid to the Chairman and to the Board members during 2021-22.	-
			4. Payment vouchers of the above.	-
			8. Complete detail of Medical reimbursement during year 2021-22 (hard and soft copy in excel format) and correspondence files.	-
			9. Complete list of medical reimbursement cases refer to Board for approval during the year 2021-22 in the given format;	-
28	28	13.12.22	1. All (F-3) Purchase Requisition forms received in Purchase Department and procurement made accordingly by Administrative department.	-
			3. Stock register.	-
			4. Dead stock register.	-
			6. Amendments made in the PPHI Sindh Compendium of Manual along with Board approvals.	-
			7. Copy of PPHI Employees rejoining policy (latest).	-
			8. Details of employees (Officers / officials) rejoined PPHI during the year 2021-22.	-
			9. Complete list of Employees rejoining cases refer to Board for approval during the year 2021-22.	-
29	29	13.12.22	1. List/ details of total ambulances with PPHI with cost.	-
			2. List of ambulances as on 30-06-2022 along with location.	-
			3. List of ambulances in operation.	-
			4. List of ambulances not in order and idle.	-
			5. Log books of ambulances.	-
			6. Soft data of usage of all ambulances of all centers.	-
			7. Derails of expenditure incurred on repair and maintenance of ambulances during 2021-22.	10,684,191

			8. Details of expenditure on POL of ambulances during 2021-22.	31,146,093
			9. Details of ambulances used for personal duties with duty of use and name of employees who used the ambulances.	-
			10. Details of distances covered and amount recovered/ recoverable from employees.	-
			11. Order for use of ambulances by employees and rates/ entitlement for usage.	-
			12. Details of ambulances purchased/ sold during 2021-22.	-
30	30	19.12.22	Complete detail of officers appointed / joined during 2021-22 may be provided (List attached as annexure-A) with noting files, advertisement, candidates applied, shortlisted, interview evaluation sheets, recommendation of selection committee etc. (24 files)	-
Total amount Rs.				347,959,397

Annex-5
(Para No. 2.1.5.12)

Statement of additional charge allowance paid to officers of PPHI (HO) during 2021-22							
(Amount in Rs)							
S #	Name of Officer	Designation	Post for which additional charge was allowed	Period of Additional charge	Additional charge Allowance allowed as per Rule (per month)	Amount Paid against Additional Charge Per month	Total excess Amount Paid against Additional Charge
1	Muhammad Yahya	CFO	Company Secretary	30-07-2020 to till date	12,000	50,000	1,102,000
2.	Moula Bakhsh Shaikh	Dir. Human Resource	Dir. Admin.	10-06-2021 to 09-11-2021	12,000	60,000	240,000
3.	Riaz Hussain Rahoojo	COO	CEO	26-11-2021 to 16-12-2021	12,000	53,333	41,333
4.	Abid Ali	Dir. Admin	Dir. Human Resource	06-12-2021 to 14-12-2021	12,000	60,000	304,000
5.	Abid Ali	Dir. Human Resource	Dir. Admin	15-12-2021 to 01-08-2022	12,000	60,000	96,000
6.	Masood	Manager Finance	Manager Procurement & Supplies	04-01-2022 to till date	12,000	20,000	100,000
Total amount in Rupees							1,883,333

Annex-6
(Para No. 3.2.5.3)

Non-completion / under construction of units since long - Rs.32.530 million						
S#	Name of Unit	Date of Allotment	Plot #	Size of Plots (Sq. Yads)	Cost of plot	Current Status
1.	M/s Al-Madina oil Expeler	18/06/1976	C-28 to C-31	1,333	2.13	Unit near to completion
2.	M/s Jai Plastic Industries	18/06/1976	C-32 to C35	1,333	2.13	
3.	M/s Dewan oil Expeller	30/06/2003	A-36	378	0.60	
4.	M/s New King Pipe Factory	24/04/1999	A.20 - 25	888	1.42	
5.	M/s Nazim Poultry	02/02/2010	A-51	1,111	1.78	
6.	M/s Data Atta Chaki	11/01/2009	A-54 & A-55	2,222	3.56	
7.	M/s Mohammad Ali Atta Ch	17/08/2004	B-32 & B-33	1,111	1.78	
8.	M/s A.A Sons Flour Mill	19/03/2008	A-56	1,111	1.78	
9.	M/s Kamran Food Products	14/06/1986	C-13 & C-14	666	1.07	
10.	M/s Dolphin Bakery	08/11/2001	B-55 & B-56	1,111	1.78	
11.	M/s Abbasi Oil Mill	09/09/2006	E-02 & E-05	2,222	3.56	Under construction
12.	M/s Friends Atta Chaki	04/04/2007	E-03	1,111	1.78	
13.	M/s Abbasi RCC Factory	06/07/2006	E-04	1,111	1.78	
14.	M/s Larkano Biscuit Factory	21/04/2005	E-06 & E-07	1,990	3.18	
15.	M/s Abbasi Furniture	27/03/2012	E-08-10	1,838	2.94	
16.	M/s Magsi Atta Chaki	25/08/2006	E-11	796	1.27	
Total					32.530	

Annex-7
(Para No. 3.3.5.5)

Non-deduction of SST on services rendered by suppliers - Rs.163.095 million				
Statement of ADPS release and expenditure				
For the FY 2021-2022				
				(Rs in million)
S #	ADP scheme name	Release amount	Expenditure amount	13% tax required to be deducted
1	Infrastructure development of industrial estate site Larkana	177,569,750	177,178,905	23,033,258
2	Construction of RCC nallah from estate avenue in morio jo Qabristan from rcc road culvert to lyari river at s.i.t.e. Karachi.	87,404,500	87,376,009	11,358,881
3	Pre-sedimentation combined effluent treatment plant kotri.	46,159,000	46,155,719	6,000,243
4	Construction of rcc drain allied work sand road culverts along karachi circular railway kcr.	506,552,860	500,568,491	65,073,904
5	Rehabilitation of roads works for s.i.t.e. Karachi.	58,000,000	57,999,545	7,539,941
6	Rehabilitation of roads works for s.i.t.e. Nooriabad.	200,000,000	199,996,650	25,999,565
7	Rehabilitation of roads works for s.i.t.e. Sukkur	100,000,000	99,947,613	12,993,190
8	Infrastructure development of industrial estate larkana(essential vehicles)	51,895,000	51,100,000	6,643,000
9	Survey and feasibility study of scheme establishment of combined effluent treatment plant at site sukkur 2.0 mgd	15,628,000	15,004,524	1,950,588
10	Survey and feasibility study of scheme establishment of combined effluent treatment plant at site hyderabad 3.0 mgd	19,571,500	19,252,200	2,502,786
Total		1,262,780,610	1,254,579,656	163,095,355

Annex-8
(Para No. 3.3.5.15)

Non-production of record (SITE)		
Req No.	Dated	Detail of Outstanding Record
06	11.10.2022	<ol style="list-style-type: none"> Minutes of meeting of Governing Body for the year 2020-21 and 2021-22 Complete files of inquiries pending with NAB, Internal Office, Anti-corruption and FIA Master correspondence file with concerned Ministry Number of officers and staff suspended during the year under review Number of officers / staff appointed during the year 2021-22 Target and achievement fixed by the concerned ministry Budget file showing actual and estimated amount
07	11.10.2022	<ol style="list-style-type: none"> Survey ,feasibility reports, tenders filed, schedule of start and completion of work and monthly progress report. record/information was provided to audit, found missing in the relevant files of ADPs Actual vs achieve target on account of revenue 21-22
08	13.10.2022	<ol style="list-style-type: none"> Utilization of development reserves & details of premium on sub-letted plots of SITE Nooriabad, Super Highway and other plots. Complete file (in all respect) pertains to fake bank accounts scam regarding corruption practices in the revival of sick industrial units. Complete file (in all respect) regarding waived off dues amounting to Rs.10.350 million were outstanding against plot No. A/410 site Nooriabad, owned by M/s Al-karam Textile Mills (Pvt) limited Unit wise break-up of nonpayment of NUF since Allotment Land allotment register.
09	13.10.2022	<ol style="list-style-type: none"> Minutes of the Human Resources Committee along with working papers for the period 2021-22. Minutes of the Finance Committee along with working papers for the period 202 Minutes of the Procurement Committee along with working papers for the period 2021-22. Minutes of the Consultant Selection Committee (CSC) along with working papers for the year 2021-22.

Annex-9
(Para No. 4.1.5.1)

Unjustified short-fall in social security contribution - Rs. 8,417.112 million			
(Rs. in million)			
2015-16			
Directorate	Targets	Targets Achieved	Difference
Site (West)	649.238	264.701	384.537
Site (East)	957.042	389.81	567.232
City West Wharf	1,863.83	794.646	1,069.18
F. B. Area	1,146.06	442.303	703.759
Landhi	1,035.68	482.238	553.444
Korangi	1,575.53	629.438	946.095
Hyderabad	345.226	146.39	198.836
Kotri	394.291	175.186	219.105
Sukkur	279.871	124.33	155.541
Sub-total	8,246.77	3,449.04	4,797.73
2016-17			
Site (West)	367.903	273.646	94.257
Site (East)	542.139	424.031	118.108
City West Wharf	1,105.21	880.914	224.292
F. B. Area	615.137	517.052	98.085
Landhi	670.357	536.014	134.343
Korangi	875.256	749.74	125.516
Hyderabad	203.29	166.712	36.578
Kotri	243.647	176.012	67.635
Sukkur	172.939	144.863	28.076
Sub-total	4,795.87	3,868.99	926.889
2017-18			
Site (West)	327.7	273.992	53.708
Site (East)	539.327	422.17	117.157
City West Wharf	1,092.85	869.156	223.689
F. B. Area	704.418	566.078	138.34
Landhi	659.234	541.399	117.835
Korangi	951.692	768.79	182.902
Hyderabad	201.055	184.482	16.573
Kotri	226.519	175.452	51.067
Sukkur	159.187	151.134	8.053
Sub-total	4,861.98	3,952.65	909.325
2018-19			
Site (West)	411.934	332.085	79.849
Site (East)	671.296	472.284	199.012
City-I	1,360.11	1,067.62	292.495

F. B. Area	858.337	654.368	203.969
Landhi	879.607	685.396	194.211
Korangi	1,162.78	1,021.13	141.651
Hyderabad	246.709	227.598	19.111
Kotri	276.98	211.327	65.653
Sukkur	185.224	165.311	19.913
Sub-total	6,052.98	4,837.12	1,215.86
2019-20			
Site (West)	394.283	361.604	32.679
Site (East)	608.419	467.976	140.443
City-I	863.837	729.869	133.968
City-II	388.101	327.413	60.688
F. B. Area	786.403	649.169	137.234
Landhi	808.751	726.554	82.197
Korangi	1,075.36	1,105.45	-30.091
Hyderabad	242.493	247.523	-5.03
Kotri	252.378	240.176	12.202
Sukkur	171.587	168.576	3.011
Sub-total	5,591.61	5,024.31	567.303
Grand-total	29,549.22	21,132.11	8,417.11

Annex-10
(Para No. 4.1.5.2)

Accumulation of long outstanding contribution - Rs.1.040 billion						
S#	Directorate	Recoverable amount Rs. in million				
	Year	2015-16	2016-17	2017-18	2018-19	2019-20
1	SITE (west)	34.145	41.297	48.16	55.111	73.603
2	SITE (East)	31.731	30.376	32.223	39.627	63.276
3	City Directorate I	161.031	151.984	132.77	54.53	23.926
4	City Directorate II		-	-	-	41.423
5	F.B. Area	206.645	251.522	297.116	354.502	437.711
6	Landhi	67.137	67.864	67.327	72.23	116.85
7	Korangi	59.608	52.878	58.815	57.312	133.816
8	Hyderabad	26.238	30.118	3.968	39.073	53.199
9	Kotri	20.372	28.247	30.123	31.62	36.165
10	Sukkur	59.364	59.654	59.723	60.083	60.34
Total		666.276	713.944	759.228	764.094	1,040.31