



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
GOVERNMENT OF SINDH  
AUDIT YEAR 2012-13**

**AUDITOR GENERAL OF PAKISTAN**



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## ABBREVIATIONS & ACRONYMS

ADB	Asian Development Bank
ADP	Annual Development Plan
ATE	Advertised Tender Enquiry
B.I.E.K.	Board of Intermediate Education Karachi
B.I.S.E.	Board of Intermediate & Secondary Education
B.S.E.K	Board of Secondary Education Karachi
C.V.	Cash Voucher
CAWB	Canal Area Water Board
D.A	Dearness Allowance
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DDO	Drawing and Disbursing Officer
DFO	Divisional Forest Officer
DLI	Disbursed Link Indicators
EDO	Executive District Officer
EEP	Eligible Expenditure Program
EMD	Earnest Money Deposit
FG	Food Grain
IRC	Institutional Reimbursement Cost
LBCAWB	Left Bank Canal Area Water Board
M&R	Maintenance and Repair
MB	Measurement Book
NIT	Notice for Invitation of Tender
NLC	National Logistic Cell
PAD	Pakistan Audit Department
PAO	Principal Accounting Officer
PC-I Form	Planning Commission-I Form
P.H.E.	Public Health Engineering
PLA	Personal Ledger Account
POL	Petrol Oil and Lubricant
PPRA Rules	Public Procurement Regularity Authority Rules
PRCs	Provincial Reserve Centres
PUA	Primary Unit of Account
QPO	Quarterly Plan of Operations
RA	Running Account
RBOD	Right Bank Outfall Drainage

RCC	Reinforced Cement Concrete
RSU/ED	Reform Support Unit/Education Department
SAP	System Application Programme
SERP	Sindh Education Reform Programme
SGA&CD	Services, General Administration and Coordination Department
SETT	Sindh Elementary Teachers Training Project
SGG	Sindh Government Godown
SIDA	Sindh Irrigation Development Authority
STEVTA	Sindh Technical Education and Vocational Training Authority
TA	Travelling Allowance
UDWP	University Development Working Party
W.O.	Work Order
WASA	Water and Sanitation Authority
WPCs	Wheat Procurement Centres
XEN	Executive Engineer

## **PREFACE**

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

This report is based on the audit of the accounts of various departments and autonomous bodies of the Government of Sindh for the financial year 2011-12. The paras of previous years that is 2009-10 and 2010-11 have also been included in addition to paras from Special Audit Reports for the years from 2004-05 to 2011-12. The Directorate General of Audit Sindh conducted audit during 2012-13, on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in the report could not be discussed with the Principal Accounting Officers in Departmental Accounts Committee (DAC) meetings despite best efforts. The report was finalized in the light of written responses of the departments concerned, where available.

This report is submitted to the Governor of Sindh in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan for causing it to be laid before the Provincial Assembly.

**Dated:**

**Muhammad Akhtar Buland Rana**  
**Auditor General of Pakistan**



## **EXECUTIVE SUMMARY**

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

Sindh government carries out its operations under the Sindh Rules of Business 1986. The financial provisions of the Constitution of Islamic Republic of Pakistan constitute having a Provincial Consolidated Fund, for which annual budget statement is authorised by the Provincial Assembly in the form of budgetary grants, and Public Account which includes assets and liabilities of the government including funds and deposit accounts. The budget of Sindh Province is allocated as 59 numbered and 4 un-numbered Grants of Provincial Government (excluding budget of Universities, Educational Institutions and Boards of Intermediate and Secondary Education etc.).

The revised budget of the Government of Sindh for the year 2011-12 was Rs 649,276 million with the segregation of Non-development budget of Rs 489,307 million and Development budget of Rs 159,969 million. The actual expenditure was Rs 492,693 million including Rs 372,389 million out of non-development budget and Rs 120,304 million out of development budget. The combined percentage of utilization of budget comes to 75.88 %.

Audit was carried out on test check basis and the Financial Audit Manual (FAM) was applied in compliance with authority audit. The audit objectives and audit methodology used in these types of audit is described below:

## **Objectives:**

1. Audit against the provision of funds to ascertain whether the moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent.
2. Audit against rules and regulations to see that the expenditure incurred was in conformity with the laws, rules and regulations framed to regulate the procedure for expending public money.
3. Audit of sanctions of expenditure to see that every item of expenditure was done with the approval of the competent authority in the Government for expending the public money.
4. Scope of audit extends beyond scrutinizing the mere formality of expenditure to its wisdom and economy and to bring to light cases of improper expenditure or waste of public money.
5. Review, analyse and comment on various government policies relating to different sectors.

## **Methodology:**

- Updating the understanding of the auditees' work processes with respect to control structure.
- Identification of key controls on the basis of prior years' audit experience /special directions from the head offices etc.
- Prioritising risk areas by determining significance and risks associated with identified key controls.
- Design audit programmes including analytical procedures for testing identified risk conditions.
- Selection of audit formations i.e. Drawing & Disbursing Officers (DDOs) on the basis of:
  - Materiality/significance
  - Risk assessment
- Selecting samples as per sampling criteria.
- Execution of audit programmes.
- Identification of weaknesses in internal controls and development of audit observations and recommendations relating to noncompliance of laws, rules, regulations and prescribed procedures.
- Integrating the work with financial attestation audit, where possible.
- Evaluating results;
- Reporting; and follow up.

The present audit report pertains to the accounts of the Principal Accounting Offices (PAO) of departments of Government of Sindh, the accounts of certain foreign aided projects and to the accounts of universities not included in provincial budget for the financial year ended 30<sup>th</sup> June, 2012. To conduct this extensive audit exercise office of the Director General Audit Sindh has 283 officers and support staff members involving 58,658 mandays. The budget provided to this office to complete this exercise was Rs 141.91 million.

Departmental Accounts Committee (DAC) meetings were not convened by many departments, despite best efforts.

**a. Expenditure audited**

During the financial year 2011-2012, total expenditure under the jurisdiction of Director General Audit Sindh was Rs 492.69 billion covering 46 PAOs and 8,095 formations (including 4,770 formations transferred from District Governments). Out of which, an expenditure of Rs 444.78 billion was audited, which in terms of percentage, is 90% of auditable expenditure. In addition, accounts of 12 foreign aided projects and 12 universities, educational institutions and boards of education were also audited. Results of these audits were included in this report.

**b. Recoveries at the instance of audit**

Recoveries of Rs 13,399.05 million were pointed out, out of which Rs 59 million was effected during the year 2012-2013 at the time of compilation of report.

**c. Desk Audit**

The availability of 46 permanent files and planning files helped the auditors in understanding the systems, procedures, environment and the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field. This office, on its part, has arranged training of audit officers on ACL only recently, the results of which will hopefully be evident in near future.



**d. The key audit findings of the report**

- i. Doubtful or fraudulent payments or misappropriations identified - Rs 3,046 million<sup>1</sup>
- ii. Non maintenance of records and non production of records - Rs 3,476 million<sup>2</sup>
- iii. Instances of wasteful expenditures identified - Rs 590 million<sup>3</sup>
- iv. Significant instances in which propriety principle was violated - Rs 39,558 million<sup>4</sup>
- v. Non-recovery or less recovery of government dues - Rs 11,964 million<sup>5</sup>

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<sup>1</sup>Paras-2.4.1, 3.4.1, 3.4.4, 3.4.6, 4.4.1, 6.4.1, 8.4.1, 8.4.2, 8.4.3, 8.4.4, 8.4.10, 12.4.1, 13.4.1, 15.4.1, 16.4.1, 16.4.2, 16.4.3, 16.4.15, 19.4.1, 19.4.33, 20.4.1, 20.4.2, 20.4.3, 33.3.1, 33.3.34, 33.3.35, 33.3.36, 33.3.37, 33.3.38, 33.3.39, 33.3.40, 34.4.1 & 35.4.26

<sup>2</sup>Paras-2.4.2, 2.4.14, 3.4.8, 5.4.1, 5.4.9, 5.4.15, 6.4.7, 8.4.5, 8.4.14, 9.4.3, 10.4.1, 12.4.2, 12.4.10, 13.4.7, 14.4.1, 15.4.3, 16.4.4, 19.4.2, 19.4.32, 20.4.17, 21.4.1, 25.4.1, 26.4.1, 28.4.6, 29.4.1, 29.4.3, 30.4.1, 30.4.2, 32.4.2, 33.3.2, 33.3.3 & 35.4.2

<sup>3</sup> Paras-16.4.18, 19.4.22 & 19.4.23

<sup>4</sup>Paras-2.4.3, 2.4.8, 2.4.9, 2.4.10, 2.4.12, 2.4.13, 3.4.2, 3.4.3, 3.4.5, 5.4.2, 5.4.3, 5.4.8, 5.4.10, 5.4.12, 5.4.13, 5.4.14, 6.4.2, 6.4.4, 6.4.5, 6.4.6, 6.4.8, 7.4.1, 7.4.2, 7.4.3, 7.4.4, 7.4.5, 8.4.8, 8.4.9, 8.4.11, 8.4.13, 9.4.2, 10.4.2, 10.4.3, 10.4.4, 12.4.3, 12.4.4, 12.4.5, 12.4.6, 12.4.8, 12.4.9, 13.4.2, 13.4.3, 13.4.4, 13.4.5, 13.4.6, 14.4.3, 14.4.4, 14.4.5, 14.4.6, 14.4.7, 14.4.8, 14.4.9, 14.4.10, 14.4.11, 15.4.4, 15.4.5, 15.4.6, 15.4.7, 15.4.8, 15.4.9, 15.4.10, 15.4.11, 15.4.12, 15.4.17, 15.4.18, 15.4.19, 15.4.20, 15.4.21, 15.4.22, 16.4.5, 16.4.6, 16.4.7, 16.4.8, 16.4.9, 16.4.10, 16.4.12, 16.4.13, 16.4.14, 16.4.16, 16.4.17, 16.4.19, 17.4.1, 17.4.2, 17.4.3, 18.4.1, 19.4.3, 19.4.4, 19.4.5, 19.4.6, 19.4.7, 19.4.8, 19.4.9, 19.4.10, 19.4.11, 19.4.12, 19.4.13, 19.4.14, 19.4.15, 19.4.16, 19.4.17, 19.4.18, 19.4.19, 19.4.20, 19.4.21, 20.4.4, 20.4.5, 20.4.6, 20.4.7, 20.4.8, 20.4.9, 20.4.10, 20.4.11, 20.4.12, 20.4.14, 20.4.15, 20.4.16, 21.4.2, 21.4.3, 21.4.5, 21.4.7, 21.4.8, 21.4.11, 21.4.12, 21.4.14, 21.4.15, 21.4.17, 22.4.1, 22.4.2, 23.4.3, 23.4.4, 23.4.6, 23.4.7, 24.4.1, 24.4.2, 24.4.3, 24.4.4, 24.4.5, 25.4.2, 25.4.3, 25.4.4, 25.4.5, 26.4.2, 26.4.3, 26.4.4, 26.4.6, 26.4.7, 26.4.9, 26.4.10, 26.4.11, 26.4.13, 27.4.1, 28.4.1, 28.4.2, 28.4.3, 28.4.4, 28.4.5, 29.4.2, 31.4.1, 32.4.1, 33.3.4, 33.3.5, 33.3.6, 33.3.7, 33.3.8, 33.3.9, 33.3.10, 33.3.11, 33.3.12, 33.3.13, 33.3.14, 33.3.15, 33.3.16, 33.3.17, 33.3.18, 33.3.19, 33.3.20, 33.3.21, 33.3.22, 33.3.23, 33.3.24, 34.4.2, 34.4.3, 34.4.4, 34.4.5, 35.4.1, 35.4.3, 35.4.4, 35.4.5, 35.4.6, 35.4.7, 35.4.8, 35.4.9, 35.4.10, 35.4.11, 35.4.12, 35.4.13, 35.4.14, 35.4.15, 35.4.16, 36.4.1 & 36.4.2

<sup>5</sup>Paras-2.4.4, 2.4.5, 2.4.7, 2.4.11, 3.4.7, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 6.4.3, 8.4.6, 8.4.12, 9.4.1, 11.4.1, 11.4.2, 11.4.3, 11.4.4, 12.4.11, 14.4.12, 14.4.13, 15.4.13, 15.4.14, 15.4.15, 15.4.16, 16.4.11, 16.4.20, 16.4.21, 19.4.24, 19.4.25, 19.4.26, 19.4.27, 19.4.28, 19.4.29, 19.4.30, 19.4.31, 20.4.13, 21.4.4, 21.4.9, 21.4.10, 21.4.13, 21.4.16, 23.4.1, 23.4.2, 23.4.5, 24.4.6, 24.4.7, 24.4.8, 26.4.5, 26.4.8, 26.4.12, 33.3.25, 33.3.26,

- vi. Misclassification of expenditures - Rs 18.00 million<sup>6</sup>
- vii. Unauthorised encroachment of government properties or land in government schemes - Rs 296 million<sup>7</sup>
- viii. Unauthorised retention of government money - Rs 2,544 million<sup>8</sup>
- ix. Non clearance of outstanding liabilities - Rs 1,386 million<sup>9</sup>

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

#### **e. Recommendations**

1. Principal Accounting Officers need to take necessary steps to institute, evaluate and strengthen internal controls and financial management practices in order to ensure:
    - (i). compliance with canons of financial propriety, rules and regulations, especially in autonomous institutions, through training, monitoring and accountability of departmental functionaries;
    - (ii). proper maintenance of accounting records;
    - (iii). effective placement of internal controls to avoid recurrence of irregularities of similar nature.
- 

33.3.27, 33.3.28, 33.3.29, 33.3.30, 33.3.31, 33.3.32, 35.4.17, 35.4.18, 35.4.19, 35.4.20, 35.4.21, 35.4.22, 35.4.23, 35.4.24 & 35.4.25

<sup>6</sup> Paras-12.4.12

<sup>7</sup> Paras-15.4.2

<sup>8</sup> Paras-5.4.11 & 12.4.7

<sup>9</sup> Paras-2.4.6, 8.4.7, 14.4.2, 21.4.6 & 33.3.33

- (iv). establishment of an independent internal audit mechanism.
2. The Principal Accounting Officers further need to take steps to:
- (i). investigate cases of losses, embezzlements, unauthorized payments and non-accountal of cash and stores and take appropriate corrective action;
  - (ii). effect recovery of government dues and deposit into government treasury;
  - (iii). ensure deposit of funds irregularly kept outside government accounts by the departments;
  - (iv). ensure procurements in accordance with SPPRA-Rules;
  - (v). ensure timely production of relevant record for audit in respect of cases pointed out in the report besides taking disciplinary action in terms of section 14 (3) Auditor General's Ordinance 2001;
  - (vi). hold Departmental Accounts Committee meetings regularly and implement its recommendations and directives of Public Accounts Committee;
  - (vii). improve the compliance with directives of Public Accounts Committee (PAC) by the Principal Accounting Officers was poor and despite of reminding again and again by audit, no improvement was made/shown in this regard. Principal Accounting Officers should give special attention to this issue and develop mechanism to monitor the compliance of PAC directives in their departments;
  - (viii). address systemic issues, which include absence of management controls to prevent unauthorized practices, improper utilization of public money, absence of adequate safeguards to protect public property from theft, misuse of public funds, non-observance of codal formalities and procedures etc.
3. Finance Department, Government of Sindh needs to:
- (i). build up institutional capacity in financial matters.
  - (ii). take cognizance of the weak internal control environment in different departments of the Government.

# Summary, Tables & Charts



## SUMMARY TABLES & CHARTS

**Table 1:**

### **I Audit Work Statistics**

**(Rupees in million)**

<b>Sr. No</b>	<b>Description</b>	<b>Nos.</b>	<b>Expenditure 2011-12</b>
1	Total Entities (PAOs) in Audit Jurisdiction	49	492,693
2	Total formations in audit jurisdiction	8095	492,693
3	Total Entities(PAOs) Audited	45	444,784
4	Total formations Audited	1170	444,784
5	Audit & Inspection Reports	1170	-
6	Special Audit Reports	4	-
7	Performance Audit Report	2	-
8	Other Reports (Foreign Aided Projects)	13	-

**Table 2:**

**II Audit observations regarding financial management**

**(Rupees in million)**

<b>Sr. No</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Unsound asset management	36,414.04
2	Weak financial management	14,921.55
3	Weak Internal controls relating to financial management	7,382.27
4	Others	4,167.67
<b>Total</b>		<b>62,885.52</b>

**Table 3:****III Outcome Statistics****(Rupees in million)**

<b>Sr. #</b>	<b>Description</b>	<b>Expenditure on Acquiring Physical Assets (Procurement)</b>	<b>Civil Works</b>	<b>Receipts</b>	<b>Others</b>	<b>Total current year</b>	<b>Total last year</b>
1	Outlays Audited	5,109.09	101,260.75	(35,308.82)	373,723.04	<b>444,784.06</b>	<b>310,163.00</b>
2	Amount Placed under Audit Observation /Irregularities of Audit	27,842.33	12,349.73	8,630.674	14,062.79	<b>62,885.52</b>	<b>25,177.00</b>
3	Recoveries Pointed Out at the instance of Audit	1,962.65	2,367.36	8,630.674	418.59	<b>13,379.28</b>	<b>13,464.00</b>
4	Recoveries Accepted /Established at the instance of Audit	1,962.65	2,367.36	8,630.674	418.59	<b>13,379.28</b>	<b>13,464.00</b>
5	Recoveries Realized at the instance of Audit		23.00		36.00	<b>59.00</b>	<b>362.00</b>



**Table 4:****IV Irregularities pointed out****(Rupees in million)**

<b>Sr. No</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	42,803.24
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	1,085.84
3	Accounting errors (accounting policy departure from NAM*, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	136.78
4	If possible quantify weaknesses of internal control systems.	-
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies	13,379.28
6	Non -production of record.	3,257.57
7	Others, including cases of accidents, negligence etc.	2,222.82
	<b>Total</b>	<b>62,885.52</b>

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

**Table 5**

**V Cost-Benefit**

<b>Sr. No</b>	<b>Description</b>	<b>Rs in million</b>
1	Outlays Audited (Items 1 of Table 3)	444,784.06
2	Expenditure on Audit	141.91
3	Recoveries realized at the instance of audit	59
	Cost-Benefit Ratio	41.58%



## **CHAPTER - 1**

### **PUBLIC FINANCIAL MANAGEMENT ISSUES**

#### **1.1 AUDIT PARAS WITH ILLUSTRATIONS**

##### **1.1.1 Un-authorized re-appropriation of regular scheme - Rs 103.60 million**

As per the notification issued by the Government of Sindh, Finance Department Karachi vide # B/2 (63)/78 part-II/20 dated 30th Nov, 1981, “the funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the competent authority”. Further, Rule 178 of Sindh Budget Manual states that an officer of the Government has no power to sanction any appropriation out of funds placed at his disposal for a central (agency) subject. The administration department may re-appropriate funds from one primary unit to any other such unit provided that:-

1. No re-appropriation is made from one grant to another.
2. Funds allotted for non voted expenditure items or vice versa and
3. No re-appropriation is made to meet any expenditure other than contingent expenditure, which is likely to involve further outlay in a future financial year.

During audit of the Director conservation Karachi, for the year 2011-12, it was revealed that an amount of Rs 103.60 million was released for different ongoing and new schemes but allocation of revenue expenditure was re-appropriated in capital expenditure without prior approval of Finance Department.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized re-appropriation of funds.

**AIR-01**

### **1.1.2 Expenditure over and above the budget provisions - Rs 1.79 million**

As per the Para 88 of General Financial Rules, “the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service as per its control and for keeping the expenditure within the grant”.

As per Para (111) Finance Department, Government of Sindh, Notification No BI-V/131/85 dated 09-04-1987; no expenditure should be incurred in excess and above the budget allocation without prior approval of the competent authority.

During audit of the Land Utilization Department, Hyderabad for the year 2011-12, it was observed that an expenditure of Rs 1.791 million was incurred by the Secretary over and above the budget grant in violation of above rule.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes financial discipline besides fixing responsibility for incurring expenditure above budget allocation.

**AIR-03**

### **1.1.3 Non achievement of targets - Rs 10.65 million**

According to Para 148 of General Financial Rules Volume-I, “all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken in charge by a

responsible Government officer who should see that the quantities are correct and their quality good and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register”.

During audit of the Environmental Protection Agency Karachi (PD ARSENIC), it was revealed that the Director General failed to achieve the target of Rs 10.65 million during the year 2010-11 with the pre-determined objectives within the given time framework, on account of “Project Arsenic Contamination in underground water”.

Due to the above the targets were not achieved and management failed to observe the proper control over progress of work.

The matter was reported to the department in Dec 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for non-achievement of targets.

**AIR-24**

#### **1.1.4 Non reconciliation of expenditure - Rs 25.98 million**

As per Rule 41 (a) of Sindh Financial Rules “Department Controlling Officers should see that all sums due to government are regularly received and checked against demand and that they are paid into the Treasury.

During audit of the following offices of Excise and Taxation Department Government of Sindh, it was revealed that reconciliation of the expenditure of Rs 25.98 million was not made during the year 2011-2012.

The details are stated below:-

<b>Sr. No</b>	<b>Name of the Offices</b>	<b>Head of account</b>	<b>Para No.</b>	<b>Rupees in million</b>
1	Excise and Taxation Officer(Property Tax-I) Hyderabad	Expenditure	02	12.00
2	Excise and Taxation Officer (M.R. Wing) Hyderabad	Expenditure	02	8.24
3	Excise and Taxation Officer Matiari	Expenditure	02	5.74
<b>Total</b>				<b>25.98</b>

Non-reconciliation of expenditure shows weak internal control.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **1.1.5 Late deposit of government receipt - Rs 721.74 million**

As per Rule 4 General Financial Rule, it is primary duty of the Officers concerned to see that dues of government are correctly and promptly assessed, quickly realized and immediately deposited into government treasury.

During audit of the Excise and Taxation Officer (MRA) Civic Centre Karachi, it was revealed that the deposit of government receipts of Rs 721.74 million were delayed as these were received through pay orders on daily basis but were deposited after 3 to 5 days into National Bank of Pakistan Civic Centre Branch, which was clear violation of the above provision of law.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for late deposit of government revenue.

**AIR-2& 9**

#### **1.1.6 Less booking of government revenue - Rs 275.76 million**

As per instruction contained in Treasury Rule read with General Financial Rules, the government money realized in any head of account should have to be reconciled with District Accounts Officer/Treasury Officer concerned in order to verify the fact that the government money has been credited into relevant head of accounts.

During audit of the Excise and Taxation Officer (MRA) Karachi, it was revealed that the officer failed to reconcile the record with the accounting office as it was observed that departmental annual collection was Rs 2,519.02 million during the year 2011-12, as compared with the reconciled statement Rs 2,733.56 million, as verified by the accounting office. Hence there was a difference of Rs 275.76 million between the departmental collection and accounting office figures.

It was noted that in Jan and Apr 2012 the collection suddenly decreased, whereas in rest of the months the departmental collection was found increased. The Accountant General Sindh verified and reconciled this abnormal departmental collection.

Non-reconciliation of revenue shows weak internal control.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for recording incorrect figures of revenue.

**AIR-10**



### **1.1.7 Issuance of fine challans without head of account - Rs 32.49 million**

According to the NAM Training Manual issued under PIFRA project under which each government receipts had been classified as Major & Minor Sub-heads, these chart of Classification is applicable i.e. 01-07-2004 (2004-2005).

During audit of the Superintendent of Police, Traffic Zone-V, it was revealed that in the office of, the Traffic Challan Vouchers was issued to the owner of the Public & Private vehicles, for deposit of fine imposed during the road snap checking of the vehicles, without allocation of head of account.

The revenue on account of traffic Challans was not reconciled from National Bank of Pakistan. Due to non-allocation of Head of Account a huge amount were lying un-accounted for in the number of branches of National Bank of Pakistan which reflected lack of internal controls and financial discipline.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of non reconciliation of traffic challans from National Bank of Pakistan besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 12 & 13**

### **1.1.8 Non-achievement of target of Abiana - Rs 7.21 million**

Target for the collection of Abiana for Area Water Board Mirpur Mathelo and Ghotki was Rs9.942 million for the year 2011-12 fixed by the authority.

During audit it was revealed that the Director Area Water Board Ghotki, failed to achieve a target allotted for realization of Abiana and an

amount of Rs7.21 million was short realized from target of Rs 9.94 million. The department only achieved Rs 2.72 million.

Due to non-achievement of target of revenue government sustained loss.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-achievement of target of revenue.

**AIR-5 & 6**

### **1.1.9 Unauthorized re-appropriation of funds - Rs 33.94 million**

According to the notification issued by the Government of Sindh, Finance Department Karachi vide # B/2 (63)/78 part-II/20 dated 30th November, 1981, “the funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the competent authority”. Further, Rule-178 of Sindh Budget Manual states that an officer of the Government has no power to sanction any appropriation out of funds placed at his disposal for a central (agency) subject. The administration department may re-appropriate funds from one primary unit to any other such unit provided that:-

1. No re-appropriation is made from one grant to another.
2. Funds allotted for non voted expenditure items or vice versa: and
3. No re-appropriation is made to meet any expenditure other than contingent expenditure, which is likely to involve further outlay in a future financial year.

During audit of Secretary General Administration Department, for the year 2011-12 it was revealed that the Secretary re-appropriated Rs 33.94 million from various heads of account without showing any future commitment or required additional grant in such head of accounts. It was observed that utilities amount was re-appropriated for purchase of vehicles despite of

additional grant of Rs 14.80 million which was in violation of government rule. Moreover in the month of Jun 2012 re-appropriation from various heads of accounts were made for only single head of account (Others).

The management failed to keep a check on the budgeted expenditure causing irregular re-appropriations. The above lapse on the part of management indicates improper watch and absence of systemic internal control.

The irregularity was pointed out to the Department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for irregular re-appropriation of funds.

**AIR-03**

#### **1.1.10 Excess expenditure in grant in aid - Rs 2.43 million**

According to Rule-88 Sindh Financial Rules Volume –I states that the administering a grant is ultimately responsible for watching the progress of expenditure within the grant.

During audit of Sindh Tourism Development Corporation for the year 2011-12 it was revealed that the Managing Director incurred expenditure in excess of Rs 2.43 million than the released grant in aid amounting to Rs 11.00 million under cost centre code KA-4686 allocated to Managing Director Tourism Sindh.

Due to excess payment government sustained loss

The irregularity was pointed out to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate maintenance of bank account besides fixing responsibility for excess expenditure.

**AIR- 5**

### **1.1.11 Savings not surrendered in time - Rs 2.35 million**

As per Rule-128 of Sindh Budget Manual and Rule-95 of General Financial Rules, Volume-I, the Drawing & Disbursing Officers are personally responsible for surrendering the savings to the Government before the close of the financial year.

During audit of the Comptroller Sindh House Islamabad, for the year 2011-12, it was revealed that the savings of Rs.2.35 million were not surrendered by the local office. If the amount was surrendered on proper time, it may be utilized somewhere else.

Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not surrendering savings in time.

**AIR-12**

### **1.1.12 Inadequate classification of assets - Rs 403.534 billion**

In order to establish proper controls over the assets safeguarding, Government of Sindh department should prepare grants object wise rather than only function wise. This practice entails lose control over management of valuable investments.

During audit of the Finance Department, it was revealed that the department failed to bifurcate and adequately classify financial and physical assets of an amount Rs 403.534 billion. Long Term Assets amounting Rs 403.534 billion (2008-09: Rs 315.904 billion & 2007-08: Rs 228.850 billion) are continuously being classified on functional basis rather than object wise.

Due to not bifurcating and object wise classifying the financial and physical assets, chances of misappropriation of government assets cannot be ruled out.

The irregularity was pointed out to the Department in Jul and Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for inadequate classification of assets.

**SAR-4.3(A)**

### **1.1.13 Un-reconciled balances - Rs 8.60 million**

According to Para 34(d) of Sindh Financial Rule Volume-I, “the head of office should compare the Bank’s receipt on the challan with the entry in the cash book before attesting it and satisfy himself, that the amounts have actually been credited into the treasury or Bank.

Further, as a measure of prudent financial management the financial record of office should be reconciled regularly to timely identity discrepancies in financial transactions and to avoid chances of misappropriation.

During the audit of Cadet College Larkana, for the year 2007-08 to 2010-11, it was revealed that there was variation in the official figures maintained in the record, as detailed below:-

<b>S. No.</b>	<b>Particulars</b>	<b>Para of AIR</b>	<b>Rs in million</b>
1	Variation in the fees as per Income & Expenditure statement and fees as per cadets /students strength.	1	2.11
2	Variation between Cash book and Bank Statement for the FY 2010-11 under Dev. A/C 15007-1	18	6.49
<b>Total</b>			<b>8.60</b>

Un-reconciled and unchecked balances can result into misappropriation of funds. Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Jun 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for un-reconciled balances.

#### **1.1.14 Development grants not classified on object basis - Rs 101,478 million**

As per Accounting Policies and Procedures Manual para 10.2.3 each capital project should be represented by a project number as provided in the Chart of Accounts and the expenditure incurred on each development project should further be classified by detailed function and object.

Further refer Accounting Policies and Procedures Manual para 10.4.1.2, which states:

“The transactions recorded for development projects at DAO/AG level shall be coded according to the Chart of Accounts, and provide sufficient detail to allow object-wise reporting for each development project.”

Also refer Hand Book of Accounting Guidelines issued by the Auditor General of Pakistan in which para 4.2.2 states:

“Within these overall requirements, spending entities are required to prepare estimates in a prescribed format. For expenditure, separate estimates are prepared for non-development and development expenditures. This detail is provided by grant number and according to the object and functional classifications laid out in the Chart of Accounts.”

All development grants including SC12052, SC12053, SC12054, SC12055, SC12056, SC12057, SC12058 and SC12059 totaling expenditure Rs 101,478 million are being classified on function basis rather than function cum object-wise in contravention of the above.

Thus expenditure incurred in this manner was not booked function cum object-wise in contravention of the issued directives.

No reply was received from the management till finalization of this report.

The development grants should be classified as function cum object-wise in compliance of the mentioned regulations.

#### **1.1.15 Physical Assets not recorded in fixed assets register - Rs 6.77 billion**

All current capital and current revenue grants contain the account head A09 – Physical assets totalling Rs 6.77 billion. These entries were reported as revenue expenditure in the Financial statements and neither their corresponding entry in the Asset register nor their reporting in government assets were made. Object codes for physical assets are:

F03101	Land and Buildings
F03102	Vehicles
F03103	Plant and Machinery
F03104	Furniture and Fittings
F03105	Livestock
F03106	Civil Works
F03107	Office / Computer Equipment

Due to this non presentation, total assets of the government can never be determined with accuracy.

- Error conditions that could occur due to above may include:
  - Overstatement of revenue or expenditure
  - Misclassification of accounting records
  - Doubt in existence of assets
  - Wrong or over/under valued of assets
  - Inaccuracy in account or amount of accounting records
  - Wrong disclosures or representations
- The detail or break-up of cost is the basic cost control in asset management, it is absent in the present disclosure.

- Cost of the project can be manoeuvred between different cost elements (savings in one head can be adjusted against excess expenditure in other heads) keeping in mind the budgeted total cost of the project.
- Further, Financial statements may lack consistency and completeness, as certain information will be presented using object-wise classification and other as function-wise classification.
- This is also inconsistent with the requirements of Financial Reporting Manual (FRM).

No reply was received from the management till finalization of this report.

The assets should be reported as government assets in the relevant head of account in addition to their entry in the assets register.

#### **1.1.16 State trading stock de-capitalized in long term assets - Rs 26,196.56 million**

During the year 2011-12, an amount of Rs 26,196.56 million relating to State Trading was de-capitalized from long term assets. This amount refers to the difference in total expenditure incurred as Capital Expenditure under Grant 50 of budget, less receipts from and subsidies available to the state trading account. Expenditure includes cost of purchases and other expenses incurred by the Government on purchase of different food items including establishment charges and interest expense. Under this grant a total expenditure of Rs 9,112.26 million was incurred whereas total receipts Rs 35,308.82 million resulting into net deduction in expenditure of Rs 26,196.56 million.

By definition capital expenditure is incurred for the purpose of acquiring, constructing or enhancing physical assets or on schemes of capital outlay, as given by the object code in the Chart of Accounts.

This may results in overstatement of long term assets as well as understatement of current assets.

Expenditure relating to State Trading should be dealt with in receipt and payment account and should not be included in long term assets.



No reply was received from the management till finalization of this report.

The amount in respect of State Trading may be expensed out in the current period through revenue grant.

### **1.1.17 Review of Budget - Rs 492,693 million**

Review of budget 2011-12 lead to the following observations:

1. Actual expenditure deviated from final budgeted expenditure by 22.78% (Last Year: 11%).
2. Total charged expenditure deviated from final charged budget by 33.90% (Last Year: 19%).
3. Total voted expenditure deviated from final voted budget by 22.27% (Last Year: 17%).
4. Total revenue expenditure deviated from final revenue budget by 16.78% (Last Year: 13.62%).
5. Total capital expenditure deviated from final capital budget by 32.65% (Last Year: 10.12%).
6. Total original budget deviated from final budget by 9.92% (Last Year: 4.34%).
7. Increase in debt servicing principal and interest payment budget (current capital and current revenue expenditure) is almost 2% of last year while that in actual expenditure is 17% of last year. While comparing budget and actual expenditure of the same year, only 92% of the budgeted amount was paid in the year 2011-12, which shows poor debt management.
8. There was a shortfall of 14% in actual expenditure as compared to budget in current year
9. Function-wise budget variance was 13.50 %.
10. Object wise revenue budget variance was 21% with the original budget and 13% with the revised budget.

11. Budget deficit analysis is tabled below:

	2011-12	2010-11
Original Budget (Deficit)	(104,015)	(24,150)
Revised Budget (Deficit)	(116,100)	(43,524)
Actual Budget Surplus/(Deficit)	20,384	(27,715)
% age of original Vs. Actual variance	120 %	-15 %
% age of revised Vs. Actual variance	118 %	36 %

12. Difference in Final Grant or appropriation as per Appropriation Account Summary and Statement of Comparison of Budget and Actual Amounts by Function and Statement of Comparison of Budget and Actual Expenditure by Department of Financial Statement was found to be Rs 24.00 billion.

No reply was received from the management till finalization of this report.

The variance with the original and the revised budget may be reduced to its maximum.

### **1.1.18 Long term assets are not object-wise classified - Rs 531.18 billion**

Long Term Assets amounting Rs 531.18 billion (2011: Rs 453.91 billion) are continuously being classified on functional basis rather than object wise. This represents accumulation of yearly expenditure as appeared in Capital Grants of Appropriation Account which are incurred on various schemes of the current and previous years. Object wise detail or break-up of assets in each scheme is not available.

The same audit observation was raised in Management Reports of financial years 2007-08, 2008-09, 2009-10 and 2010-11 but no action was taken to comply with the requirements made in the APPM.

This results in overstatement/understatement in the value of long term assets in the financial statement of Government of Sindh.

We recommend that classification error may be removed on time so that a pervasive effect in the financial statements does not appear in future years.

No reply was received from the management till finalization of this report.

Long Terms assets should always be classified on object basis besides their booking on functional basis.

### **1.1.19 Transfers wrongly classified as investments - Rs 7,530.21 million**

Following transfers were made under Grant No. 47 – Government Investments (NES) of the budget.

<b>A/C Code</b>	<b>Transfers to Financial Institutions</b>	<b>Rs in million</b>
A 06402	Viability Gap Fund	2,000.00
	<b>Transfers to Non-Financial Institutions</b>	
A 06402	Sindh Coal Development Fund	4,518.90
A 06402	Secretary Planning and Development Department	711.31
A11	Sindh Education Reform Program (SERP)	300.00
		<b>7,530.21</b>

The above transfers were made in the Funds created by the Government of Sindh for special purposes; Sindh Bank and Secretaries of Planning and Development were treated as investment of the Government in these entities. Following objections were noted:

- The above mentioned funds were created for non-profit motive, and payment to these funds were booked in “A06402 - Contribution/transfer to fund” head of account which is Head of Account for Transfers. Thus treating such payments as investment is wrong in accounting perspective.
- Any payment to Secretary of an administration for some special purpose may not be treated as investment in the accounting sense.

- Sindh Education Reforms Program and district benevolent fund investments were made in account code A-11, which is wrong classification in strict accounting sense.

This results in overstatement in the value of investment and understatement in the value of transfers in the financial statement of Government of Sindh.

No reply was received from the management till finalization of this report.

The above mentioned transfers may not be treated as investments.

#### **1.1.20 Investments without return on investments - Rs 254.42 million**

Refer para 8.4.5 of Hand Book of Accounting under heading “valuation of assets”

“Under the modified cash method of accounting, assets will be recorded in the books at historical values. However, this does not preclude the establishment of more meaningful values where it is of use to managers. For example, it would be prudent to record the market value or land and building assets in the asset register.”

Since continuous noting in management reports of financial years 2007-08, 2008-09, 2009-10 and 2010-11, no evidence was provided by the Finance Department or AG Sindh in respect of following government investments. The value of such investments appearing in the financial statements seems un-usual. Apparently these investments in the financial statements represent the initial value at cost of investment and any increase/decrease in the market value of investments has not been accounted for.

Material differences may arise in the value of investments reported and the actual position.

<b>Description</b>	<b>Investment at the year end (Rs in million)</b>
Sugar Mills Limited	3.00
Federal Bank for Cooperative	10.00
Sindh Provincial Co-operative Bank	21.42
Pakistan Textile City Limited	200.00
Karachi Urban Transport	15.00
Floor Mining Corporation	5.00
<b>Total</b>	<b>254.42</b>

Further it was observed that none of the investments made above carried any return for any period of our review. Moreover investment in Floor Mining Corporation represented negative balance since last year but this year an investment of Rs 24.9 million was injected in the entity, which implied that such amount was payable by the Government of Sindh to the corporation. Similarly further investment of Rs 2 million was made during the year in Sugar Mills Limited account for which no details were available.

This results in understatement/overstatement in the value of investment in the financial statement of Government of Sindh. Making investments in non profitable ventures is wastage of public money and incurs loss in the long run.

No reply was received from the management till finalization of this report.

Unprofitable investments may be liquidated and funds may be invested only in profitable ventures. Reconciliation of Investments with respective institutions is necessary to mitigate the risk of variances. Proper maintenance of investment record is needed.

#### **1.1.21 Long outstanding loans and advances - Rs 23,275.77 million**

1. Long outstanding loan balances amounting to Rs 23,275.77 million against various institutions were appearing in the financial statements of Government of Sind as closing balance.

2. No interest was received on outstanding balance of loans and advances.
3. There are various long outstanding loans balances against various institutions since transfer by AG West Pakistan after disintegration of one unit. During the course of audit no movement in these balances was observed. Further, the authenticity of these loan balances could not be verified from the record.

This implies inadequate controls over the financial reporting and management process. Long outstanding balances inflate the balance sheet position and may influence the financial statement users.

No reply was received from the management till finalization of this report.

All the due loans should be recovered with interest. Further Loans and advances need to be reconciled with borrowers at regular intervals and adequate documentation of the same should be maintained.

#### **1.1.22 Unadjusted/un-realized current assets - Rs 1,907 million**

While reviewing current assets following observations were noted:

##### **Receivables**

- O.B. Advances (Civil) Rs 5.06 million
- Special Advances Rs 1.71 million
- Payment for fertilizer Rs 1.84 billion
- Civil departments balance Rs 3.09 million

##### **Other Receivables**

- Account with Government of India Rs 4.66 million
- Account with Government of Burma Rs 0.37 million
- East Pakistan suspense Rs 4.54 million

##### **Other Assets**

- Account with the State Bank of Pakistan Rs 16.16 million

Appropriate measures should be taken in respect of recovery or settlement of long outstanding balances in order to present a true and fair picture of the financial position of the entity.

No reply was received from the management till finalization of this report.

The receivable loans should be recovered from the departments and other bodies without delay. Further Receivables and advances need to be reconciled with borrowers at regular intervals and adequate documentation of the same should be maintained.

**1.1.23 Un-reconciled difference between book and bank balances - Rs 955.28 million**

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

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

Following un-reconciled differences in book balance and bank accounts were noticed:

	<b>2011-12</b>
	<b>(Rs in million)</b>
Provincial Account Current period 2011-12	417.31 Dr
Provincial Account Previous period 1995-11	537.97 Dr
Net	<b>955.28 Dr</b>

Monthly bank reconciliations are carried out by the Accountant General Sindh, therefore such differences should not arise.

Moreover, this is a case of non observance of the requirements of APPM for preparation of bank reconciliations on specified formats.

It was observed that cash balance was un-reconciled for many years. The un-reconciled balance accumulates each year and no reconciliation was made for the last many years. The un-reconciled amounts were accumulated to Rs 504.71 million till close of year 2011-12.

The above practice raises a doubt regarding the accuracy and reliability of the data used by the government in preparing the financial statements and misleads the user of the financial statements about the true and fair position of the state of affairs of the government.

Inadequate follow up procedures may result in long outstanding unresolved balances appearing in the financial statements and entail future complications.

We recommend that these balances should be reconciled as soon as possible.

No reply was received from the management till finalization of this report.

Timely reconciliation may be prepared and the past un-reconciled amount may be got reconciled without delay.

#### **1.1.24 Negative debt balances appearing in permanent debt - Rs 1,096.83 million**

Public Debt Management Law provides; for minimizing the probability of misuse or waste of borrowed resources, restricting the amount of aggregate borrowings both in absolute and relative terms to ensure that debt servicing remains within reasonable limits (sustainability) and ensuring transparency and efficient management of debt.

Analysis of public debt reveals negative balances amounting to Rs 1,096.83 million. These balances represent payments made in respect of advances and settlements but were wrongly classified as debits in permanent



debt. However, we have not been provided with any documentation in this regard:

The negative balances represent posting of payments classified under inappropriate heads of account and as a result we have a debit (negative) balance against a liability thus understating the liability. This implies weak controls over financial reporting and makes financial statements unreliable for decision making purpose.

Posting of repayments against the loans should be carried out meticulously. The debt balance and advances need to be reconciled on a top priority basis for correct accounting.

No reply was received from the management till finalization of this report.

Negative balances in liabilities reflect mistakes in accounting entries which may be got rectified.

#### **1.1.25 Long outstanding debt balances - Rs 26.70 million**

Floating debt is principally applied for borrowing of temporary nature such as Treasury Bills or Ways and Means advances from the State Bank of Pakistan which is to be paid within 12 months. However, there were no movement in the opening balance during the year and no interest on the same were paid.

<b>Description</b>	<b>Total Debt liability</b> (Rs in million)
Opening Balance	26.70
Closing Balance	26.70

The term "Permanent Debt" covers such loans as are borrowed by the Government in open market for the period of more than twelve months. Initially an amount of Rs 1.43 million adopted on the 1<sup>st</sup> Jul 1971 in respect of the disintegrated West Pakistan was transferred from Accountant General Punjab Lahore. The balance appearing in this account is debit i.e. over payment were made of Rs 1,102 million and approximately Rs 22 million is still outstanding since 1958.

<b>Description</b>	<b>Unrecorded debt receipts</b> (Rs in million)
Opening Balance	1,098.28
Closing Balance	1,096.83

This may result in overstatement of liabilities and understatement of interest expense. Further, monitoring and control measures on floating debt appear deficient.

We recommend that all loans raised are recorded and presented accordingly. Proper monitoring and control procedures should be established for financial reporting process.

No reply was received from the management till finalization of this report.

Liabilities may be limited to a certain maximum limit and incurred only on need basis and may be cleared.

#### **1.1.26 General ledger for loans was not provided to audit - Rs 31,926 million**

According to Section 14 (2) the Auditor-General's (Functions, Powers and Terms and Conditions of Service Ordinance, 2001), 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.

In the office of the AG Sindh for the year 2011-12 it was observed that estimates of various loans were mentioned in the budget of 2011-12, but the loan wise General Ledger was not provided to audit for verification.

Without having loan wise general ledger, the updated position of loans could not be authenticated.

The relevant record must properly be maintained and kept updated.

No reply was received from the management till finalization of this report.

The auditable record may be produced to audit for verification.

#### **1.1.27 Classification errors in the financial statements - Rs 13.47 million**

It was observed that there are payments and receipts on account of various account items which were booked in wrong head of account. A correction entry was required for Rs 13.47 million in certain object codes.

No reply was received from the management till finalization of this report.

The misclassification in accounts may be rectified

#### **1.1.28 Inconsistency in the presentation of financial statements**

Financial statements of the government of Sindh are presented on the prescribed format approved by the Auditor General of Pakistan. This format is reviewed every year for due consideration and improvement of the presentation of accounts in the financial statements. Consistency in the presentation is the basic accounting principle which should always be followed so that users of the financial statements are not misled or misinformed. The first statement of receipts and payments is presented object wise and notes to the accounts reflect object wise breakup of such line items. One line item in this statement is payments of districts government. The break of this line item in Note 25 of the accounts is presented function wise, which is inconsistent with the overall presentation of the financial statements.

Comparability of provincial figures with that of district ones is not possible for the users of the financial statements.

No reply was received from the management till finalization of this report.

For comparability of figures of provincial and district governments, these should be reported object as well as function wise as suggested in APPM.

### **1.1.29 Pre-numbering or serial numbering of vouchers in sections**

During all certification audits from 2006-07 to 2011-12, it was observed and reported that vouchers in each section are neither pre-numbered nor serially numbered and are lying in haphazard manner. Although Token Number is allotted to every bill passed through the SAP R/3 system but placing of bill in order of token number is not the norm. Further, it is not possible for the audit team to select bills token number wise as section do not contain any token number wise list of vouchers showing their amount and other information pertaining to the bill.

Selection of vouchers according to FAM is not possible due to this practice and no control of record maintenance can be established in this manner.

No reply was received from the management till finalization of this report.

It is suggested that paid vouchers should be assigned a unique number and should be kept in shelves in appropriate order so that their retrieval could be easy and sure.

### **1.1.30 Reporting debits in credit accounts and vice versa - Rs 1,184.78 million**

In any cash basis accounting system, there could be no negative receipt and no negative payment. Negative balances can only arise if any payment or receipt is excess booked in contra and corresponding payment or receipt could never be or short booked. Thus it may be implied that any negative balance is a wrong entry which must be corrected in timely manner.

During previous years audit identified various negative balances which were adjusted all through these years. This exercise reduced balance to 24% i.e. approximately Rs 22 billion balances were corrected. In the year 2009-10 this balance was reduced to 4% eliminating Rs 5.6 billion. During previous year this balance has also been reduced to Rs 1,184.78 million (2% of last year). This effort of AG Sindh is highly appreciable.

The negative balances represent posting of payments/receipts in inappropriate heads of account and as a result we have a debit/credit (negative) balance against a liability/asset thus understating the liability/asset. This implies weak controls over financial reporting and makes financial statements unreliable for decision making purpose.

No reply was received from the management till finalization of this report.

Posting of repayments against the loans should be carried out meticulously. The debt balance and advances need to be reconciled on a top priority basis for correct accounting.

### **1.1.31 Un-reconciled inter government balances - Rs 4,134.58 million**

Certain un-reconciled inter governmental balances amounting to Rs 4,134.58 million were appearing in the finance accounts. The reason being that the existing procedures to reconcile inter governmental transaction has not been applied.

The un-reconciled inter government balances imply incorrect postings and inadequate controls. Misclassification or wrong booking of transaction may affect presentation of financial statements.

No reply was received from the management till finalization of this report.

Inter government reconciliations should be periodically performed and the balances settled accordingly.

### **1.1.32 Non-reporting of correct amount in pension fund - Rs 28.3 billion**

Pension is an important part of the budgeting process. A sum of Rs 5 billion (grant no 47) was transferred in the pension fund this year. It was observed that an amount of 23.3 billion was transferred in all previous years since year 2002-03 in creating pension fund for future pension payments. But since inception of this fund no reporting has been made in this regard. This year only current transfer amounting Rs 5 billion has been reported as investments in financial statements and there is no indication of previous transfers in the financial statements. Such representation shows that fund is only created in the current year while it is not the fact and this treatment is a gross negligence on the part of the Finance department and AG Sindh.

Due to this wrong entry during the year 2011-11 and during previous years surplus were understated by the same amount and current year's salaries and employee benefits were overstated.

No reply was received from the management till finalization of this report.

It is suggested that correcting entry should be made in the financial statements of current financial year to depict a true and fair view of such statements.

### **1.1.33 Expenditure in excess of budget allocation - Rs 7,909.13 million**

According to Para-88 of General Financial Rules (GFR) Volume-I:

“The authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant”

According to Para-55 and 97 of General Financial Rules (GFR)  
Volume-I:

"No expenditure should be made for which no prescribed limit were specified in the original budget estimate of the current financial year. In all applications for sanction of expenditures, it should be distinctly stated: whether provision for the proposed charge has, or has not been made in the budget estimate of the year and if it has not been made whether the funds can be validly re-appropriated."

According to the Article 158 of Audit Code:

“audit is responsible for watching firstly that the total expenditure under a grant or appropriation does not exceed the amount of that grant or appropriation as specified in authenticated schedule of authorized expenditure and secondly that the total expenditure on each of the sub heads fixed as units of appropriation under a grant or appropriation does not exceed the allotment thereof as modified by orders of re-appropriation passed by competent authority from time to time.”

While scrutinizing the appropriation accounts it was observed that an expenditure of Rs 7,909.13 million was incurred in excess of the allocation.

No reply was received from the management till finalization of this report.

The expenditure should be incurred keeping in view budget allocation and excess expenditures should be avoided at all costs.

#### **1.1.34 Review of public account’s net liability - Rs 88,391.37 million**

As per prudent financial management assets (especially more liquid assets) should always be maintained in excess of liabilities.

Net liability appearing in the public account is Rs 88.39 billion, however, bank balances of the provincial and district government as reported by State Bank of Pakistan amounts to approximately Rs 10.949 billions. The

liabilities of the public account significantly outweigh the cash balance available.

Further, no documentation for verification of the said balances or clarification was made available for audit purposes.

Government has a fiduciary duty in relation to public account. Ideally speaking government should have cash balances equating the liabilities of Public Account. It appears that Public Account money was used to finance Consolidated Fund expenditure.

No reply was received from the management till finalization of this report.

It is suggested that adequate controls be established over the financial reporting and reconciliation systems and dormant balances be dealt with accordingly.

It is suggested that a thorough scrutiny of Public Account should be undertaken. There is a need for separate bank account to manage the position of cash relating to Public Account.





## CHAPTER-2

### AGRICULTURE DEPARTMENT

#### 2.1 Introduction

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

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

One-fourth of total output of GDP and 45 per cent of total employment is generated by Agriculture sector. Majority of the population of province living in rural areas is directly or indirectly engaged in agri-business for their livelihood.

#### Agricultural Statistics of Sindh Province

➤ Total Area	14.090 Million Hectare
➤ Cultivated Area	4.870 Million Hectare (35%)
➤ Un-cultivated Area	6.770 Million Hectare (48%)
➤ Forest Area	1.030 Million Hectare (7%)
➤ Cultivable Wasteland	1.420 Million Hectare (10%)

#### Agricultural Products of Sindh

➤ Rice	36 % of National Production
➤ Sugarcane	29 % of National Production
➤ Cotton	34 % of National Production
➤ Wheat	15 % of National Production

Source: [www.sindhagri.gov.pk](http://www.sindhagri.gov.pk)

## 2.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 105 formations (DDOs), out of which 51 formations were selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Supplementary Grant	Final Grant 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
5,898.47	4,743.18	10,641.65	9,726.96	914.69

## 2.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
18	07	11	39

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 18 paras were discussed cumulatively in respect of Agriculture Department. The department made compliance of 07 paras and 11 paras were left unattended or compliance not made. The percentage of compliance comes to 39%.

## 2.4 AUDIT PARAS

### 2.4.1 Mis-appropriation of government funds - Rs 12.11 million

According to Appendix 18-A of Sindh Financial Rules, “every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence.”

During audit of Rice Research Station, Thatta for the year 2008-09 to 2010-11, it was revealed that the Deputy Director showed less cultivated area for the following crops during the year 2010-11, whereas abiana and water charges bill of mukhtyarkar, revenue, Thatta showed that excess area was cultivated. Due to the showing less cultivated area; the government sustained a loss of Rs 12.106 million.

Sr. No	Name of Crops	Para No.	Rupees in million
1	Rice and Wheat	09	9.95
2	Burseen	16	2.16
		<b>Total</b>	<b>12.11</b>

The management failed to present the correct area under cultivation resulting in misappropriation of funds to the stated extent.

The matter was reported to the department in Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of funds.

### 2.4.2 Non-production of challans - Rs 1.25 million

According to Section 14 (2) and (3) of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in

as complete a form as possible and with reasonable expedition. Further any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During audit of Agriculture Research Institute Tandojam, for the year 2011-12, it was revealed that the Director deposited an amount Rs 1.25 million from sale proceeds of crops of cotton, wheat, etc but the challans were not produced to audit for verification. Moreover, the entries in the cash book were also not recorded.

Due to non-production of record, the authenticity of the expenditure incurred could not be verified

The matter was reported to the department in Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR#02**

### **2.4.3 Loss to government due to less income against expenditure - Rs 3.54 million**

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

During audit of Rice Research Station Thatta, the record revealed that year wise income on the total production of wheat and rice was shown less by the department during the year 2008-09 to 2010-11 in comparison of total expenditure incurred by the department on the cultivation of above wheat and rice crop.

Due to showing less income on the sale proceed of wheat and rice, the government sustained a loss of Rs 3.54 million

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditures in excess of revenues in respect of cultivated crops.

**AIR-13**

#### **2.4.4 Non realization of quality premium - Rs 1.74 billion**

As per Notification issued vide No. 8(142)/SO/(Ext)/2011 dated 25-10-2011, all management of Sugar Mills in Province of Sindh should pay quality premium to the cane growers at the rates fifty paisa per 40Kg.

During audit of Cane Commissioner Sindh, Hyderabad, it was revealed that the management did not recover the quality premium of Rs1.74 billion from the sugar mills during 2011-12. This was a serious lapse on the part of the management. Management failed to recover quality premium hence government sustained a loss to the stated extent.

The lapse indicates improper watch and absence of internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to recover quality premium.

**AIR#02**

#### **2.4.5 Non-recovery of penalty imposed upon sugar mills - Rs 16.16 million**

As per Rule 5 (1) of the Sugarcane (Development) Cess Rules, 1964 requires a sugar mill to deposit sugarcane cess within five days of close of a fortnight. In case of default the Cane Commissioner or any other authorized officer may impose penalty not exceeding the amount of cess.

During audit of Cane Commissioner Sindh Hyderabad, it was revealed that 100 per cent penalty of Rs16.16 million of development cess was not recovered from the sugar mills. The Cane Commissioner Sindh has still not imposed penalty on sugar mills. Management failed to recover penalty which resulted into loss to the government.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to recover development cess form sugar mills.

**AIR#03&04**

#### **2.4.6 Non-recovery of outstanding dues - Rs 8.18 million**

According to Rule-28 of General Financial Rules, “no amount due to Government should be left outstanding without sufficient reasons and where any dues appear to be irrecoverable; the orders of competent authority for their adjustment must be sought”.

In the following two offices of Agriculture Department an amount of Rs 8.18 million was outstanding against various Irrigation Divisions during the year 2011-12 on account of hiring charges of bulldozers.

The details are as under:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in Million</b>
01	Agriculture Engineer, Agriculture Engineering Workshop, Tandojam	01	Hiring charges of Bulldozers	8.17
02	Agriculture Engineer, Agriculture Engineering Workshop, Sukkur	06	Hiring charges of Bulldozers	0.01
<b>Total</b>				<b>8.18</b>

Management failed to recover dues which resulted in loss..

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Oct 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to recover the hiring charges of bulldozers.

#### **2.4.7 Short realization of sugarcane development cess - Rs 3.20 million**

According to Rule 3 (1) and (3) of the Sugarcane (Dev.) Cess Rules 1964, the cess is to be paid by sugar mills within five days of close of each fortnight (5th and 20th of each month) at the rate of Rs 0.50 per 40Kg. During crushing season 2011-12, the share of 0.25 per 40Kg of growers was waived off by competent authority vide letter No.8(249)SO(Ext)/2011 dt. 16-01-12.

During audit of the Cane Commissioner Sindh, Hyderabad, it was revealed that the development cess worth Rs 3.201 million was not recovered from the sugar mills during 2011-12, which resulted into loss to government.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to recover the sugarcane development cess.

**AIR#01**



#### **2.4.8 Advance payment of rent without obtaining bill - Rs 2.61 million**

According to Para 668 of Federal Treasury Rules, "advances granted under special orders of the competent authority to officers/officials for Departmental or allied purposes may be drawn on the responsibility and receipt of the Officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary",

During audit of the Programme Monitoring Unit, National Programme for Improvement of Watercourses Karachi, and its four regional offices of Hyderabad, Mirpurkhas, Sukkur and Larkana, it was revealed that the Project Director paid an amount of Rs 2.61 million to Managing Director, M/s Wah Industries Ltd, Wah Cantonment on account of advance rent of eleven months without obtaining bill from the concerned.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to watch the laid down procedures of payment.

**AIR#11**

#### **2.4.9 Unauthorized expenditure on account of TA/DA - Rs 1.93 million**

As per instructions of Government of Sindh vide No. SO(A)RD 17-69/86/1120 dated 28-9-1998, no TA/DA claim can be entertained without prior approval of tour programme in the public interest.

During audit of various offices of Agriculture Department it was revealed that expenditure of Rs1.932 million on TA/DA was incurred during 2011-12 without prior approval of tour programme and countersignatures on TA bills in violation of above instructions.

The details are as under;

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
01	Director Agriculture Research Institute, Tandojam	11	TA/DA	1.49
02	Cane Commissioner Sindh, Hyderabad	06	TA/DA	0.44
<b>Total</b>				<b>1.93</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the departments in Aug 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to watch the laid down TA/DA payment procedures.

#### **2.4.10 Sale of crops without open auction - Rs 1.19 million**

According to Para 167 of General Financial Rules, “Stores which are reported to be obsolete, surplus or unserviceable may be disposed off by sale or otherwise under the orders of Competent Authority to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value”,

During audit of the Agriculture Research Institute Tandojam, for the year 2011-12, it was revealed that the Director sold crop produce of Rs 1.19 million to various persons / contractors without open auction.

This was serious lapse on the part of management and indicates improper watch and absence of internal controls.

The matter was reported to the departments in Aug 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failing to watch the laid down procedures for sale of crops.

**AIR#06**

#### **2.4.11 Non utilization of different items - Rs 3.04 million**

As per Rule 11 of General Financial Rules, “each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers”.

During audit of Agriculture Research Hyderabad, for the year 2011-12, it was revealed that the Director General incurred an expenditure of Rs 3.04 million on purchase of different items but the utilization report was not shown to audit.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the departments in Aug 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not utilizing the purchased items.

**AIR-02, 05 and 9**

#### **2.4.12 Splitting up of expenditure - Rs 1.88 million**

As per Rule 12 “Limitation on Splitting or Regrouping of Proposed Procurement” of Sindh Public Procurement Rules, 2009 “(1) Save as otherwise provided and subject to the regulations made by the Authority, a procuring agency shall prepare, in accordance with Rule 11, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

As per Para 146 of General Financial Rules, purchase/work orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders

During audit of following offices of Agriculture Department, it was revealed that an amount Rs 1.88 million was incurred on printing work by way

of split up of the purchase orders to avoid sanction of competent authority as detailed below:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>year</b>	<b>Rupees in Million</b>
01	Sugarcane Specialist, Agriculture Research Institute, Tandojam	01, 04	DAP Urea/POL, Transport, Machinery, others, etc	2011-12	0.71
02	Director Agriculture Research Institute, Tandojam	07	Printing work	2011-12	0.52
03	Cotton Botanist, Agriculture Research Institute, Tandojam	01	Purchase of DAP and Urea	2011-12	0.32
04	Deputy Director Rice Research Station, Thatta	01	Purchase of Fertilizer	2010-11	0.33
<b>Total</b>					<b>1.88</b>

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the departments in Aug 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for splitting up expenditure.

#### **2.4.13 Un-authorized appointments of contingent paid staff - Rs 1.00 million**

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

During audit of the Rice Research Station Thatta, the Director paid Rs 1.00 million during the year 2010-11 to contingent paid staff for which no approval from the Finance Department was obtained.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the departments in Aug 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment to contingent staff without approval of Finance Department.

**AIR-11**

#### **2.4.14 Non-accountal of store items - Rs 16.40 million**

As per rule 113 of Sindh Financial Rules, “All materials received should be examined, counted and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Registers”.

During audit of various offices of Agriculture Department an expenditure of Rs 16.40 million was incurred during the years 2010-11 & 2011-12, on purchase of various items, but the same were not accounted for in the relevant stock registers. The details are at annexure-2.

Due to non-accountal of articles in the relevant stock register the authenticity of the procurement and its consumption could not be ascertained.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the departments in Sep and Oct 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non accountal of stores.

## CHAPTER - 3

### ANTIQUITIES DEPARTMENT

#### 3.1 Introduction

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

#### 3.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 5 formations (DDOs), out of which only 02 formations was selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget/Grant</b>	<b>Supplementary Grant</b>	<b>Final Grant 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
-	64.52	64.52	49.39	15.13

#### 3.3 Brief comments on the compliance of PAC directives

No para was discussed in the PAC during previous year.

### **3.4 AUDIT PARAS**

#### **3.4.1 Doubtful expenditure on allowing excess rate - Rs 8.55 million**

As per standards of financial propriety, as provided in para 10 of the General Financial Rule, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Director Conservation Karachi, for the year 2011-12 it was revealed that an expenditure of Rs 8.55 million was incurred on steel by allowing 100% excess in the rate of scheduled items.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012, Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for allowing excess payment.

**AIR-02**

#### **3.4.2 Payment on reduced rates without approval - Rs 16.64 million**

As per clause 17 of the Contract, if at any time before the payment to the contractor or refund of security deposit, it is the duty of the Executive Engineer to ensure that the work executed if un-sound or improper and quality of work done were inferior or defective, if it happened so, the contractor may be asked to rectify or remove the defects and reconstruct the work so specified in the estimate Schedule B as a whole or part as the case may be.

During audit of the Director Conservation Karachi, for the year 2011-12 it was revealed that an amount of Rs 16.64 million was paid to the contractor on reduced rates on execution of different items of work, without preparation of rate analysis and approval of the competent authority. The payment at

reduced rates implies that either the work was below specification or defective in nature.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for allowing payment on reduced rates without preparation of rate analysis.

**AIR-03**

### **3.4.3 Expenditure without tenders - Rs 1.51 million**

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

During audit of Director Archives Karachi for the year 2011-12 it was revealed that the office incurred an expenditure of Rs 1.51 million but the tenders were not called for. The make and brand of the split Air Conditioners were not known. The purchases were made in the month of Jun, 2012 to avoid lapse of funds.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditure without tenders.

**AIR-06**



#### **3.4.4 Unjustified payment of secured advance - Rs 117.11 million**

As per para 228 (a) central public works account code stated cases in which a contractor whose contract if four furnished work, require as advance on the security of material brought to sight. Divisional officer may in such case sanction advance up to 75% the value of such material provided that they are of imperishable in nature and that the formal agreement is drawn with the contractor under which government secures a line on materials.

During audit of Director conservation Karachi for the year 2011-12 it was revealed that Rs 117.11 million were paid to the contractor on account of secured advance against material brought to site without having work of any steel or other such type of work secured advance of steel was paid against the wood work which is gross negligence on the part of management. The advance register and the monthly account on Form (70) were not maintained.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012, Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unjustified payment of secured advance.

**AIR-05**

#### **3.4.5 Un-authorized award of work over estimated cost - Rs 17.81 million**

“A revised estimate must be prepared when the sanctioned estimate is likely to be exceeded by more than 5%”, As per Para 69 of C.P.W.D Code.

During audit of Director Conservation Karachi for the year 2011-12 it was revealed that an amount of Rs 17.81 million was paid instead of sanctioned estimate cost. The contractor was allowed market rates by the department in violation of the above rule.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment at market rates.

**AIR-10**

### **3.4.6 Doubtful expenditure on allowing rate of Burma Teak wood - Rs 4.58 million**

As per Standards of Financial Propriety as provided in para10 (1) of the General Financial Rule, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Director Conservation Karachi for the year 2011-12, it was revealed that an expenditure of Rs 4.58 million was incurred on purchase of Burma teak wood without specifications, rate analysis report or scheduled rate duly approved by the steering committee.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility on the person at fault.

**AIR-11**

### **3.4.7 Non clearance of PWD deposits - Rs 152.54 million**

Para 170 of Account Code, Volume-III states: “Outstanding items under Deposit Register should be cleared/adjusted at the close of financial year “ further para 399 (iii) Central Public Works states: “ The balances un-claimed for more than three complete account years should be credited to the Government as lapsed deposits.”.

During audit of Director Conservation Karachi for the year 2011-12, it was revealed that an amount of Rs152.54 million was lying in P.W.D. Deposits (Deposits Misc. Part V) Form 78 as on 30.6.2012 without any justification.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not clearing PWD Deposits.

**AIR-15**

### **3.4.8 Non accountal of articles - Rs 14.02 million**

“All material received should be examined, counted, measured or weighed as the case may be when delivery is taken and they should be taken by a responsible Government officer who should see that the quantities are correct and their quality is good and record certificate that he has actually received the materials and recorded them in the appropriate stock register”, Rule113 of Sindh Financial Rules.

During audit of various offices of Antiquities Department, for the year 2009-10 it was revealed that an expenditure of Rs 14.02 million was incurred on purchase of various items but the same were not accounted for in the relevant stock registers and the purchase were made in Jun, 2010. The consumption record was also not available.

The details are as under;

<b>Sr.</b>	<b>Name of office</b>	<b>Particulars</b>	<b>Para No.</b>	<b>Rupees in million</b>
1	Director, Heritage Antiquities Department, Karachi.	Other items	03	0.34
2	Director, Archives Antiquities Department, Karachi.	Printing and Publication Articles	05	0.69
3	Director, Archives Antiquities Department, Karachi	Machinery and Equipment	02	12.99
<b>TOTAL</b>				<b>14.02</b>

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of articles.



## CHAPTER - 4

### AUQAF, RELIGIOUS AFFAIRS, ZAKAT & USHR DEPARTMENT

#### 4.1 Introduction

The department was created to perform the following functions:

- To maintain and regulate prominent shrines, mosques and other waqf properties.
- To provide maximum facilities to zaireen, who pay visits to various shrines, dargahs etc.
- To construct musafir khanas, langar khanas, lavatories etc. at the shrines/dargahs.
- To extend welfare/financial assistance out of its self generated funds to orphans, destitute and disabled persons, on yearly basis.
- To generate revenue from the waqf properties, contracts, rents and lease etc. so that the same amount be utilized on maintenance and reconstruction of old shrines, dargahs and mosques.
- To assist and coordinate Hajj trainings to group leaders and the intending pilgrims, district wise.
- Further department has following functions under Sindh Rules of Business, 1986;
  - Zakat and allied matters.
  - Ushr and allied matters:
  - Services matters except those entrusted to the Services, General Administration and Coordination Department.
  - Islamic studies and research, including holding of seminars, conferences and meetings on related Subjects.
  - Islamic moral standards.
  - Printing and publication of the Holy Quran.
  - Training and education of ulema and khatibs.
  - Tabligh.
  - Nazim-e-salat.

#### **4.2 Comments on the Budget and Accounts (Variance Analysis)**

The Department consists of 26 formations (DDOs), out of which 01 formation was selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget/Grant</b>	<b>Supplementary Grant</b>	<b>Final Grant 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
595.13	(11.54)	583.59	67.30	516.29

#### **4.3 Brief comments on the compliance of PAC directives**

As no para was included in previous audit reports as such requires no comments.

## **4.4 AUDIT PARAS**

### **4.4.1 Non production of acquisition of land record - Rs 500 million**

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

During audit of Auqaf, Religious Affairs, Zakat & Ushr Department, for the year 2011-12, the Secretary transferred an amount Rs 500 million to Deputy Commissioner, Jamshoro for the purpose of acquisition of land. The Finance Department allocated an amount of Rs 878.805 million under the head of account A09101 Land & Building to the Secretary Auqaf, Religious Affairs, Zakat & Ushr Department Government of Sindh, for expansion and development of Durgah Hazrat Lal Shahbaz Qalandar (R.A). The remaining amount was surrendered.

The audit is of the view that documents in support of the expenditure of amount transferred to Deputy Commissioner, Jamshoro for acquisition of land should were provided. As such the expenditure so incurred without providing record was treated as doubtful.

The matter was reported to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not maintaining relevant record of the purchase of land.

**AIR # 01**





## CHAPTER - 5

### BOARD OF REVENUE

#### 5.1 Introduction

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

#### 5.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 76 formations (DDOs), out of which 44 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Final Grant 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
5,964.56	20,959.74	26,924..30	21,728.96	5,195.34

#### 5.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
22	0	22	0

Audit Reports for the year 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 22 paras were discussed cumulatively in respect of Board of Revenue Department. The department made no compliance of PAC directives as yet.

## 5.4 AUDIT PARAS

### 5.4.1 Non-production of record - Rs 71.99 million

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Moreover any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action As per Efficiency and Discipline Rules".

During audit of various offices of Board of Revenue Department, during the year 2011-12, it was revealed that expenditure of Rs 71.99 million was incurred on account of establishment charges, travelling and daily allowance, office rent and registration charges. The required record the expenditure incurred and that of allotted and leased land was requisitioned by the audit team but the same was not provided during the course of audit, as detailed below;

<b>Sr. No.</b>	<b>Name of Office</b>	<b>Para No.</b>	<b>Rs in million</b>
1	Senior Superintendent of Police (Anti Encroachment Cell) Karachi,	10, 11, 12 &13	71.99
2	Secretary, Land Utilization department	10	-
		<b>Total</b>	<b>71.99</b>

Due to non-production of record, the authenticity of the expenditure incurred could not be verified.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

#### **5.4.2 Incorrect reassessment of land after execution of agreement - Rs 60 million**

As per general policy adopted by the department of Land Utilization, the department is not liable to pay compensation for the loss incurred by the negligence of lessee.

As per general principle of caveat emptor the lessee should be vigilant enough to have realized the location and desirability of plot in accordance to its need.

Further, as per Karachi Building Town Planning Regulations, 2002 the provisions of site inspection and consultation state that:

- The applicant submitting any sub-division plan shall arrange for at least one site inspection by a representative of the Concerned Authority or the Authority or both, as the case needs to be.
- In connection with the submission of application the applicant shall consult with or obtain information from, appropriate public agencies or companies concerned with the provisions of water supply, sewerage, electricity, telephone service, fire protection and other public services appropriate to the particular development; but the Authority / Concerned Authority may in its discretion, assist the Applicant to obtain any necessary or desired clearances or commitments regarding such services.

During audit of the Land Utilization Department it was revealed that the Secretary awarded the lease of four acres of land on 16-05-2009 to the Chief Patron of Ziauddin Trust. The Lessee paid the amount in four instalments on 12-08-2009. However, the Chief Patron vide application dated 7-09-2010 after a lapse of 13 months appealed that his land is not of category A1 but falls in B1 and demanded a reassessment of his leased land. In audit's view the whole plea to reassess the leased land should not be entertained by the Land Utilization department. This shows that the management failed to watch the laid down

procedures in respect of awarding a lease in favour of the lessee, which resulted in a loss of Rs 60 million to government.

The lapse on part of management indicates improper watch and absence of internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for reassessment of land to favour a lessee.

**AIR-15**

#### **5.4.3 Unauthorized payment on account of law charges - Rs 10.65 million**

As per Rule 10 of the General Financial Rules, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect to of expenditure of his own money.”

During audit of the Land Utilization Department Hyderabad, it was revealed that the Secretary made payment of Rs 10.650 million on fee for hiring Special Counsel in litigation matters for the year 2011-12. The expenditure was considered unauthorized due to following observations.

1. Appointment was made without advertisement of the post in leading newspapers.
2. Income tax was not deducted at source while making payments to the counsels on account of fee.
3. Agreement on stamped paper was not executed.
4. No record was available in respect of cases prepared and defended.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes financial discipline besides fixing responsibility for unauthorized payment to special council.

**AIR-12**

#### **5.4.4 Non-realization of arrears of land revenue - Rs 26 million**

As per Section 113 to 115 of Sindh Land Revenue Act 1967 any land revenue or other sum of outstanding Government dues referred to a Revenue Officer is required to be recovered as arrears of Land Revenue.

During audit of the following offices of Board of Revenue for the year 2010-11, it was revealed that the department failed to enforce above provision of law and did not realize past years arrears on account of Land Revenue. This omission resulted into non-realization of arrears of Rs 26 million as detailed below:-

<b>Sr. No</b>	<b>Name of offices</b>	<b>Para No.</b>	<b>Rupees in million</b>
01	Deputy Commissioner Larkana	01	4.316
02	Deputy Commissioner Larkana	02	2.994
03	Deputy Commissioner Shikarpur.	03	3.060
04	Deputy Commissioner Shikarpur	05	0.309
05	Deputy Commissioner Shikarpur	06	0.186
06	Deputy Commissioner Umerkot	01	9.214
07	Deputy Commissioner Umerkot	02	3.742
08	Deputy Commissioner Umerkot	03	2.181
<b>Total</b>			<b>26.002</b>

The recovery was not effected due to inefficient tax administration of the department. The non-realization of arrears on account of Land Revenue impacted negatively on revenue receipts of the government.

The lapse indicates weakness of the internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department from Jan to May 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes financial discipline besides fixing responsibility for unauthorized payment to special council.

#### **5.4.5 Non realization of Stamp Duty - Rs 4.79 million**

As per Section 22-A of Stamps Duty Act 1899, it is the duty of Competent Authority to recover the Stamps Duty and affix the same on the value of agreement, Sale Deed or Gift during its execution.

During the audit of the following offices of Board of Revenue, for the year 2011-12, it was revealed that the department failed to realize Stamp Duty worth Rs 4.784 million as mentioned in the statement from the persons concerned who executed the documents. The details are as under:-

<b>Sr. No</b>	<b>Name of formation</b>	<b>Para No</b>	<b>Rupees in million</b>
01	Additional Relief Commissioner, Hyderabad	10	0.38
02	Deputy Commissioner Matiari.	10	3.08
03	Deputy Commissioner Badin	14	0.17
04	Deputy Commissioner Shaheed, Benazirabad	12	0.28
05	Sub Registrar Landhi Town, Karachi	03	0.84
06	Sub Registrar, Khipro	03	0.04
<b>Total</b>			<b>4.79</b>

The recovery was not effected due to inefficient tax administration of the department. The non-realization of Stamp Duty impacted negatively on revenue receipts of the government.

The lapse indicates weakness of the internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department from Mar and Apr 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes financial discipline besides fixing responsibility for non recovery of stamp duty.

#### **5.4.6 Non realization of Abiana - Rs 9.94 million**

As per Section 45 of the Canal and Drainage Act 1873 “Water Rate for supply of Canal Water if not paid by the due time, is recoverable from the defaulters as arrears of Land Revenue.”

During audit of the following offices of Board of Revenue for the year 2011-12, it was revealed that the department failed to realize Abiana Rs 9.94 million as detailed below:-

<b>Sr. No</b>	<b>Name of formation</b>	<b>Para No</b>	<b>Rupees in million</b>
01	Deputy Commissioner Umerkot	02	1.83
02	Deputy Commissioner Umerkot	03	0.81
03	Deputy Commissioner Thatta	06	1.30
04	Deputy Commissioner Nausheroferoz	13	6.00
<b>Total</b>			<b>9.94</b>

The recovery was not effected due to inefficient tax administration of the department. The non-realization of abiana impacted negatively on revenue receipts of the government.

The lapse indicates weakness of the internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.



The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non recovery of abiana.

#### **5.4.7 Non recovery of professional tax - Rs 1.05 million**

As per Sindh Finance Act, 2000, Trade and Professional Tax is required to be deducted from the bills of the suppliers at the time of making payment.

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

During audit of various offices of Board of Revenue Department, it was revealed that the prescribed amount of professional tax was not deducted at sources from the bills of suppliers and contractors. This resulted into non deduction of professional tax Rs 1.05 million.

The details are as under;

<b>Sr. No.</b>	<b>Name of formation</b>	<b>Para No</b>	<b>Rupees in million</b>
01	Deputy Commissioner Mirpurkhas	08	0.11
02	Deputy Commissioner Nawabshah	04	0.10
03	Deputy Commissioner Sanghar	04	0.14
04	Deputy Commissioner Sanghar	11	0.16
05	Deputy Commissioner T.M. Khan	12	0.25
06	Deputy Commissioner Nawabshah	15	0.11
07	Deputy Commissioner Badin	04	0.12
08	Sindh Board of Revenue Karachi	06	0.02
09	Deputy Commissioner Dadu	06	0.04
<b>Total</b>			<b>1.05</b>

The recovery was not effected due to inefficient tax administration of the department. The non-realization of professional tax impacted negatively on revenue receipts of the government.

The lapse indicates weakness of the internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Mar and Apr 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-recovery of Professional Tax.

#### **5.4.8 Non reconciliation of Domicile Fee and Arms License Fee - Rs 3.11 million**

As per Rule41 (a) of Sindh Financial Rules, “the Department Controlling Officers should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.”

During audit of the following offices of Board of Revenue Department, it was revealed that reconciliation of License Fee and Domicile Fee of Rs 3.109 million was not made during the year 2011-2012.

<b>Sr. No</b>	<b>Name of the Offices</b>	<b>Head of account</b>	<b>Para No.</b>	<b>Rupees in million</b>
1	Deputy Commissioner, Umerkot	License Fee	01	2.40
2	Deputy Commissioner, Umerkot	Domicile Fee	04	0.71
<b>Total</b>				<b>3.11</b>

The lapse on part of management indicates improper watch and absence of internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Aug and Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non reconciliation of License Fee and Domicile Fee.

**AIR-12**

#### **5.4.9 Unauthorized expenditure on account of POL - Rs 1.43 million**

As per Rule 20 (use and maintenance) of Government vehicles, it is the duty of person to whom Government vehicle provided to maintain logbook, P.O.L consumption account, history sheet of vehicles and tour diary/ tour program.

During audit of the Land Utilization Department Hyderabad, it was revealed that the Secretary paid an amount Rs 1.432 million on account of POL during the year 2011-12.

Following observations were noted:

1. Log books on form-A were not maintained properly.
2. P.O.L consumption account (form-B) and history sheet of vehicles (form-C) not maintained neither produced to the audit.
3. Tour Diary and Tour Program record was not maintained.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for incurring unauthorized expenditure on POL.

**AIR-06**

#### **5.4.10 Unauthorised sale of land at 50 % compensatory price - Rs 60 million**

As per Section 2 of The Sindh Disposal of Urban Land Ordinance, 2002 dated 26<sup>th</sup>Mar 2002, defines amenity plot as “a plot or site reserved for parks, gardens, playgrounds, graveyards, hospitals, schools, colleges, libraries, community centres, mosques or such other purpose in a scheme.

Further as per Section 10 “The Amenity plots shall be disposed of to such person or body of persons of organization in such manner and on such terms and conditions as needs to be prescribed; provided that the amenity plots reserved for health and educational institutions shall be disposed of through open public auction at a price not less than the market price.

Further, Section 9 of Colonization of Government Lands Act 1912 (Sindh) amended prescribes the auction procedure as follows:

1. Auction of the land shall be held by EDO revenue after publication of auction notice in the leading English, Urdu and Sindhi newspapers
2. The upset (minimum) price shall be fixed by land utilization department in consultation with the finance department but such price shall in no case be below the market price.
3. The bidders shall deposit 10% of upset price as security deposit
4. The successful bidder at the close of the bidding shall deposit twenty five percent of the bid money including the security deposit on the day of action or on the next day, failing which the deposit shall be forfeited to the government.
5. The final bid shall be subject to confirmation by the government
6. On confirmation, the bidder shall deposit the remaining seventy five percent amount deposited by him, failing which the 25 % amount shall stand forfeited to the government.

During audit of the Land Utilization Department Hyderabad, it was revealed that the Secretary allowed fresh lease of amenity plot to an applicant at a compensatory price of Rs 60 million (50%) without open auction. The management failed to watch the laid down procedures. Thus, this deviation from the established procedures and the generous award of 50 percent premium

by the management indicated favouritism, improper watch, and absence of systemic internal controls.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for lease of amenity plots without open auction.

**AIR-17**

#### **5.4.11 Unauthorized retention of government funds - Rs 22.21 million**

According to Rule 290 of Central Treasury Rules, “no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need”.

During audit of the Senior Superintendent of Police, (Anti Encroachment Cell) Karachi, it was revealed that an amount of Rs 22.21 million was kept undistributed due to non-payment for the relevant purposes as on Jun 30, 2012, as per the bank statement during the year 2011-12. Due to retention of government funds the same were blocked and could not be used for the budgeted purpose, hence the chances of misuse cannot be ruled out.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for retaining the amount resulting into its blockage.

**AIR 08**

#### **5.4.12 Unauthorized expenditure under the head uniform & liveries - Rs 2.5 million**

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

During audit of the Senior Superintendent of Police (Anti Encroachment Cell) Karachi, it was revealed that an expenditure of Rs 2.5 million was incurred during the year 2011-12, vide cheque # 1054913 dated 18-06-2012 on the purchase of uniform and liveries. The expenditure was considered unauthorized due to following observations.

1. Indent was not received.
2. GST invoices were not produced.
3. Payment was drawn in favour of DDO instead of supplier.
4. Purchases were made to spend Government money because no appointments were made till end of Sep 2012.
5. Uniform and liveries purchased depreciated with the passage of time due to non usage.
6. Proof of financial soundness of contractor duly authenticated from any commercial bank was not produced.
7. Advertisement was not given through SPPRA website.
8. No evaluation report was furnished.
9. No evidence was received regarding payment to the supplier

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized purchases on uniforms and liveries.

**AIR- 03**

**5.4.13 Unjustified sanctioning of refund of lease instalment - Rs 16.17 million**

As per the Colonization of Government Lands (Amendment) Bill, 2009 notified vide Provincial Assembly of Sindh Notification No. PAS/Legis-B-3/2009 dated 9<sup>th</sup> Jun 2009, (5) If a person who were granted, allotted or leased out land after applicability of this Act to the Province of Sindh, or a person who needs to be granted land as per this Act hereinafter for specific purpose has :-

- a) failed to deposit the occupancy price within a period of three months after the issuance of offer letter or allotment letter regarding grant, allotment or lease of land, such offer letter or allotment letter shall automatically stand withdrawn and shall not be restored; provided that the grantee, allottee or lessee may apply afresh for grant, allotment or lease of the land and the competent authority may make a fresh grant, allotment or lease as the case needs to be; and
- b) failed to use the land for the purpose for which it was granted or allotted or converted or leased out and the period of two years from the date of grant, allotment, conversion or lease has expired, the grant, allotment, conversion or lease of the land shall automatically stand cancelled and the amount deposited shall stand forfeited. Provided that the competent authority may extend the period for one year more in the justified cases on payment of ten percent (10%) of the occupancy prices."

During audit of the Land Utilization Department Hyderabad, for the year 2011-12, it was revealed that the Secretary allowed keeping possession of land without paying the due amount. Initially a relaxation was awarded by allowing them to pay amount in six instalments, against which only first instalment was received. When the remaining instalments were not received the Secretary, Land Utilization sanctioned and proposed summary to the Chief Minister Sindh for the refund of 1<sup>st</sup> and only instalment of Rs 16.17 million. As per rules the said developers' whole deposited amount should be forfeited, they

shall be charged 10 percent occupancy / non utilization charges of Rs 6.25 million and also they were also liable to pay the two years rent of the state land of Rs 0.07 million.

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for refund of instalment instead of forfeiting the same.

**AIR-23**

#### **5.4.14 Unauthorized expenditure on account of POL - Rs 3.45 million**

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

During audit of the Senior Superintendent of Police (Anti Encroachment Cell) Karachi, for the year 2011-12, an expenditure of Rs 3.45 million was incurred on POL without observing codal formalities. The amount was considered unauthorized due to following observations.

1. POL slips do not show vehicle numbers
2. Payment was drawn in the favour of DDO instead the concerned payee.
3. No evidence was received that payment made to the payee.

The lapse on part of management indicates improper watch and absence of internal controls.



The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure on POL.

**AIR- 09**

#### **5.4.15 Non-accountal of uniform & liveries - Rs 2.5 million**

"All materials received should be examined, counted, measured or weighed as the case needs to be, when delivery is taken, and they should be taken in charge by a responsible government officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect", As per Rule 113 of Sindh Financial Rules.

During audit of the Senior Superintendent of Police (Anti Encroachment Cell) Karachi, for the year 2011-12, it was revealed that uniforms and liveries were purchased for Rs 2.499 million vide cheque # 1054913 dated 18-6-12, but the items were not accounted for in the relevant stock register and the consumption account was not available.

The lapse indicates absence of the internal controls.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non accountal of uniforms and liveries.

**AIR- 04**

## CHAPTER - 6

### COAL & ENERGY DEPARTMENT

#### 6.1 Introduction

Coal & Energy Department deals with strategic management of coal & energy sector, determining policies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects and deciding all related issues in Sindh.

#### 6.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 09 formations (DDOs), out of which 04 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
1,247	158	1,405	1,139	266

#### 6.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
8	1	7	14

Audit Reports for the year 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 8 paras were discussed in respect of Coal and Energy Department. The department made compliance of 1 para and 7 paras were left unattended. The percentage of compliance comes to 14%.

## **6.4 AUDIT PARAS**

### **6.4.1 Unauthorized payment on account of escalation charges - Rs1.80 million**

As per clause of contract agreement, the rate once approved should not be charged by showing increasing of cost of item of work, time is the essence of the contract.

As per Para 128 of CPWA code, the escalation will not be allowed without predation of rate analysis and got approved by the government.

During audit of the Sindh Coal Authority Karachi, it was revealed that the Director General incurred an expenditure of Rs 1.80 million in the year 2011-12, on account of increasing of cost of material without observing the codal requirements. As a result the escalation allowed was unauthorized and unjustified and undue financial aid was allowed to contractor.

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for allowing escalation in the cost of materials without following codal formalities.

**AIR -06**

### **6.4.2 Unauthorized payment on consultancy based exploration - Rs 57.47 million**

As per Rule 88 of Sindh Financial Rules, "Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from government revenues, as a person of ordinary prudence would exercise in spending his own money and public money should not be utilized for the benefit of a particular person or community ,"

During audit of the Sindh Coal Authority, Karachi, for the year 2011-12, it was revealed that the Director General paid an amount Rs 57.47 million on consultancy based exploration. In this regard following observations were noticed:

1. Type of exploration was not known to audit.
2. Expenditure was incurred without calling tenders

<b>Sr. No.</b>	<b>Cheque No.</b>	<b>Invoice No.</b>	<b>Name of Scheme</b>	<b>Agency</b>	<b>Rupees in million</b>
1	004401/ Dated 3/11/2011	QO3/DRD/2011 Dated 8-7-2011	Exploration of coal resource in additional blocks of XI,XII, District Tharparkar	M/s Deep Rock Drilling (Pvt.) Limited.	11.49
2	QO4/DRD/2011 Dated 8-7-2011	-	-Do-		45.98
<b>Total</b>					<b>57.47</b>

The lapse on part of management indicates improper watch and absence of internal controls

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on consultancy based exploration.

**AIR -02**

### 6.4.3 Non-deduction of income tax - Rs 5.28 million

As per section 153 (1) (a) of the Income Tax Ordinance 2001, 3.5 % income tax is required to be deducted at source while making payment to suppliers / contractors

During audit of the office of Director General Sindh Coal Authority, Karachi, for the year 2011-12, was observed that amount of Rs 88 million was paid to contractor as advance but the income tax @ 6 % of Rs 5.28 million was not deducted at the time of making payments due to which the government sustained a loss of Rs 5.28 million as detailed below:-

<b>Sr. No</b>	<b>Cheque No. Date</b>	<b>Particulars</b>	<b>Contractor's Name</b>	<b>Amount of Bill (Rupees in million)</b>	<b>Amount of income tax (Rupees in million)</b>
1	003001/ 15-10-11	For operation and Maintenance of 29 RO plants	M/s Pak Oasis Industries (Pvt.) Limited.	88.00	5.28
<b>Total</b>					<b>5.28</b>

Non-Recovery of income tax shows weak internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not deducting income tax.

**AIR-01**

#### **6.4.4 Unauthorized payment without check measurement - Rs 1.62 million**

As per Rule 46 of P.W.D manual, the Project Director being a controlling officer is responsible to inspect the start of various works within his circle and to satisfy himself, that the system of management prevailing is efficient and economical.

During audit of the Sindh Coal Authority, Karachi, for the year 2011-12, it was revealed that the Director General paid an amount of Rs1.62 million to various contractors, without check measurement of the works. In the absence of check measurement the payment made by the Project Director was irregular.

The lapse on part of management indicates improper watch and absence of internal controls

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment without check measurement.

**AIR-07**

#### **6.4.5 Unauthorized expenditure prior to execution of agreement - Rs 8.55 million**

As per Rule (a) of Sindh Financial Rules, no work should be started without execution of agreements between contractor and government, so that it can be maintained in a court of law in the event of dispute.

During audit of the Sindh Coal Authority, Karachi, for the year 2011-12, it was revealed that the Director General incurred an expenditure of Rs 8.55 million in the year 2011-12, by awarding various works without execution of agreement by the competent authority, due to which the expenditure stood irregular.

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure prior to execution of agreement.

**AIR-08**

**6.4.6 Expenditure incurred in excess of sanctioned estimate - Rs 2.21 million**

As per Rule 193 of Sindh Financial Rules, no work should be done in excess over sanctioned estimates.

During audit of the Sindh Coal Authority, for the year 2011-12, it was revealed that the Director General incurred an expenditure of Rs 10.13 million in the year 2011-12, against the original estimate of Rs 7.93 million, which was unauthorized and against the rule as Rs 2.21 million were paid in excess against the sanctioned estimate as detailed below:-

Contractor	Work	PV No	Date	Sanctioned Estimate Rs in million	Expenditure Rs in million	
					Actual	Excess
M/S Huresh & Co.	Construction of office accommodation in District Tharparkar	29	15/06/11	7.93	10.14	2.21
<b>Total</b>						<b>2.21</b>

Execution of work over sanctioned estimates resulted in excess expenditure.

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditure in excess of sanctioned estimate.

**AIR -05**

#### **6.4.7 Non-imposition of penalty - Rs 2.30 million**

As per clause 2 of the agreement, time is the essence of work, if the work was not completed within stipulated period a penalty of 10 % of the estimate cost of compensation to the government may be imposed upon the contractor.

The Director General Sindh Coal Authority, Karachi, incurred an expenditure of Rs22.30 million in the year 2011-12 on account of various works which were not completed within the stipulated period of time by the contractor. Despite delay the 10% penalty was not imposed upon the contractor. Thus government sustained a loss of Rs2.30 million due to non-imposition of penalty

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-imposition of penalty.

**AIR -09**

#### **6.4.8 Non aaccountal of electrical items - Rs 4.96 million**

As per Rule 580 of P.W.D Manual, the sub- Divisional Office should exercise detail control over receipt and issuance of articles on direct to work and consumption at site account on Form- 35 should be maintained to safeguard government interest.

During audit of the Sindh Coal Authority, for the year 2011-12, it was revealed that the Director General incurred an expenditure of Rs 4.96 million for payment to contractor against various electrical items of work without



maintenance of receipt and issue of articles to work on Form-35, which was unauthorized and un-authorized. Due to non-maintenance of receipt and issue of articles through relevant stock register the authenticity of the procurement and its consumption could not be ascertained and verified by audit.

The lapse on part of management indicates improper watch and absence of internal controls.

The matter was reported to the department in Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment.

**AIR -10**

## CHAPTER - 7

### CULTURE DEPARTMENT

#### 7.1 Introduction

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

#### 7.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 56 formations (DDOs), out of which 36 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
2,304.01	835.09	3,139.10	2,058.35	1,080.75

#### 7.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
18	18	0	100

Audit Reports for the year 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 18 paras were discussed cumulatively in respect of Culture Department. The department made compliance of all 18 paras. The percentage of compliance comes to 100.

## **7.4 AUDIT PARAS**

### **7.4.1 Expenditure without observing codal formalities - Rs 1.50 million**

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

According to Rule-23 of Sindh Financial Rules Volume-I, every payment including repayment of money previously lodged with Government for whatever propose, must be supported by sub-vouchers setting forth full and clear particulars of the claim.

Rule 25 of Sindh Financial Rule Volume-I, states that “every voucher should also bear, or have attached to it, an acknowledgement of the payment, signed by the person by whom or in whose behalf the claim is put forward. No payment will be made in the absence of the necessary acknowledgement”.

Para-113 of Sindh Financial Rules Vol-I, states that “all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government Officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect.”

During audit of the Culture Department Karachi, it was revealed that the Secretary incurred an expenditure of Rs 1.50 million on cultural event of “759<sup>th</sup> Urs of Hazrat Lal Shahbaz Qalandar” on 22<sup>nd</sup> Jul 2011 through Deputy Commissioner Jamshoro in the year 2011-12. The following observations were noted:

1. The payments were made in cash which was unauthorized and raised questions over transparency and good governance. The acknowledgements were also not available in most of the cases.
2. The payment of Rs 700,000 was made through DCO Jamshoro vide cheque # 2117305 dt.14-05-12 who was not a concerned authority in

- respect of incurrence of expenditure on cultural activity. Rather they have to provide logistics support/help for organizing the events.
3. The payment of Rs 700,000 on 14-05-12 for the event held on 22<sup>nd</sup> Jul 2011 was not justified to audit. The detailed supporting vouchers were also not produced to audit. The same was also not reflected in statement provided to audit.
  4. The transport was hired for Rs 92,000 from M/s Bismillah Rent A Car without obtaining quotations. The rates offered were comparatively higher than prevalent market rates.
  5. The period of arrangement (supply) of articles was not shown on bill to authenticate the supply during Urs days.
  6. The printing of invitation cards, panaflexes, etc for Rs 60,400 were made without obtaining quotations and consumption details. The acknowledgment was also not available on record. Moreover, the NOC was not obtained from the Government Printing Press before printing work.
  7. Various articles were purchased and printing of panaflexes, etc was made but the stock entry reflecting receipt and consumption not furnished. Moreover, the disposal of the articles after close of event was also not produced.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department vide memo # 01 dated 30-07-2012. DAC meeting was held on 13<sup>th</sup> Dec 2012. It was decided that the relevant record would be provided to audit however the same was not provided till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure.

**AIR- 01**

#### **7.4.2 Expenditure without observing codal formalities - Rs 5.46 million**

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

According to Rule-23 of Sindh Financial Rules Volume-I, every payment including repayment of money previously lodged with Government for whatever propose, must be supported by sub-vouchers setting forth full and clear particulars of the claim.

Rule 25 of Sindh Financial Rule Volume-I, states that “every voucher should also bear, or have attached to it, an acknowledgement of the payment, signed by the person by whom or in whose behalf the claim is put forward. No payment will be made in the absence of the necessary acknowledgement”.

Para-113 of Sindh Financial Rules Vol-I, states that “all materials received should be examined, counted, measured or weighted as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government Officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect.”

During audit of the Culture Department Karachi, for the year 2011-12, it was revealed that the Secretary incurred an expenditure of Rs 5.46 million on cultural event “Faiz Centennial Celebration 2011” on 18-20<sup>th</sup> November 2011 through D.G. Culture. The amount of Rs 5.0 million was paid in advance to D.G. (Culture), as a routine practice. For such expenditure D.G. (culture) was not competent to incur expenditure. The expenditure was incurred over and above the financial power of the D.G. (Culture), which was a serious lapse on the part of management. The following observations were observed:

1. The payment of Rs 80,000 was made to M/s Aroosa Electric Decoration Karachi without acknowledgement.

2. The expenditure of Rs 35,000 was incurred on purchase of Mineral Water but the supporting vouchers of Rs 20,000 were not produced for scrutiny.
3. An amount of Rs 305,000 was paid to Madam Shabnam Abdullah for further payment to singers, bands etc. The reasons were not provided for indirect payment to the artists like Shehzad Roy, singer and others including Tariq Khan's band. The payment was made without acknowledgement by her and there was no acknowledgement along with copy of CNIC furnished to audit from those singers/bands. Moreover, income tax @ 6% of Rs 18,300 was not deducted at source and deposited accordingly.
4. An amount of Rs 90,000 was paid to M/s Amir Rajput for tea and mineral water for Mushaira at Frère Hall without acknowledgement.
5. An amount of Rs 170,000 was paid to various artists including Shazia Khushk for Rs 95,000. The amount was paid against the performance in front of Press Club in Public Musical Show on 19-11-11 which was not the part of Faiz Centennial Celebration 2011 at Clifton and Frere Hall. This reflected that amount was misappropriated as there was no supporting acknowledgement along with CNIC of Shazia Khushk. This was a serious lapse on the part of management.
6. Various articles were purchased and printing of panaflexes, etc was made but the stock entry reflecting receipt and consumption was not furnished.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department vide memo # 02 dated 30-07-2012, DAC meeting was held on 13<sup>th</sup> Dec 2012. It was decided that the relevant record would be provided to audit however the same was not provided till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure.

**AIR- 02**

### **7.4.3 Procurements without provision in PC-I - Rs 1.44 million**

According to prevailing procedure and guidelines of Planning & Development Department the expenditure on Development Schemes/ Projects may be carried out as per approved PC-I.

During audit of the Planning, Implementation, Monitoring & Evaluation Cell Culture Department Karachi, for the year 2011-12, it was revealed that the Director incurred an expenditure of Rs 1.44 million on account of various items without having provision in PC-I.

The management failed to watch procurement as per provision of PC-I. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Oct 2012. DAC meeting was held on 13<sup>th</sup> Dec 2012. It was decided that the relevant record would be provided to audit however the same was not provided till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for procurement without provision in PC-I.

**AIR- 15**

### **7.4.4 Excess procurement and payments against provision in PC-I - Rs 2.50 million**

According to prevailing procedure and guidelines of Planning & Development Department the expenditure on development schemes/ projects may be carried out as per approved PC-I

During audit of the Planning, Implementation, Monitoring & Evaluation Cell Culture Department Karachi, for the year 2011-12, it was revealed that the Director incurred an expenditure of Rs 2.500 million on account of various items in excess of provision in PC-I.

The management failed to watch procurement as per provision of PC-I. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Oct 2012. DAC meeting was held on 13<sup>th</sup> Dec 2012. It was decided that the relevant record would be provided to audit however the same was not provided till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess procurement without provision in PC-I.

**AIR- 16**

#### **7.4.5 Non adjustment of advances - Rs 6.63 million**

Para-668 of Federal Treasury Rules Volume-I, states that, “advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary.”

During the audit of following offices of Culture Department, it was noticed that the an amount of Rs 6.63 million was paid in advance to various authorities against various events / head of accounts but the adjustment of the same were not produced to audit for scrutiny.

<b>Sr.#</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Rupees in million</b>
01	Secretary, Culture Department	11	5.05
02	Director General, Culture Department	02	1.58
<b>TOTAL</b>			<b>6.63</b>

Due to non production of adjustment account, expenditure was not held as authentic. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Jul 2012. The DAC meeting was held on 13<sup>th</sup> Dec 2012. It was decided that the relevant record would be provided to audit however the same was not provided till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of advances without adjustment.





## **CHAPTER - 8**

### **EDUCATION & LITERACY DEPARTMENT**

#### **8.1 Introduction**

Education Department is responsible for the overall development of educational infrastructure and policy planning and implementation. The department looks after the educational affairs within the province and coordinates with the Federal government and donor agencies regarding promotion of education in the province. Education Department is strategically run by elected representatives of the public and administratively controlled by the bureaucracy. Being the primary concern sector for any government this sector is controlled by a secretary at the province level and by an EDO Education at district level.

Core functions of the department include:

1. Coordination of schemes for higher studies abroad
2. Copyright
3. Education of handicapped children, specially deaf, dumb and blind
4. General education
5. Primary education
6. Secondary education
7. University education; except agricultural education
8. Grant of scholarships
9. Promotion of scientific research
10. Production and distribution of education and scientific films
11. Technical education and research, including agriculture and engineering colleges, polytechnic and vocational schools, but excluding medical colleges and law colleges.

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

- (i) Technical Education Department
- (ii) Bureau of Curriculum and Extension Sindh
- (iii) Literacy and Non-Formal Education Sindh
- (iv) Provincial Institute for Technical Education Sindh.

## 8.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 520 formations (DDOs), out of which 300 formations were selected and audited during the Audit Year 2011-12. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2009-10</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
32,950.14	31,765.03	64,715.17	64,361.64	353.53

## 8.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
46	33	13	72

Audit Report for the year 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 46 paras were discussed in respect of Education & Literacy Department. The department made compliance of 33 the paras. The percentage of compliance made was 72

## **8.4 AUDIT PARAS**

### **8.4.1 Misappropriation of interest on investment - Rs 9.66 million**

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

During audit of Cadet College Sanghar, for the years 2005-2006 to 2010-11, it was revealed that the principal invested grant in aid in various institutions but the interest earned Rs 9.66 million on investment was not recorded in the cash book. The record of investments was not provided.

The management did not deposit interest amount instead the said amount was misappropriated.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not recording interest earned on investment in the cash book.

**AIR- 02**

### **8.4.2 Misappropriation of government funds - Rs 277.77 million**

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

During audit of Cadet College Sanghar, for the years 2005-2006 to 2010-11, it was revealed that the Principal received grant of Rs 277.77 million from the Government of Sindh but the amount of grant in aid was deposited in private accounts of Cadet College Sanghar instead of starting the work for which the grant was received. The interest earned on the said investment was not deposited into government treasury. The work was delayed due to transfer of funds in private accounts to earn interest.

The management failed to execute the work against which grant was released resulting in misappropriation of funds to the stated extent.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of funds.

**AIR- 01**

#### **8.4.3 Payment without observing legal formalities - Rs 3.11 million**

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

During audit of Cadet College Sanghar, for the years 2005-06 to 2010-11 it was revealed that the Principal incurred an expenditure of Rs 3.11 million for purchase of steel and tiles for civil works. The said work should have been awarded to a contractor after completing legal requirements.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of funds.

**AIR- 12**

#### **8.4.4 Double payment on construction of auditorium - Rs 2.23 million**

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

During audit of the Principal, Cadet College Sanghar, it was revealed that steel worth Rs 2.23 million was purchased during the years 2005-2006 to 2010-11 for the construction of Auditorium. Further, it was found that the same amount was also claimed by the contractor in his last running bill and was subsequently paid. It resulted into double payment to the stated extent.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR- 14**

#### **8.4.5 Non-production of record - Rs 608.74 million**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further any person or authority hindering the auditorial functions of the Auditor-General

regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During the audit of various offices of Education and Literacy Department, for the year 2011-12, it was revealed that record was not produced for an expenditure of Rs 608.74 million to audit, as detailed in Annexure-3. The observation relates to following offices of Education & Literacy Department.

<b>Sr. No.</b>	<b>Name of Office</b>	<b>Para No.</b>	<b>Rs in million</b>
1	Cadet College Sanghar	08 & 09	365.63
2	Non Formal Education Karachi	01	243.10
		<b>Total</b>	<b>608.74</b>

The authenticity of the expenditure could not be ascertained due to non-production of record.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

#### **8.4.6 Non deposit of revenue - Rs 3.17 million**

According to Rule 41 (a) of Sindh Financial Rules Vol I, "The Departmental Controlling Officer should see that all sums due to Govt. are regularly received and checked against demands and they are paid in to treasury."

During audit of heads of various institutions in Sindh, it was revealed that although revenue for Rs 3.17 million was realized but was not deposited into government treasury.

The details are stated below:-

<b>S. No</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Year</b>	<b>Pointed out During</b>	<b>Rupees in million</b>
1	Cadet College , Petaro	3	2004-12	Jul 12	2.06
2	Cadet College, Petaro	6	2004-12	Jul 12	0.66
3	MD SEF	13	2011-12	Sep 12	0.45
			<b>Total</b>		<b>3.17</b>

The management failed to deposit the revenue which resulted into loss to the government.

The matter was reported to the department in jul and sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **8.4.7 Non recovery of outstanding dues - Rs 55.25 million**

According to Rule 41(a) of Sindh Financial Rules Vol I, The Department Controlling Officer should see that all sums due to Govt. are regularly received and checked against demands and that they are paid into treasury.

During audit of the heads of various institutions in Sindh, during the financial year 2011-12, it was revealed that an amount Rs 55.25 million was not recovered as detailed at Annexure-4.

The management did not recover the government dues which indicated absence of systemic internal controls.

The matter was reported to the department form Jul to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.



#### 8.4.8 Unauthorized payment of utility charges - Rs 1.11 million

According to notification issued by the Govt. of Sindh, Finance Department Karachi vide # B/2 (63) /78 part – II/20 dated 30 Nov 1981. “The funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the competent authority.”

During audit of various colleges in Sindh for the year 2011-12, it was revealed that the Principals paid Rs 1.11 million on account of electricity charges from student welfare fund, whereas sufficient funds were allocated by the government for utility, as detailed below:-

<b>S. No.</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Year</b>	<b>Rupees in million</b>
1.	Sir Syed Govt. Girls College, Karachi	9	2011-12	0.79
2.	Jamia Millia Govt. Degree College (Morning) Malir, Karachi	3	2011-12	0.05
3.	Govt. College for women, Shahrah-e-Liaquat, Karachi	3	2011-12	0.05
4.	Govt. Premier College No.1, Karachi	2	2011-12	0.22
<b>TOTAL</b>				<b>1.11</b>

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of utility charges.

#### **8.4.9 Excess execution of items of work - Rs 1.36 million**

According to Clause 38 of the standard Contract Agreement, the quantities shown in the tender are approximate and no claim shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of Sindh Elementary Teachers Training Project Karachi (CIDA), for the year 2011-12, it was revealed that the Project Director, allowed excess quantities of works of Rs 1.36 million than the permissible limit of 30% of the estimated cost, without prior approval of competent authority.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for making payment in excess of the approved estimated cost.

**AIR-10**

#### **8.4.10 Expenditure without observing codal formalities - Rs 7.69 million**

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

During audit of Cadet College Sanghar for the years 2005-2006 to 2010-11 and Cadet College Larkana for the years 2007-08 to 2010-11, it was revealed that an expenditure of Rs 7.69 million was incurred on various works without observing codal formalities.

Following observations were made:

1. Work Order number was not written on first and final bill
2. The start and completion date of work was not mentioned on the bill.
3. The financial status of the contractor was not obtained.
4. Acknowledgment of payment was not found.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing codal formalities in execution of work.

**AIR- 20 (Sanghar)**  
**AIR- 4 & 8 (Larkana)**

#### **8.4.11 Non-adjustment of advances - Rs 8.66 million**

As per Para-668 of Central Treasury Rules, Volume- 1, "Advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary".

During audit of Cadet College Sanghar for the years 2005-2006 to 2010-11 and Cadet College Larkana for the years 2007-08 to 2010-11, it was revealed that the principal paid advance of Rs 8.66 million for civil works, but neither the amount was adjusted nor was refunded to the local office.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires expeditious recovery of advance besides fixing responsibility for not recovering advance in time.

**AIR-16**

**AIR-12**

#### **8.4.12 Non-deduction of income tax - Rs 1.59 million**

According to section 50(4) of income tax ordinance 1979, an amount from time to time any person responsible for making any payment in full or in part on account of supply of goods or services sanctioned to the auction of contact with government or local authorities, etc shall deduct advance tax at the time of making payments at the rate of 3.5% on supply & 6% on services of gross amount.

During audit of Cadet College Sanghar during the years 2005-06 to 2010-11 it was revealed that an amount of Rs 26.52 million was paid to different contractors/suppliers, but income tax Rs 1.59 million was not deducted from their bills.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not deducting income tax from the bills of suppliers/contractors.

**AIR- 57**

#### **8.4.13 Unauthorized payment of house rent and conveyance - Rs 1.72 million**

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

During audit of Cadet College Sanghar, during the years 2005-2006 to 2010-11 it was revealed that the Principal paid an amount of Rs 1.72 million to the officers on account of house rent and conveyance allowance who were already enjoying the facility of accommodation existed in the premises of the college.

The management did not observe the rules and procedures, which reflects weak financial discipline and internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of house rent and conveyance allowance to those who were residing in the accommodation existed in the office premises.

**AIR- 06**

#### **8.4.14 Non accountal of items - Rs 3.70 million**

According to Rule 113,114 of Singh Financial Rules, volume-I, “All material received should be examined, counted, measured or weight as the case may be when delivery is taken and the material issued from the stock for departmental use should be recorded properly.”

During audit of various formations of education department during the year 2011-2012 it was revealed that various articles of Rs 3.70 million were purchased, but the same were not accounted for in relevant stock register despite those being issued for consumption in the financial year 2011-12 as detailed at Annexure-5

Due to non-accountal of articles in the relevant stock register the authenticity of the procurement and its consumption could not be authenticated.

The matter was reported to the department during Jul to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of articles.



## CHAPTER - 9

### ELECTRIC POWER DEPARTMENT

#### 9.1 Introduction

- a) Administration of Electricity Act, 1910 and other Acts on the subject.
- b) Grant and revocation of licenses of electric supply companies and individuals for undertaking electrification.
- c) Assessment and collection of taxes and electricity duty under the Sindh Finance Act, 1964.
- d) Licensing Authority for Power Generation up to 50 MW.

#### 9.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 04 formations (DDOs), out of which 04 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1,215	215	1,430	1,313	117

#### 9.3 Brief comments on the compliance of PAC directives

No PAC was held for the department



## 9.4 AUDIT PARAS

### 9.4.1 Non-realization of electricity duty - Rs 1,367.52 million

According to Rule-5 (i) of West Pakistan Electricity Duty Rule 1964 the amount of electricity duty due from a licensee for a certain month is to be paid within sixty (60) days of the expiry of that month to which the duty release. In case of failure to pay the duty within the prescribed period a penalty is due to equal the defaulting assesses / licensee in terms of provision of rule-11 of the rules.

During audit of the following offices of Electric and Power Department, it was revealed that the electricity duty of Rs 1,367.52 million from different entities was not realized as detailed below:-

Sr. #	Name of office	Particulars	Para #	Rupees in million
1	Electric Inspector, Karachi Region-I & II	Government dues from Licensee M/S KESC Ltd, Karachi	01	1,102.40
		Govt. dues from Non-Licensee	04	0.51
		Short realization of electricity duty from M/s KESC, Karachi – deducted 3% service charges without provision in rules.	02	34.10
2	Electric Inspector, Hyderabad	M/s ENI Pakistan Limited, @ Bhit Gas Field, District Jamshoro	02	0.48
		M/s BHP Petroleum (Pakistan) Limited, @ Zamzama Gas Plant, District Dadu	05	0.04
		Short realization of electricity duty from WAPDA/HESCO Hyd.	01	91.57
3	Electric Inspector, Sukkur	M/s HESCO & SEPCO, Sukkur	02	123.70
		Short realization of electricity duty from registered factories, generating plants, etc	03	14.20
		Short realization of license fees from the contractor	04	0.52
	<b>Total</b>			<b>1,367.52</b>

Management failed to recover electricity duty which resulted in loss to government.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Jul and Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for non-realization of electricity duty.

#### **9.4.2 Expenditure without tenders - Rs 1.00 million**

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

During audit of the Electric Inspector Sukkur, for the year 2011-12, it was revealed that expenditure of Rs 1.00 million was incurred on Electric Testing Equipment without observing following formalities:

1. The tendering process was not made according to the prevalent rules. The advertisement should be made in at least three leading dailies of English, Urdu & Sindhi, whereas the advertisement was only made in Daily Ummat.
2. The various committees for tendering process like tendering / purchasing / Technical committee were not constituted.
3. The Stock register was not produced to authenticate the receipt and consumption.

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for expenditure without tenders.

**AIR-01**

#### **9.4.3 Non-accountal of stores items - Rs 2.62 million**

As per rule 113 and 114 of Sindh Financial Rules, “All materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and when materials are issued from stock, the incharge of the store should see that proper indent were made by authorized person and recorded under his dated initial the description and quantity of material issued.”

During audit of the Energy Department Karachi, for the year 2011-12, it was revealed that the Secretary incurred an expenditure of Rs 2.62 million for the purchase of various items and printing articles but the same were not accounted for in the stock register.

Due to non-accountal of articles in the relevant stock register the authenticity of the procurement and its consumption could not be ascertained.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for non-accountal of articles.

**AIR-01, 05 & 06**

## CHAPTER - 10

### ENVIRONMENT AND ALTERNATE ENERGY

#### 10.1 Introduction

Environmental & Alternate Energy Department was established in Oct 2002 through a cabinet order to supervise, administer and look after its subordinate directorates including Sindh Environmental Protection Agency and Alternative Energy Wing. At macro level the department is assigned and responsible for the protection, conservation, rehabilitation and improvement of environment of the province with the support of regulatory documents. On the other hand its function is to promote alternative energy resources with the judicious use of untapped resources to address the issues of energy shortage.

Administrative Secretary heads the department while one Additional Secretary, one Deputy Secretary and two Section Officers are attached to perform the assigned role along with subsidiary and auxiliary staff.

#### 10.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 05 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in millions)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
380.262	(31.020)	349.242	101,419	247.822

#### 10.3 Brief comments on the compliance of PAC directives

No PAC was held for the department

## **10.4 AUDIT PARAS**

### **10.4.1 Non-production of record - Rs 144.64 million**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further, any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules”.

During audit of the following offices of the Environment & Alternative Energy Department, the auditable record of Rs 144.64 million was not produced to audit for examination as detailed at Annexure-6.

In the absence of auditable record, the audit could not verify the expenditure and its veracity for the intended purpose.

The matter was reported to the department in May, Nov and Dec 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

### **10.4.2 Unauthorized expenditure on purchase of various items - Rs 4.75 million**

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

During audit of the Environmental Protection Agency Karachi (VECOP), it was revealed that the Director General incurred expenditure of Rs 4.76 million in the head of accounts as detailed below:-

<b>Sr. #</b>	<b>Head of Account</b>	<b>Year</b>	<b>Para #</b>	<b>Rupees in million</b>
01	Purchase of equipment (Monitoring of Noise level)	2009-10	27	0.11
02	Purchase of Hardware (Computer Printer)	2009-10	18	0.37
03	Purchase of machinery (filters & consumables)	2010-11	09	1.30
04	Purchase of machinery (vehicular emission testing station)	2010-11	08	2.98
<b>Total</b>				<b>4.76</b>

In the above purchases the following irregularities were noticed:-

1. Delivery challan and acknowledgement receipt was not provided
2. Copy of bill of entry was not provided.
3. Satisfactory report of Purchased Committee was not provided
4. Payment was made without sales tax invoices.
5. Back dated invoices were attached
6. In most of case cheques were issued in the name of DDO instead of Suppliers.

The management failed to watch the laid down procedures, due to which the authenticity of purchases cannot be made by audit. Thus, the above lapse on the part of management indicates improper watch and absence of systematic internal control.

The matter was reported to the department in May and Dec 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for unauthorized expenditure.

### 10.4.3 Expenditure without tenders - Rs 8.16 million

According to Rule 17 (1) & (2) of SPPR 2010, “Procurements over one hundred thousand rupees and up to one m rupees shall be advertised by timely notifications on the Authority’s website and in print media in the manner and format prescribed in these rules. The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.”

During audit of the Environmental Protection Agency Karachi, it was revealed that the Director General incurred expenditure of Rs 8.16 million on the following supplies without inviting tenders and by splitting up the expenditure.

Sr. #	Particulars	Year	Para #	Rupees in million
01	Purchase of filters	2009-10	24	1.50
02	Purchase of hard-wares	2009-10	23	0.38
03	Purchase of chemicals	2009-10	13	0.80
04	Purchase of various articles.	2010-11	03	2.50
05	Purchase of machinery (vehicular emission testing station)	2010-11	10	2.98
<b>Total</b>				<b>8.16</b>

Due to non-inviting of open tenders the government was deprived from the opportunity of competitive rates.

The matter was reported to the department in May and Dec 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for expenditure without tenders.

#### 10.4.4 Non-realization of NOC fees - Rs 2.21 million

According to Rule 28 of General Financial Rules, Volume-I; “No amount due to government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for their adjustments must be sought”.

During audit of the Environmental Protection Agency Karachi, it was revealed that the Director General failed to realize an amount of Rs 2.20 million on account various fees due to be recovered from the firms who have launched their projects and applied for NOC for their projects.

The details are as under:-

<b>Sr. #</b>	<b>Particulars</b>	<b>Year</b>	<b>Para #</b>	<b>Rupees in million</b>
01	Preliminary & Project Exam fee	2010-11	18	0.26
03	Preliminary & Project Exam fee	2010-11	19	0.39
04	Preliminary & Project Exam fee	2009-10	36	0.44
05	Preliminary & Project Exam fee	2009-10	37	1.07
06	Security & Certification fee	2009-10	42	0.04
				<b>2.20</b>

Thus the loss of the above amount was sustained by the government due to non-recovery of various fees.

The matter was reported to the department in May and Dec 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for non-realization of fees.





## CHAPTER - 11

### EXCISE & TAXATION DEPARTMENT

#### 11.1 Introduction

Excise and Taxation Department is the main tax collecting organ of the Provincial Government. The core business of the department is to levy and collect Infrastructure Cess, Motor Vehicle Tax, Excise Duty, Professional Tax, Hotel Tax, Cotton Fee, Property Tax and Entertainment Duty.

#### 11.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 50 formations (DDOs), out of which 35 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in millions)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
1,054.109	62.642	1,116.751	1,007.073	109.678

#### 11.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
25	4	21	16

Audit Reports for the year 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 25 paras were discussed cumulatively in respect of Excise and Taxation Department. The department made compliance of only 4 paras and 21 paras were left unattended or compliance not made. The percentage of compliance comes out to 16%.

## **11.4 AUDIT PARAS**

### **11.4.1 Non realization of property tax - Rs 18.15 million**

As per Section 16 of the Sindh Urban Immovable Property Tax Act 1958, "If property tax is not paid within the time fixed for its payment, the same is required to be recovered after giving the defaulter an opportunity of being heard, by distress and sale of movable property or attachment or sale of immovable property belonging to the defaulter".

During audit of various offices of Excise and Taxation Department Government of Sindh, property tax of Rs 18.15 million was not recovered during the year 2011-12 from certain assesseees as detailed at Annexure-7.

This resulted into loss of revenue to the government to the stated extent.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **11.4.2 Non realization of motor vehicle tax - Rs 1.54 million**

As per Section 3 and 11 of the West Pakistan Motor Vehicles Taxation Act 1958, "A token tax as specified in the schedule to the Act is levied and recoverable from registered owners of motor vehicles in four equal instalments". If tax is not paid within the specified period the same shall be recovered by impounding the vehicle

During audit of the Excise and Taxation Department, Government of Sindh, Motor Vehicle Tax of Rs 1.54 million was not recovered during the financial year 2011-2012.

The details of the transactions are as under:-

<b>Sr. No</b>	<b>Name of offices</b>	<b>Para No</b>	<b>Rupees in million</b>
1	Excise and Taxation Officer (M.R.A) Karachi.	01	1.21
2	Excise and Taxation Officer, Sanghar	03	0.09
3	Senior E &T Officer (M.R) Hyd.	04	0.08
4	Senior E &T Officer (M.R) Hyderabad	05	0.07
5	Senior E &T Officer (M.R) Hyderabad	06	0.06
6	Senior E &T Officer Mirpurkhas	07	0.03
		<b>Total</b>	<b>1.54</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul, Aug and Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **11.4.3 Short realization of cotton fee - Rs 11.42 million**

As per the Cotton Cess Rules 1996 read with Notification 1991, issued by Government of Sindh, Cotton Fee is to be realized from a Cotton Ginning and pressing factory on Cotton Ginned @ Rs 10/- per Kg

During audit of the Excise and Taxation Officer Matiari, it was revealed that Rs3.03 million were not recovered against the target for recovery of Cotton fee which was fixed as Rs 14.45 million by the Government of Sindh for the year 2011-2012, leaving a short realization of Rs 11.42 million. Besides the challans of recovery of Rs 3.032 million could not be treated as authentic in Audit. This resulted into short realization of cotton fee to the stated extent.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-01**

#### **11.4.4 Short realization of motor vehicle tax - Rs138.47 million**

As per Section (3) of the Sindh Motor Vehicle Taxation Act,1958 “A token tax as specified in schedule to the Act is levied and recoverable from registered owners of Motor Vehicle in four equal instalments.”

During audit of the Senior Excise and Taxation Officer (Deputy Director, M.R. Wing) Hyderabad, It was revealed that Rs 200.06 million were recovered against the target of recovery of Motor Vehicle tax during the year 2011-2012 which was fixed as Rs 338.53 million by the Government of Sindh. This resulted into short realization of Motor Vehicle Tax Rs 138.47 million. It was further pointed out that in the previous year 2010-2011 an amount of Rs 215.58 million was realized, which shows that during the year 2011-12, lesser amount was collected as compared to previous year.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-01**

## CHAPTER - 12

### FINANCE DEPARTMENT

#### 12.1 Introduction

The Finance Department is responsible for the overall financial discipline of the Province. Preparation of annual provincial budget, formulation of financial rules and maintenance of an effective and efficient financial reporting system are the major assignments of Finance Department.

#### 12.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 31 formations (DDOs), out of which 27 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
237,877.16	(62,025.26)	175,851.90	155,957.170	19,894.73

#### 12.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
4	4	4	100

Audit Reports for the year 2007-08 was discussed in the Public Accounts Committee (PAC) meetings and total 4 paras were discussed cumulatively in respect of Finance Department. The department made compliance of 4 PAC directives. The percentage of compliance made by the department is 100.

## 12.4 AUDIT PARAS

### 12.4.1 Expenditure through tampered vouchers - Rs 3.19 million

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

During the audit of the District Accounts Officer Sukkur, it was revealed that an expenditure of Rs 3.19 million was allowed on purchase of various items by using duplicate or triplicate copies of vouchers. These vouchers had tampered serial numbers which made the purchased expenditure as detailed below, doubtful.

<b>Cheque No</b>	<b>Date</b>	<b>S/Order Date</b>	<b>Head of A/c</b>	<b>DDO</b>	<b>M/S</b>	<b>Rs in million</b>
0145882	25-8-07	-	POL	DPO Sukkur	Choudhry Petrol Service	0.74
218621	10-10-07	-	POL	DPO Sukkur	Caltex Petrol	0.71
0325506	25-02-09	-	Diet	M/S GMC Hospital Sukkur	Nazeer Hussain Gabool	0.24
0291468	22-10-08	14105-112 6-9-08	Diet	M/S GMC Hospital Sukkur	Mian Mohd. Yakoob Sons	0.40
0290538	12-9-08	3096-1407 6-9-08	Diet	M/S GMC Hospital Sukkur	Mian Mohd. Yakoob Sons	0.47
0292037	17-11-08	1664-65, 16715-16, 16741,745 1-4/11/08	Diet	M/S GMC Hospital Sukkur	Mian Mohd. Yakoob Sons	0.14
0324421	14-1-09	20523 12-12-08	Diet	M/S GMC Hospital Sukkur	Mian Mohd. Yakoob Sons	0.49
<b>Total</b>						<b>3.19</b>

The lapse indicates absence of internal controls.

The matter was reported to the department in Jul and Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for making expenditure through tempered vouchers.

**SAR-9**

#### **12.4.2 Non-production of record - Rs 531.05 million**

As per Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, "The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.(3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of the District Accounts Officer Sukkur, it was revealed that the record of GP Fund of Rs 531.05 million pertaining to the years 2006-07 to 2008-09 was not provided to the audit team for scrutiny. In the absence of auditable record, the authenticity of expenditure could not be verified.

The lapse indicates absence of internal controls.

The matter was reported to the department in Jul and Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**SAR- 27**



### 12.4.3 Expenditure without tenders - Rs 49.15 million

According to Rule17 of SPPR, 2010, Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and needs to be published in print media in the manner and format prescribed in these rules.

During audit of the following District Account Offices, it was revealed that an expenditure totalling Rs 49.15 million was incurred on procurement of various items as detailed below without inviting open tenders in violation of above rule.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in millions</b>
1.	DAO, Sukkur	SAR 30 & 2, AIR-03	Purchase of various medicines	32.25
2	DAO , Dadu	9	Veterinary medicines	1.43
3	DAO Jamshoro	2	Machinery and equipment	15.47
<b>Total</b>				<b>49.15</b>

The management did not follow SPPRA rules, which resulted in non-achievement of competitive rates.

The lapse indicates absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditure without tenders.

#### **12.4.4 Unauthorized expenditure by splitting up - Rs 18.67 million**

According to Para 146 of General Financial Rules, Purchase/work orders amount should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount in the number of orders.

During audit of the following District Accounts Offices, for the year 2010-11, it was revealed that expenditures on purchase of similar nature items were incurred beyond limits mentioned in above rules by splitting up purchase orders into that of smaller amounts. Moreover, the stock register to record above purchases was not maintained. This resulted into unauthorized expenditure of Rs18.67 million as detailed below:-

<b>S. No</b>	<b>Name of Office</b>	<b>Para No.</b>	<b>Particulars</b>	<b>Rs in million</b>
1	DAO Mithi	10	Various purchases	0.11
2	DAO Sanghar	06	Feeding charges	0.30
3	DAO Khairpur	02	Various purchases	0.47
4	DAO Dadu	02	Feeding charges	0.88
5	DAO Ghotki	04	Stationery and printing	0.15
6	DAO Sukkur	SAR-03	Various purchases	12.56
7	DAO Hyderabad	09	Medical equipments	4.20
<b>Total</b>				<b>18.67</b>

The lapse indicates absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for splitting purchases.

#### **12.4.5 Expenditure without supporting vouchers - Rs 137.97 million**

As per Rule 23 of Sindh Financial Rules, “Every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of the following District Accounts Offices, for the year 2010-11, it was revealed that expenditure totalling Rs 137.97 million was incurred, but no supporting vouchers were available in the record as detailed below:-

<b>Sr. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rs in million</b>
1	DAO, Matiari.	12	TA/DA	0.10
2	DAO, Larkana	12	Contingent bills	0.97
3	DAO, Thatta	05	Various Deptt payment	0.74
4	DAO, Ghotki	09,05	Utility bills payment	0.13
5	DAO, Badin	08	Contingent bills	1.19
6	DAO, Mirpurkhas.	07,06	Various Heads payment	0.69
7	DAO, Mithi	03	Contingent bills	0.94
8	DAO, Shikarpur.	02	Contingent bills	25.15
9	DAO Sanghar.	03	Various Heads payment	51.35
10	DAO, Khairpur	07,08,04	Bills passed w/o utility bill	28.94
11	DAO Sukkur	AIR-02, SAR-57,53,4	Utility bills and medical bills and others	27.10
12	DAO Hyd.	05	Various contingent bills	0.67
<b>Total</b>				<b>137.97</b>

In the absence of supporting vouchers, the departmental expenditure could not be verified. The lapse indicates absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for making payments without vouchers.

#### 12.4.6 Excess Payment of Pension - Rs 67.36 million

As per Para 23 of General Financial Rules, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government servant to the extent to which it needs to be shown that he contributed to the loss by his own action or culpable negligence.

During audit of the District Accounts Office, Sukkur, it was revealed that expenditure of Rs 1,101.307 million was incurred during financial years 2006-07, 2007-08 and 2008-09 on account of pension payments to pensioner, but the payment made was in excess of the amount calculated as per pension statements attached therewith in individual pension case. This resulted into excess payment of Rs 67.36 million.

	<b>(Rs in millions)</b>		
<b>Year</b>	<b>As per statement</b>	<b>As per account</b>	<b>Variation</b>
2008-09	439.671	454.069	14.40
2007-08	328.965	345.295	16.33
2006-07	265.315	301.943	36.63
	1,033.951	1,101.307	<b>67.36</b>

The lapse indicates absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for variation between account and pension record.

**SAR-01**

#### **12.4.7 Unauthorized retention of government funds - Rs 2.52 billion**

As per Para 22-A of Stamps Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.20 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit of the following District Account Offices, for the year 2010-11, it was revealed that payments to contractors were allowed against stamp receipts of Rs 2.52 billion. These receipts were initially retained by the bank, but no benefit was accorded to the government on sale of such stamps or some stamps were not duly used or in some cases no stamp duty was deducted in due course of payment to contractors.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	DAO, Sanghar	01	Proceeds of stamps retained	2,518.931
2.	-do-	05	Various stamps lying unused	2.868
3.	DAO, Mirpurkhas	13	Stamp duty not deducted on various payments	0.077
<b>Total</b>				<b>2,521.336</b>

The lapse indicates absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non deposit of Stamp duty needs to be justified.

#### **12.4.8 Unauthorized payment from the irrelevant treasury office - Rs 338.23 million**

As per rule 88 of Sindh Financial Rules, "Every Public officer should exercise the same vigilance in respect of expenditure incurred from government revenue as a person of ordinary prudence would exercise in spending his own money".

During audit of the following District Account Offices, it was observed that the payment of Rs 338.228 million of the irrelevant treasury office was allowed without obtaining prior permission from the Finance Department. This resulted into irregularity of Rs 338.228 million.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rs in million</b>
1.	DAO, Matiari	3	Passing of payment from irrelevant treasury	337.19
2.	DAO, Jamshoro	5	-do-	1.04
<b>Total</b>				<b>338.23</b>

The lapse on part of the department indicates improper watch and absence of internal controls.

The matter was reported to the department from Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for passing payment from irrelevant treasury.

#### **12.4.9 Establishment of FMH without legal support - Rs 95.47 billion**

Any special arrangement for financial transaction or creation of any public fund should have a legal backing in the shape of an Act or Ordinance passed by the government.

The Fund Management House (FMH) was created by the Finance Department of Government of Sindh in the year 2002-03. The prime objective of the house is to manage investment funds of the government created to meet the settlement of future liabilities of the government including General Provident Fund liabilities and Pension Fund liabilities. Besides, this house also maintains various other beneficial and social funds including Sindh Social Relief Fund, Shaheed Benazir Bhutto Housing Cell Fund, Viability Gap Fund,

Sindh Bank Fund, Provincial Disaster Management Fund and Sindh Agriculture Supplies Organization (defunct) Employees Pension Fund. Funding to the FMH is made through Economic Reform Unit (ERU) of the Finance Department.

During special audit of the Finance Department, it was revealed that the Secretary failed to finalize Standard Operating Procedures of the FMH resulting into investment portfolio of Rs 95.465 billion as risky venture.

The lapse on part of the department indicates improper watch and absence of internal controls.

The matter was reported to the department from Jul to Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for establishment of FMH without legal support.

**SAR-4.1(A)**

#### **12.4.10 Recording of investments as expenditure - Rs 95.47 billion**

As prescribed under Accounting Policies and Procedures Manual, transactions costs should be appropriately booked in the financial statements as per New Accounting Model.

As per Manual of Accounting Principles; “Expenditure which relates to financial assets will be recorded as memorandum items in a “Financial Assets Register”. The term financial assets refer to those assets consisting of cash and cash equivalents. Cash equivalents are items readily converted into cash e.g. capital investments, bearer bonds etc.”

As per the Accounting Policies Note in the financial statements of Government of Sindh, “All investments acquired by the government are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition. Subsequent to initial recognition, investments are carried at historical cost. Any dividends

received against investments are recognized when received in the provincial consolidated fund.”

During audit of the Finance Department, it was revealed that investments worth Rs 95.465 billion were incorrectly booked in the financial statements. These payments were booked in the financial statements as operating expense (A03), pension expense (A04), grants, subsidies and write off (A05) or transfers (A06) rather than investments (A11) as these balances are maintained by respective funds in Fund Management House.

The Government of Sindh has different types of investment heads which include:

- Deposits and reserves (object code F04101);
- Investment deposit accounts (object code F04102);
- Government investments in financial and non-financial institutions (the dividends from which are recorded under object code C019)

The government investments that earn dividends needs to be for:

- Investment purposes;
- Maintaining participation in particular corporations / operations; or
- Program or policy purposes.

The lapse on part of the department indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department from Jul to Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for recording investment as expenditure.

**SAR-4.2(B)**



#### **12.4.11 Non-deduction of income tax - Rs 17.67 million**

As per Section 153 (1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person- (a) for the sale of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment , deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of the various District Account Offices, it was revealed that deduction income tax or sales tax totalling Rs 17.67 million were avoided on purchase of taxable items and on payment of salaries to employees as detailed at Annexure-8

Non deduction of income tax caused loss to government to the stated extent. The lapse indicates absence of internal controls.

The irregularity was pointed out to the Department in Jul and Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasized expeditious recovery besides fixing responsibility for non-deduction of income tax.

#### **12.4.12 Investments not accounted - Rs 17.61 million**

Non recording of any transaction is a gross negligence on the part of the authorities responsible for the maintenance of the accounting records of the government.

During audit of the Finance Department, it was revealed that investments of Rs17.61 million were made in various entities as detailed below but the same were not accounted for in the books of accounts of the department.

<b>Description</b>	<b>No of shares</b>	<b>Balance as on 2009-10 (Rs in million)</b>
Unilever Pakistan Limited	54,541	2.73
Equity Participation Fund	11,895	1.19
Lakhra Coal Development Company	-	12.50
Zarai Tarakiati Bank Limited	119,000	1.19
	<b>Total</b>	<b>17.61</b>

No record in respect of dividends earned on the above investment was provided to audit. Most of the investments were made with non-government entities which resulted into loss for the government to the stated extent.

The irregularity was pointed out to the Department in Jul and Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not recording investment.

**SAR-4.2(C)**



## **CHAPTER - 13**

### **FOOD DEPARTMENT**

#### **13.1 Introduction**

The objective of the department is to run Wheat (Procurement and Sale) State Trading Scheme in a manner that food security is provided to common man. The Department procures wheat from the growers at the support price fixed by the Federal Government. Wheat stocks procured from growers are safely stored at the government godowns, and wheat so purchased is released to flour mills and atta chakkies at fixed price to maintain stability in the prices and availability of wheat and its bye products in the market.

Food Department's functions and methodologies to achieve the objectives are:

- (i). To procure wheat as per the target set by the Federal Government.
- (ii). To ensure payment of minimum support price to the growers
- (iii). To ensure sufficient wheat reserves for food security by maintaining operational reserves.
- (iv). To regulate the wheat purchase made by the private sector.
- (v). To ensure availability of wheat products at affordable price through release of wheat to flour mills at subsidized rates, fixation of flour price, establishment of fair price shops, sale at ex-mill price in Sunday/Friday bazaars government's policy of releasing wheat cascading price and its impact on flour price was also explained.
- (vi). To provide subsidized flour to the underprivileged through targeted programs like Food Stamp Scheme.
- (vii). To cater to the needs of other provinces through supply of wheat products by flour mills from the wheat released by public sector and transfer of wheat from government account for onward distribution by the concerned province.

### 13.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 26 formations (DDOs), out of which 02 formations were selected for audit during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
33,327.16	10,899.47	44,226.63	23,455.05	20,771.59

### 13.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
9	6	3	67

Audit Reports for the years 2006-07, 2007-08,2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 09 paras were discussed cumulatively in respect of Food Department. The department made compliance of 6 paras and 3 paras were left unattended or compliance not made. The percentage of compliance comes to 67%.

## 13.4 AUDIT PARAS

### 13.4.1 Misappropriation of wheat bags - Rs 21.82 million

“Every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part”, as per para-23 of General Financial Rules, volume-I.

During audit of various offices of Food Department, for the years 2009-10 to 2010-11 it was revealed that government sustained loss of Rs 21.82 million due to misappropriation of gunny bags, as detailed below:-

Sr. #	Name of division	Para # of AIR	Rupees in million
1	District Food Controller Sukkur	02	4.60
2	District Food Controller Sukkur	03	4.99
3	District Food Controller Sukkur	04	0.87
4	District Food Controller Sukkur	05	0.68
5	District Food Controller Sukkur	08	3.85
6	District Food Controller Jacobabad	06	0.51
7	District Food Controller, Sukkur	01	0.16
8	District Food Controller, Ghotki	03	0.94
9	District Food Controller, Jacobabad	02	1.06
10	District Food Controller, Jacobabad	04	4.16
<b>Total</b>			<b>21.82</b>

No efforts were made by the higher authorities to recover cost of damage of wheat bags, as FIR was not lodged against accused officials and the matter was not investigated.

Audit is of the opinion that improper inventory management system existed in the department, which resulted in possibility of misuse of government stocks and assets.

The irregularity was pointed out in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of gunny bags.

#### **13.4.2 Loss due to damage of wheat bags - Rs 112.89 million**

“Every government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by government through fraud or negligence on his part”, as per para-23 of General Financial Rules, volume-I.

During audit of various offices of Food Department, for the years 2009-10 to 2010-11 it was revealed that government sustained loss amounting to Rs 112.89 million due to damage of wheat bags, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	District Food Controller, Ghotki	05	14.73
2	District Food Controller, Jacobabad	03	98.16
<b>total</b>			<b>112.89</b>

No efforts were made by the higher authorities to recover cost of damage of wheat bags, as neither FIR was lodged against accused officials nor was the matter investigated.

Due to above damage of wheat government sustained loss.

This shows improper inventory management system, which resulted in possibility of misuse of government stocks / assets

The irregularity was pointed out in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for loss of damaged wheat bags.

#### **13.4.3 Loss due to weevil infestation of wheat - Rs 111.65 million**

As per para-03 of policy guide line for wheat procurement campaign 2011 issued by the Section Officer (Wheat) Government of Sindh, Food Department vide letter No. SO(W)7(18)2011 dated. 22-03-2011, it was decided that “Sub-standard quality/damaged weevilized wheat and the wheat containing dust etc shall not be accepted, failing which concerned center in charge and District Food Controller will be held responsible,”

During audit of District Food Controller Shikarpur, for the years 2009-10 to 2010-11 it was revealed that the office failed to protect wheat bags of Rs 111.65 million which were lost due to heavy weevil infestation. Audit is of the view that the loss occurred due to substandard storage conditions and carelessness of the departmental officials.

This shows improper inventory management system, which resulted in possibility of misuse of government stocks and assets.

The matter was pointed out in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for loss due to weevil infestation of wheat bags.

**AIR-03**

#### **13.4.4 Wheat bags physically not available - Rs 35.06 million**

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



During audit of District Food Controller Jacobabad, for the years 2009-10 to 2010-11 it was revealed that the DFC failed to maintain the inventory of wheat bags, as a result wheat bags of Rs 35.06 million were not found as available in the inventory at various wheat procurement centers, contrary to their availability on papers as per physical verification report for the crop 2009-10 held on 31-10-2010. Due to mismanagement of inventory government sustained loss of Rs 35.06 million.

This shows improper inventory management system, which resulted in possibility of misuse of government stocks / assets.

The irregularity was pointed out in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-availability of wheat bags.

**AIR-01**

#### **13.4.5 Un-authorized drawl of cash - Rs 1.91 million**

According to Rule-290 of CTR, Volume-I, no money shall be drawn from the treasury unless it is not required for immediate disbursement. Further, it is not permissible to draw money from the treasury in anticipation of demand, or to prevent lapses of budget grant.

During audit of Secretary Food Department Karachi for the year 2010-11 it was revealed that cash of Rs 1.91 million was drawn from the bank during the month of Jun 2011 instead of issuing cross cheques to the payees.

The drawl of funds in cash shows weak financial discipline and internal controls.

The irregularity was pointed out to the Department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for drawl of cash instead of payment through cross cheques.

**AIR-16**

## **CHAPTER - 14**

### **FOREST & WILD LIFE DEPARTMENT**

#### **14.1 Introduction**

Forest & Wildlife Department is responsible for preservation of existing forests of the province and Afforestation of forest lands for climatic, commercial and local needs. It also carries out research to develop new and improved species of plants and trees, suitable to the local climate and soil. Moreover the Department also works for preserving endangered species of wildlife and constructing sanctuaries for them.

The forests of Sindh are being managed on the universal recognized principle of multiple land use system. The Forest Department also contributes to income generation for government. In order to fill the gap of forest cover and to increase the fuel wood/ timber, fodder and livestock, various development schemes are being implemented depending on the availability of the resources. Besides normal forestry, development operations also focus on diversified fields like coconut plantation, sericulture, apiculture etc.

Core functions of the department include:

1. To increase the forests' covered area.
2. To provide substitutes to firewood in the wooded mountains.
3. To reduce political interference in the Forestry and Wildlife Departments.
4. To provide adequate control against flooding in the riverine areas.
5. To develop Policies for fragile Eco-systems.
6. To provide abundant irrigational supplies in the canal commanded areas.
7. To retrieve lands under encroachment.
8. To Renovate and invigorate the institutions of RNR

## 14.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 72 formations (DDOs), out of which 27 formations were selected and audited during the Audit Year 2011-2012. The accounts for the Financial Year 2010-2011 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1,318	335	1,653	1,169	484

## 14.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
34	34	0	100

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 34 paras were discussed cumulatively in respect of Forest & Wildlife Department. The department made compliance of all 34 paras and the percentage of compliance comes to 100.

## **14.4 AUDIT PARAS**

### **14.4.1 Non production of revenue record - Rs 7.67 million**

According to Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency & Discipline Rules.

During audit of District Forest Officer (Afforestation) Dadu and the District Forest Officer (Afforestation) Larkana, for the year 2011-12 it was revealed that record of revenue of Rs 5.383 million and Rs 2.291 million respectively were not produced to audit ,as detailed below:-

1. The office wise details of Revenue target and actual revenue were also not provided for verification.
2. The details of various sources of receipt in division were not provided, like land record, details of leases, sales, auctions, penalties, allotment orders by the competent authority, terms and conditions / criteria of allotment and its procedure, register of receipts along-with classified abstract, names of allottees and period of allotment / leases , agreement with the lessee etc.
3. The verified copies of challans with accounts office were not provided.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity..

The irregularity was reported to the Department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR-43**

#### **14.4.2 Non-recovery of outstanding dues on lease money - Rs 1.12 million**

According to Para-1 Clause-81-82 of the West Pakistan land Revenue Act, 1997 it is the responsibility of the Executive Agency to recover the amount of Government dues from the persons concerned.

According to Para- 21 of “conditions of Agro Forestry lease in the forests of Sindh” stated that, “in case belated payment of Government dues the lease amount should include compound interest at the rate of 10% per annum. The compound interest to be calculated for delay of each month taking 15 days and above as full month”

During audit of Conservator, Forest Department Hyderabad, for the year 2011-12 it was revealed that the lease money of forest land of Rs 11.18 million was not recovered, which was outstanding as closing debit balance as on 30-06-2012 against various contractors for the last many years. Moreover 10% interest amounting to Rs 1.12 was also not recovered from the contractors. Due to above negligence government sustained loss of Rs 1.12 million.

The management failed to realize the amount of penalty from the contractors, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

The irregularity was pointed out to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires expeditious recover besides fixing responsibility for not for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-33**

#### **14.4.3 Unauthorized award of work without inviting tenders - Rs 54.94 million**

As per paragraph 6.3.2.2 PC-I, page no 09, “Methodology for land development”, the project provides for carrying out the land development

activities by involving outer source. The works of land development as are in very small quantity will be awarded by calling tenders on package system approved by the competent authority. The package will be prepared by the divisional forest officer mentioning the location of forest, accessibility , items wise details of work , specifications etc. these packages will be approved by the competent authority will be awarded after calling tenders by making wide publicity either through forest staff or by issuing the notices. As per policy the bidder offering the lowest rates would be awarded works.

During audit of various district forest officers, for the year 2011-12 it was revealed that expenditure of Rs 54.94 million was incurred without inviting tenders, as detailed at Annexure-9.

Following observations were made:-

1. Payment was made on similar thumb impression to labour *Jamadar*.
2. CNIC were not available in the record
3. Muster role and Measure Books were not prepared
4. Tractor works was carried out through labour *Jamadar*.
5. Seeds were shown as purchased from labour *Jamadar* without vouchers

Management did not observe the rules and procedures, which reflected weak financial discipline and internal controls.

The irregularity was pointed out to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not inviting open tenders.

**AIR-10**

#### **14.4.4 Loss due to non completion of development schemes - Rs 3.54 million**

As per PC-I, regarding development scheme “Afforestation of Goragh Hill”, the maintenance work like irrigation, Restocking and filling of gaps, weeding and clearing, spacing, pit silt clearance etc are required to be executed

during the financial year 2011-12 for the safe guard and proper growth of the plantation made during the previous years.

During audit of District Forest Officer (Afforestation) Dadu, for the year 2011-12 it was revealed that the DFC failed to carry out plantation on 40 kilometres road side and 50,025 Nos. of block plantation for Rs. 3.54 million. Due to not carrying out of above plantation, the damages of plantation during previous years under the scheme “Afforestation of Goragh Hill” cannot be ruled out.

Due to the above not only loss of previous year`s expenditure was occurred but the objective of schemes regarding the Afforestation were not achieved.

The irregularity was reported to the Department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for failure to carry out plantation as per target.

**AIR-31**

#### **14.4.5 Unauthorized expenditure on purchase of pumps - Rs 6.00 million**

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

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that expenditure of Rs 6.00 million was incurred on account of pumps of well.

The following observations were noticed:

1. The payments were made to contractor at lump sum rate, but the cash memo/ details of purchase of pumps were not attached with bill.

2. The progress of work and work completion report was not attached with bills.
3. Excess payment was made against rates offered by the contractors that may be recovered.
4. Further the purchases were also not accounted for in relevant stock register.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the Department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter fixing responsibility for unauthorized purchase.

**AIR- 02**

#### **14.4.6 Drawl of cash from bank through open cheque - Rs 5.85 million**

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

During audit of Project Director Khirthar Protected Areas Complex Project Karachi for the year 2011-12, it was revealed that an amount of Rs 5.846 million was drawn from bank in cash through open cheque instead of issuing crossed cheques.

The drawl of funds in cash shows weak financial discipline and internal controls.



The matter was reported to the Department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for drawl of cash instead of issuing cross cheques.

**AIR- 03**

#### **14.4.7 Unauthorized expenditure on land development - Rs 8.85 million**

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

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that an expenditure of Rs 8.85 million was incurred for land development. The following observations were noticed:

- 1) The various works of land developments were given to those contractors who were also given the construction and civil works without having registration details.
- 2) The work completion certificates were not attached.
- 3) The day to day progress report of land development was not attached and complete payment was made without justification.
- 4) As per PC-I the expenditure on raising containers plants, fodder plants, raising bedded nurseries was calculated by various costs like polythene bags, cost of seed, cost of bricks, cost of fertilizer, cost of removing/burning debris etc, but in bill/cash memos only lump sum amount was claimed instead of details of payment on each of such items.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the Department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of land development charges.

**AIR- 04**

#### **14.4.8 Excess Payment of Premium - Rs 2.45 million**

According to notification of Finance Department, Government of Sindh, dated 27<sup>th</sup> Apr 1980 and revised schedule of rates, the premium up to 20% above the tender cost is admissible to the Contractor.

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that expenditure of Rs 2.446 million was incurred, on higher rates of premium to contractor on Schedule and Non-scheduled items against admissible limit of 20%. Thus by allowing excess rate of premium to the contractor loss was caused to government.

The management failed to watch the government notification and laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the Department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on higher rates of premium.

**AIR- 05**

#### **14.4.9 Unauthorized expenditure on civil works - Rs 41.50 million**

According to Serial No. 4 of the schedule of rate (composite) for finished items of works, Oct-2004, "as finished items of work shall be executed on composite rate." According to Schedule of Rates (Introduction), 2004, "Non-scheduled items costing up to Rs 1,000 should be got sanctioned by the

concerned Superintendent Engineer and exceeding Rs 1,000 must be got approved and sanctioned by the Chief Engineer".

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that works of Rs 41.50 million were awarded to various contractors on account of civil works. The following observations were noticed:

- 1) The civil work was carried out by the project management instead of Works & Services Department.
- 2) The day to day progress reports as well as work completion reports were not attached with case file, where as complete payment was made.
- 3) The civil works were awarded on schedule –B estimates, but the same were not approved by the competent authority (from Works & Services Department).
- 4) For various civil works the same contractors participated; however there was no mechanism to restrict the chances of pooling.
- 5) There was provision of post of Deputy Director Engineering in PC-I, but the same was not filled during execution of project, hence there was no technical officer while execution.
- 6) The work was carried out without having water testing report.

The management failed to watch the approved procedure of executing civil works. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on civil work.

**AIR- 06**

#### **14.4.10 Blockade of government money - Rs 5.75 million**

According to Para 88 Sindh Financial Rules volume-I, "Every public officer should exercise the same vigilance in respect of expenditure incurred

from Government revenues, as a person of ordinary prudence would exercise in spending his own money.”

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that the PD failed to utilize equipments worth Rs 5.75 million till the end of audit period, thus unnecessary procurement was made to avoid the lapse of funds which caused blockade of funds.

The management failed to effectively utilize the procurements towards achievement of objective of project in time. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not utilizing the equipment.

**AIR- 08**

#### **14.4.11 Excess payment against provision in PC-I - Rs 15.83 million**

According to clause 38 of the contract agreement, the quantities exceeding up to a limit of 30 % or less are permissible to be executed. When an item of work is likely to be exceeded by more than 30% in such cases revision must be submitted containing facts and justification for approval of competent authority. As per instruction by the Standing Rate Committee that the difference/ additional cost of material of steel, cement, bricks decided by the members that if any National Building Department/ Agency wanted to allow the difference in cost of such materials after issuance of new revised schedule, they should refer the matter to the Standing Rate Committee, Sindh for its consideration/ approval.

According to PC-I of Khirthar Protected Areas Complex Project Karachi the lump sum estimates of various works were given.

During audit of Project Director, Khirthar Protected Areas Complex Project, Karachi, for the year 2011-12 it was revealed that an expenditure of Rs 15.831 million was incurred for various items over and above provision in PC-I. Further the payment was made on the basis of schedule-B, but the same were not approved by the competent authority (Works & Services Department).

The management failed to watch the approved provision given in PC-I without revising it. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Jan 2013. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment over and above the provision of PC-I.

**AIR- 07**

**14.4.12 Non realization of income from sale - Rs 93.50 million**

As per PC-I (Appendix-XVI) of the scheme titled “Establishment of Coconut and Oil Palm in coastal zone of Sindh” during the year 2011-12. An amount of Rs 23.00 million was committed to be realized on account of Income from Reclamation & intercropping and sale of coconut plants as under:-

During audit of Chief Conservator of Forest, Hyderabad, for the years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 it was revealed that an amount of Rs 93.50 million was not realized from the income of sale proceeds, as detailed below:-

<b>Year</b>	<b>(Rs in million)</b>
2011-12	23.00
2007-11	70.50
<b>Total</b>	<b>93.50</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not realizing government revenue.

**AIR-04**

#### **14.4.13 Non-deduction of income tax - Rs 2.04 million**

According to Para 8(k) of Audit Manual, Part I-General, Chapter 1-General Instructions Regarding Procedure and Extent of Audit, the accounting office is responsible to see that Fund and Income Tax deductions were correctly made.

As per provisions of Income Tax Ordinance, 2011 amended from time to time, “It is the duty of every paying authority to deduct income tax from salary and deposit the same into bank/treasury”

During audit of various officers of the Sindh Forest Department, for the year 2011-12 it was revealed an amount of Rs 2.016 million was not deducted as Income Tax from pay bills of employees. Due to non-deduction of income tax loss was sustained by government, as detailed at Annexure-10.

The management failed to recover government dues which reflected weak financial discipline.

The irregularity was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-48**



## **CHAPTER - 15**

### **HEALTH DEPARTMENT**

#### **15.1 Introduction**

Health Department is responsible to frame public health policy and provide medical facilities to the public.

The main functions of the department under the Sindh Government Rules of Business, 1986 are:

1. To control medical drugs, poisons and dangerous drugs (Drugs Act and Rules).
2. To manage medical education, including medical schools, colleges and institutions for dentistry.
3. Medical social welfare projects.
4. Medical Profession: -
  - a) Regulation of medical and other professional qualifications and standards;
  - b) Medical registration, including medical council;
  - c) Indigenous system of medicines;
  - d) Medical attendance on government servants; and
  - e) Levy of fees.
5. Pharmacy and nursing councils.
6. Public health and sanitation.
  - a) Prevention and control of infectious and contagious diseases;
  - b) Eradication and Control of Tuberculosis.
  - c) Eradication and control of malaria;
  - d) Treatment of patients bitten by rabid animals;
  - e) Adulteration of food stuffs (Pure Food Ordinance);
  - f) Nutrition Surveys;
  - g) Nutrition of publicity in regard to food;
  - h) Vaccination and inoculation; and
  - i) Maternity and child welfare.
7. Primary Health.



## 15.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 212 formations (DDOs), out of which 119 formations were selected for audit during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
27,398	16,357	43,755	33,246	10,508

## 15.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
35	21	14	60

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 35 paras were discussed cumulatively in respect of Health Department. The department made compliance of only 21 paras and 14 paras were left unattended or compliance not made. The percentage of compliance comes to 60%.

## **15.4 AUDIT PARAS**

### **15.4.1 Mis-appropriation of funds - Rs 43.66 million**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further, any person or authority hindering the auditoria functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of the Maternal Neonatal and Child Health (MNCH) Karachi, it was revealed that the Provincial Programme Director paid Rs 43.66 million during the year 2011-2012, without any voucher, bank invoice, copy of cheque leaf, name of person along with detail purpose of payment or any particular office order, hence expenditure without documents was unauthentic and caused loss to the government.

The mis-appropriation of above funds was caused due to mis-management and lack of controls.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification of mis-appropriation besides fixing responsibility for not taking remedial measures to safe guard the interest of national exchequer.

**AIR # 01**

### **15.4.2 Loss due to illegal encroachments of government land - Rs 296.21 million**

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

During audit of JPMC Hospital Karachi for the year 2011-12 it was revealed that illegal encroachment valuing Rs 296.21 million was in possession of various people, but no timely action was taken by the management to get vacated the premises rather all the utilities bills were being paid from the hospital funds

The overall position of encroachments showed that the management of Hospital was not taking serious efforts to vacate the encroached property resulting into unnecessary burden of utilities expenses borne by the management.

The irregularity was pointed out to the Department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasises to get the government land vacated besides fixing responsibility for not taking remedial measures in time.

**AIR # 03**

#### **15.4.3 Non-production of record - Rs 51.72 million**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001,

“(2) The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.

(3) Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules”.

During audit of Health Department, for the year 2011-12 it was revealed in the following offices that record of Rs 51.72 million was not produced to audit for scrutiny.

The details are as under;

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	JPMC Hospital, Karachi	34 & 35	Various important record of receipts, expenditure and stock, advertisement for appointments, short listings and contractual agreements of contractual staff	50.45
2.	Provincial Manager Sindh AIDS Control Program	4.2.2	<ul style="list-style-type: none"> <li>• Awareness at Religious festivals (Urs)</li> <li>• Awareness to Religious leaders,</li> <li>• Awareness to uniform Personal,</li> <li>• Awareness to Health Professionals,</li> <li>• Provincial / District Task Force,</li> <li>• Training Domestic</li> </ul>	0.74
3.	Principal Public Health School Sukkur	07	Electricity charges	0.53
<b>Total</b>				<b>51.72</b>

Due to non-production of record, the authenticity of the expenditure incurred could not be verified

The irregularity was pointed out to Department in Jul and Aug 2011/2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing of responsibility for not providing the same in violation of constitutional provision.

#### **15.4.4 Wasteful expenditure on purchase of tissue papers - Rs 7.17 million**

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

During audit of the Director, TB Control Sindh Hyderabad, for the year 2011-12 it was revealed that Tissue papers of Rs 7.17 million were purchased from various contractors in excess of the requirement at higher rate of Rs 100 per box.

Following observations were made:

1. There was no provision of bulk purchase of Tissue paper in PC-I of the project.
2. Consumption during three years 2006-09 was 1245boxes, 412 boxes per year as per report given in PC-I of the project.
3. During 2010-11 the consumption was only 620 boxes as per stock register.
4. According to consumption account and issuance in stock register the consumption of Tissue paper boxes remained 2000 boxes for last 05years, but a huge quantity of 22,200 boxes was purchased which needs to be justified.

The purchase of Tissue paper in bulk quantity was due to mis-management and lack of internal controls.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification of procurement of bulk tissue papers.

**AIR # 07**

#### **15.4.5 Unauthorized payment of consultancy charges - Rs 4.27 million**

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

During audit of the Medical Superintendent, Civil Hospital, Karachi, for the year 2011-12 an amount of Rs.4.27 million was paid to a private consultant “M/s. NESPAK” on account of consultancy charges for carrying out work awarded but the said work should were awarded to Works & Services Department, Government of Sindh.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would emphasise to intimate the reasons of unauthorized payment to the consultant.

**AIR # 03**

#### **15.4.6 Unauthorized drawl of non-practicing allowance - Rs 9.33 million**

According to Rule 10 (I of G.F.R Rule V-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect to of expenditure of his own money.

During audit of Health Department for the year 2011-12 it was revealed that non-practicing allowance Rs 9.33 million was paid to various officers without obtaining undertaking or affidavit of non-practice from them. In the

absence of the document the authenticity of the expenditure could not be verified.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	JPMC Hospital Karachi	13	Payment of Non-Practice allowance to various doctors	5.96
2.	M.S Peoples Medical College Hospital Nawabshah	11	-do-	3.07
3.	Gambat Institute of Medical Sciences, Gambat	09	-do-	0.26
4.	Shahdadpur Institute of Medical Sciences, Shahdadpur	03	-do-	0.04
<b>Total</b>				<b>9.33</b>

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to stop grant of un-authorized allowances besides recovery of amount be made in lump sum from the concerned officers.

#### **15.4.7 Unauthorized payment of stipend /training allowance - Rs 276.90 million**

According to Appendix 18 A, Section XIV, Rules 40 B of SFR Vol/1 states that Means should be devised to ensure that every government Servant realizes fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During the audit of the following offices of Health Department for the financial year 2011-12, it was revealed that an amount of Rs 276.90 million

was paid as stipend to trainees without fulfilling codal formalities mentioned against the name of each office:

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	JPMC Hospital, Karachi	07	255.35
<b>Particular deviations</b>			
<ul style="list-style-type: none"> <li>• The policy/ criteria for selecting candidates could not be clarified.</li> <li>• The letter of constitution of committee was not attached.</li> <li>• The copy of advertisement was not available.</li> <li>• Approved sanctioned strength of officials was produced to audit.</li> <li>• The complete list of candidates applied for was not available.</li> <li>• The marks details of candidates were not available.</li> <li>• The final approved list of candidates was not provided to audit.</li> <li>• The offer/appointment letters were not provided to audit.</li> <li>• The joining reports were not provided.</li> </ul>			
2.	Provincial Programme Director MNCH Karachi	14	21.40
<b>Particular deviations</b>			
<ul style="list-style-type: none"> <li>• Payment of stipend without merit list and attendance register</li> <li>• stipend was drawn from assignment account and kept in DDO account</li> </ul>			
3.	Principal Male Nursing School Jacobabad	01	0.15
<b>Particular Deviation</b>			
•Payment of stipend through cash instead of through bank account			
<b>Total</b>			<b>276.90</b>

The above lapse on the part of management indicates improper watch, and absence of systematic internal control.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasises to justify unauthorized payment besides fixing of responsibility for not taking appropriate steps.

**AIR # 13**



#### **15.4.8 Un-necessary re-appropriation of funds - Rs 30.00 million**

According to the notification issued by the Government of Sindh, Finance Department Karachi vide # B/2 (63)/78 part-II/20 dated 30th November, 1981, “the funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the competent authority”. Further, Rule-178 of Sindh Budget Manual states that an officer of the government has no power to sanction any appropriation out of funds placed at his disposal for a central (agency) subject. The administration department may re-appropriate funds from one primary unit to any other such unit provided that:-

1. No re-appropriation is made from one grant to another.
2. Funds allotted for non voted expenditure items or vice versa: and
3. No re-appropriation is made to meet any expenditure other than contingent expenditure, which is likely to involve further outlay in a future FY.

During audit of the Director Malaria Control programme Hyderabad, it was revealed that an amount of Rs 30.00 million was released by way of re-appropriation of funds from one scheme to other scheme over and above annual budget allocations without any reason.

The management failed to watch the laid down procedures.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification unnecessary re-appropriation of funds.

**AIR # 06**

#### **15.4.9 Unauthorized expenditure on purchase X-Ray films - Rs 14.11 million**

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

During audit of the Director JPMC Hospital Karachi, it was revealed that an amount of Rs 14.11 million was incurred on account of X-Ray films.

The following observations were noticed:

- Agreement was not executed.
- The indents for purchase of X-Ray films were not available to justify purchase.
- The purchases were made without tender.
- There was inverse relation between date and serial numbers of cash memos as the date increase the serial number of cash memo was decreasing like bill # 569 dt. 15-3-12 and bill # 568 dt.18-5-12, that created the doubt as there should be positive relationship between bill number and date that may be clarified.

The management failed to watch the laid down procedures.

The irregularity was pointed out to the Department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate reasons of unauthorized purchase besides fixing responsibility for not taking appropriate steps in time.

**AIR # 06**

#### **15.4.10 Loss to government on purchase of medicine - Rs 13.26 million**

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

During audit of the Director, TB Control Sindh Hyderabad, for the year 2011-12 it was revealed that medicines were purchased of Rs 15.521 million from different contractors. The medicines were purchased in excess amount of Rs 13.26 million than the approved quantity in the tender documents. The details are as under:

<b>Medicine</b>	<b>M/S</b>	<b>O/Balance</b>	<b>Quantity purchased</b>	<b>Issued</b>	<b>C/Balance</b>
HRZE	Novartis	2.351	7.460	2.351	7.46
HR	Ozone	0.000	4.820	1.526	3.29
HRE		0.831	3.241	1.563	2.51
<b>Total</b>		<b>3.182</b>	<b>15.521</b>	<b>5.44</b>	<b>13.26</b>

The management failed to implement the internal purchase controls.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasises to intimate the reasons and the circumstances of purchase of excess quantity of medicines besides fixing of responsibility on the person(s) found at fault of this lapse.

**AIR # 08**

#### **15.4.11 Unauthorized payment made through open cheques (cash) - Rs 1.66 million**

According to Rule 13 of General Financial Rules, volume-I, states that “every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied”.

During audit of the Director, Institute of Skin Diseases Sindh, Karachi it was revealed that an amount of Rs 1.66 million was paid by issuing open

cheques instead of cross cheques. The issuance of open cheques was considered irregular.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would require to justify the unauthorized issuance of open cheques.

**AIR # 06**

#### **15.4.12 Non recovery of stamp duty - Rs 4.83 million**

According to para-22-A of Stamp Act, "It is the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.20 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit of various offices of Health Department for the year 2011-12 purchases were made from various contractors, but stamp duty Rs 4.83 million was not recovered in violation of above rule. Details are at Annexure-11

Management did not observe the rules and procedures, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would stress to recover the amount.

#### **15.4.13 Non-recovery of government dues - Rs 31.65 million**

According to Rule-28 of General Financial Rules, Volume - I: “No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for the adjustment must be sought.”

During audit of various offices of Health Department, house rent allowance, conveyance allowance, tender fee, CT Scan and MRI fee worth Rs.31.65 million were not recovered from various persons/agencies. Details are at Annexure-12.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would stress to recover the government dues.

#### **15.4.14 Non deduction of income tax - Rs 25.43 million**

According to the Section 153 (1) every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non resident person- (a) for the sale of goods; (b) for the rendering of services; (c) on the execution of the contract, other than a contract for the sale of goods or the rendering service, shall, at the time of making the payment , deduct tax from the gross amount payable at the rate specified in division III of part III of the first schedule.

During audit of various offices of Health Department, it was revealed that income tax of Rs 25.43 million was not deducted at prescribed rates on purchases of taxable items and on payment of salaries to employees in violation of above rule. The details are at Annexure-13

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would emphasise to recover the Income tax.

#### **15.4.15 Non recovery of sales tax - Rs 5.76 million**

According to Rule-2 of the Sales Tax Special Procedure (Withholding) Rules, 2007 issued from Ministry of Finance, Economics Affairs, Statistics and Revenue, Government of Pakistan through its SRO. 660(I)/2007 dated 30-06-2007 (The above SRO came into force w.e.f. 01-07-2007), “A withholding agent shall deduct an amount equal to one-fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him”.

During audit of following offices of Health Department, it was revealed that various articles were purchased from various suppliers, but sales tax of Rs 5.76 million was not deducted at source and deposited into government treasury. The details are as under:

<b>Sr. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Amount of expenditure</b>	<b>Rupees in millions Sales Tax</b>
1.	Director, MCP, Hyd.	07	29.679	4.75
2.	M.S Civil Hospital, Khairpur	03	2.894	0.51
3.	JPMC Hospital Karachi	05	1.484	0.26
4.	M.S Sindh Govt. Hospital Liaquatabad	03	1.500	0.24
<b>Total</b>			<b>35.557</b>	<b>5.76</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would emphasise to recover the Sales Tax.

#### **15.4.16 Loss to government on purchase of medicine - Rs 3.50 million**

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

During audit of the Superintendent, Civil Hospital Sukkur, for the year 2011-12 it was revealed that various medicines were purchased Rs 3.50 million.

Following observations were made:

1. Medicines were purchased from the other contractors than the approved contractors in the tender list/comparative statement
2. Medicines were purchased in huge quantity than the approved quantity in the tender list/comparative statement.
3. Medicines were purchased on high rates than the approved rates in the tender list/comparative statement

The management failed to implement the internal control checks in order to prevent wastage of public money.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither was the reply submitted nor was DAC meeting convened till finalization of this report.

Audit would emphasise to intimate the reasons of unauthorized purchase of medicines.

**AIR # Para 10 & 15**

#### **15.4.17 Unauthorized payment of Advance to various agencies - Rs 31.31 million**

According to Rule-668 of Central Treasury Rules, volume-I, “Advances granted under the special orders of the competent authority to officers/ officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary”,

During audit of Secretary Health Department Government of Sindh, Karachi, it was revealed that payment Rs 31.31 million from Grant in aid and SDA account was drawn and disbursed but the detailed accounts duly supported with vouchers was not provided to audit.

The details are as under;

<b>Sr. #</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	07	Payment made to various offices from lapsable assignment account	20.81
2.	06	Fund was transferred to women & Children Medical Care Trust, Karachi & Red Crescent Cardiac Hospital Unit No.02 Hyderabad	10.50
		Total	31.31

The management failed to implement the internal control checks in order to prevent wastage of public money.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report

Audit emphasises to justify the payment without vouchers besides fixing responsibility on the person(s) for not taking appropriate steps of the lapses.



#### **15.4.18 Unauthorized Expenditure on account of Repair of RHCs - Rs 34.13 million**

According to Subject:-10 (1) & (IV) of General Financial Rules, volume- I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of the community.

During audit of the Provincial Programme Director Maternal Neonatal and Child Health (MNCH), Karachi, it was revealed that an amount of Rs 34.137 million was paid on account of RHCs but the work was assigned on market rates instead of scheduled rates. The contract agreement was not available and the contract was not given to the contractors registered with Pakistan Engineering Council.

Management failed to observe the government rules and procedures, which reflects the absence of systematic control and financial in-discipline

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit would emphasise to intimate the reasons of unauthorized expenditure on account of Repair of RHCs

**AIR # 05**

#### **15.4.19 Excess drawl of establishment charges - Rs 25.30 million**

According to Rule-23 of General Financial Rules, volume-I states that “every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of the Director JPMC Hospital Karachi, for the year 2011-12 it was revealed that an amount of Rs 25.30 million was drew in excess of monthly establishment charges on account of pay and allowances.

The management failed to watch the laid down procedures. Thus the above lapses on the part of the department indicate that due to improper watch and absence of systematic control.

The irregularity was pointed out to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification of excess drawl of funds.

**AIR # 04**

#### **15.4.20 Unauthorized payment of special allowance - Rs 2.58 million**

According to Ministry of Health letter No.F.30-30/2005Admn-I dated: 05/10/2006 the special allowance equal to 50% of basic pay was allow to all doctors, nurses, and paramedical staff working in emergency services in government hospitals.

During audit of the Director JPMC Hospital Karachi, for the year 2011-12 it was revealed that an amount of Rs 2.58 million was paid to various officials/ staff of the department on account of payment of special allowance.

The following observations were noticed:

- The prior approval and orders of competent authority for performing emergency duties were not available, but the sanction of payment of special allowance was made and bill was passed from AG Sindh after close of each month instead of issuing prior orders of performing special duty.
- The copies of rosters showing the attendance of officials performed emergency duties were not provided; hence the sanction after close of each month was issued at the discretion of Director/Joint Director.
- The cheques were drawn in the name of DDO instead of concerned payees, and the acknowledgement receipts of payee were also neither

available nor provided, hence of misappropriation of funds cannot be ruled out.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systematic internal control.

The irregularity was pointed out to the department in Sep 2012. Neither was the reply submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification of unauthorized payment of special allowance.

**AIR # 08**

#### **15.4.21 Unauthorised payment of hiring charges - Rs 1.25 million**

According to the Notification issued by the Government of Sindh Finance Department Karachi vide no. B/2 (63)/78 part-II/20 dated 30<sup>th</sup> November, 1981; the funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the Competent Authority.

During audit of the Director JPMC Hospital Karachi, for the year 2011-12 it was revealed that an amount of Rs 1.25 million was paid on account of hiring charges from the budget allocation of repair charges of building without soliciting approval from finance department.

The management failed to watch the laid down procedures.

The irregularity was pointed out to the in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires justification of unauthorized payment without approval.

**AIR # 47**

## **CHAPTER - 16**

### **HOME DEPARTMENT**

#### **16.1 Introduction**

Home Department plays a pivotal role in devising the policy leading towards the maintenance of law and order and internal security of the province.

The departments attached with the Home Department are;

- (i). Police
- (ii). Civil Defense
- (iii). Prisons

Core functions of the department include:

1. All matters relating to eradication, prevention and control of crime.
2. Administration of justice, constitution and organization of courts, except the high courts, civil courts and special tribunals.
3. Arms, ammunition and military stores.
4. All matters connected with police establishment and administration.
5. Powers and functions as provided for in the Police Order-2002.
6. Civil Defence and air raid precaution.
7. Compensation for loss of property or life due to civil commotion or while on duty.
8. Collective fines.
9. Civil security schemes.
10. Civil armed forces, including the rangers
11. Evidence and oaths.
12. Extraditing and deportation.
13. Enforcement of provision of Provincial Motor Vehicles Ordinance, 1965, and the rules there under relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control.
14. Liaison with defence authorities.
15. Matters connected with public order and internal security.
16. Political intelligence and censorship.

17. Public amusement control over places, performances and exhibitions
18. Preventive detention and administration of press laws except regularity of publication of newspapers, periodicals and magazines.
19. Prosecution in respect of newspapers and other publications
20. Registration of foreigners
21. Recovery of missing persons.
22. Smuggling.
23. Daily situation report on crime, political and general situation.

## 16.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 153 formations (DDOs), out of which 103 formations were selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
1,538	(879)	658	690	(32)

## 16.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
18	9	9	50

Audit Reports for the year 2006-07, 2007-08, 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 18 paras were discussed cumulatively in respect of Home Department. The department made compliance of 9 paras and 9 paras were left unattended or compliance not made. The percentage of compliance comes to 50 %.

## **16.4 AUDIT PARAS**

### **16.4.1 Fraudulent payment of G.P Funds, and pensions - Rs 46.85 million**

According to appendix 18-A of Sindh Financial Rules, volume-I, “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held responsible for any loss arising from fraud and negligence on the part of any other government office to the extent to which it may be shown that he contributed to the loss by his own actions or negligence”.

During audit of the Senior Superintendent of Police, Sukkur, it was revealed that an amount of Rs 46.85 million was drawn from government treasury on account of payment of GP Fund, Pension, during the year 2011-12. The payment was made without following rules and procedures duly specified in the books relating to maintenance of government accounts.

Following irregularities were observed:

1. The calculation of GP Fund and pension/commutation were not provided to audit, such calculations were required to be made through SAP R/3.
2. The amount calculated on account of pension and commutation and GP Fund were not credited into personal accounts of Officials/ Officers.
3. No personal data of retired officials/ officers were not recorded into the office
4. The adjustments were not made from the final claims of officials / officers on account of HBA Car/ Motor Cycle and GP Fund advance.
5. No certificate of heir ship was obtained even from the single employee.
6. In case of deceased cases no any death certificate was not available in the record
7. In most of cases, original appointment letters were not available in the service books of retired government servants,

The above lapses indicate that the funds were drawn fraudulently.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires detailed investigation in to the matter of fraudulent payment of G.P Funds, and pensions besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 09**

#### **16.4.2 Doubtful payment on account of POL - Rs 2.23 million**

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of the Senior Superintendent of Police, Mirpurkhas, it was revealed that, an expenditure of Rs 2.23 million on account of POL was incurred. The following irregularities were observed:

1. Vouchers were tempered as the phone number on vouchers indicated that vouchers relate to Hyderabad which shows amount was drawn fraudulently on account of POL.
2. Financial Sanction Orders by the Deputy Inspector General was not available.
3. Mode of payment was not known

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate reasons of doubtful payment on account of POL besides fixing responsibility for not taking appropriate steps in time.

**AIR # 08**

### **16.4.3 Doubtful payment on account of gas charges - Rs 2.34 million**

According to the letter No Bud-1/4618/34 dated.19-03-2011 received from I.G Prison Karachi, on the Subject Recovery from the salaries of the staff towards Gas charge as detailed below,

Officers	Rs 500 P/M
Ministerial and other Staff	Rs 400 P/M
Guarding Staff	Rs 300 P/M

During audit of the Superintendent, District Prison Shaheed Benazirabad, it was revealed that paid Rs 2.34 million to SSGC from head of account of Gas charges.

Since cooking is prohibited in the jail premises, hence the payment made was doubtful.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate reasons of doubtful payment on account of Gas charges besides fixing responsibility for not taking appropriate steps in time.

### **16.4.4 Non-production of record - Rs 9.92 million**

According to section 14(2) & (3) of the Auditor General's (Functions, Powers & Terms & Conditions of the Service) Ordinance, 2001, states that;

2. The officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with responsible expedition.
3. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subjected to disciplinary action under efficiency and discipline rules.



During audit of various offices of the Home Department, it was revealed that they did not provide record of Rs 9.92 million. The details are at annexure-14.

The authenticity of the expenditure incurred could not be verified by audit due to non-production of record.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing of responsibility for not providing the same in violation of constitutional provision.

#### **16.4.5 Un-authorized deductions of local funds from salaries - Rs 6.36 million**

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

During audit of the Home Department it was revealed that the following offices of the Home Department deducted huge amount of Rs 6.36 million as local fund from the monthly salaries of the non-gazette employees without any approval of the competent authority.

<b>Sr. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Superintendent of Police, Garden Headquarter Kar.	04	4.083
2.	Superintendent of Police, RRF-I/ SPG Naval Base Karachi	06	0.960
3.	Superintendent of Police, RRF-II/ SPG Karachi	04	0.925
4.	Addl: Inspector General of Police, Special Branch, Sindh Karachi	05	0.348
5.	DIGP, Commandant Pool RRF/ SPG Karachi	10	0.047
<b>Total</b>			<b>6.36</b>

The matter was reported to the department in Jul to Dec 2012. Neither the reply was submitted nor DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of un-authorized deductions of local funds from monthly salaries besides fixing responsibility for not taking appropriate steps to safeguard the government interests.

#### **16.4.6 Unauthorized expenditure of investigation cost - Rs. 5.09 million**

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

Rule-11 of General Financial Rule, Volume-I, “the head of the department is responsible for financial order and strict economy at every step”.

During audit of the Home Department, it was revealed that in the following offices of Home Department, a cumulative expenditure of Rs 5.09 million was incurred on account of cost of investigation.

<b>Sr.#</b>	<b>Name of office</b>	<b>Para # of AIR</b>	<b>Particular</b>	<b>Rupees in million</b>
1.	SSP, Khairpur`	12	Refer point 01 to 05 above	2.308
2.	SSP, Shaheed Benazir Abad (Nawabshah)	04	1. copies of FIR not provided 2. No time schedule and case diaries maintained	1.818
3.	SSP, Ghotki	16	Refer point 01 to 06 above	0.610
4.	SSP, (Crime & Investigation, Hyderabad	01	1. Rate & Number of cases 2. Acknowledgment of payment from the payee	0.193
5.	SSP, Mirpurkhas	16	Refer point 01 to 06 above	0.156
<b>Total</b>				<b>5.09</b>

Following irregularities were observed:

1. The expenditure was shown as incurred on investigation of cases but the detail of cases were not produced.
2. Major claims were made on rent of vehicles whereas local office has its own vehicles
3. The supporting vouchers of stationery and photocopy were not available.
4. The details of destination and driving license were not available.
5. The acknowledgments from drivers were not available.

The department did not maintain the record properly for audit.

The matter was reported to the department in Jul to Nov 2012. Neither the reply was submitted nor DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditure besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.7 Purchase without approval of Finance Department - Rs 7.30 million**

According to para no 6(a) notification No FD(B&E-XIII)7(3)/2009-10 Finance Department, Government of Sindh dated 11-07-2009 regarding communication of budget grant for the year 2009-10, “ No advance would be drawn on abstract bill without prior approval of Finance Department, as restrictions imposed under letter no B-I/7-I/98-99 dated 13-07-98, letter No FD/B&E-I/4-I/88/2006(P) dated 30-10-2006 as well as letter of even no dated 26-04-2007”.

During audit of the Home Department, it was revealed that in various offices of the Home Department, an expenditure of Rs 7.30 million was incurred on purchase of vehicles through pre-receipted bills without approval of Finance Department.

The details are as under;

<b>S #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particular</b>	<b>Rupees in million</b>
01	IG Sindh, Karachi	02	Purchase of 05 Nos. Cars XLi.	7.237
02	Superintendent Youthful Offenders & Industrial School Kar. (2010-11)	03	Purchase of Motorcycle	0.062
<b>Total</b>				<b>7.30</b>

The matter was reported to the department in Jul to Dec 2012. Neither the reply was submitted nor DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.8 Unauthorized payment of other offices - Rs 6.52 million**

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

During audit of Home Department, it was revealed that in the following offices of the Home Department, an amount of Rs 6.52 million was incurred on payment of other office under various heads of accounts while these offices have its own budget provision. No re-appropriation was obtained from Finance Department Government of Sindh. The details are as under:

<b>Sr. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	DPO, Mirpurkhas	05	Office and residence bill of DIG Mirpurkhas	3.436
2.	DPO, Khairpur	05	Payment of electricity bills	2.830
3.	DSP M.T Store SRP Saeedabad	02	Payment of POL charges	0.251
<b>Total</b>				<b>6.52</b>

The matter was reported to the department in Jul to Dec 2012. Neither the reply was submitted nor DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized payments besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.9 Cash payment of salaries through DDO - Rs 392.47 million**

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

During audit of the Home Department, it was revealed that in the various offices of Home Department, the salaries of Rs 392.47 million were paid in cash by the DDO instead of crediting into their bank accounts. The details are at annexure-15.

Management did not observe the rules and procedures, which reflected weak financial discipline and internal controls.

The irregularity was pointed out to the department in Jul to Nov, 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of payment of cash salary through DDO, besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.10 Non-invitation of open tenders - Rs 45.15 million**

According to Rule-17(1) and (2) of SPPR, 2010;

- a. Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.
- b. The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.

During audit of the Home Department, it was revealed that In 24 offices of Home Department, an expenditure of Rs 45.15 million was incurred on the purchase of Plant & machinery, Feeding items, Furniture & fixture and on repair works, during the year 2011-12 without calling tenders. The details are at annexure-16.

The management did not follow SPPRA rules, which resulted in non-achievement of competitive rates.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that non-tendering of expenditure needs to be justified.

#### **16.4.11 Non-recovery of police guards charges - Rs 110.33 million**

According to Rule-28, GFR, Vol-I, no amount due to the government should be left outstanding without sufficient reason and where any dues appear to be irrevocable the order of the competent authority for their adjustments must sought.

During audit of the Home Department, it was revealed that the various offices of Home Department provided police guards to various departments/agencies/officers/individuals but service charges were not recovered from them which resulted in non-recovery of Rs 110.33 million on account of Police Guard charges. The details are at annexure-17.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.12 Unauthorized expenditure on account of POL - Rs 137.97 million**

According to Rule-20 of the West Pakistan Government Staff Vehicles (Use & Maintenance) Rule 1969, the following books shall be maintained for each motor vehicle.

- Log Book con Form “A” and shall remain in the custody of the Driver of the vehicle
- History sheet of vehicle a bound register containing 50 pages, which remain in the custody of officer in charge of the machine.
- Petrol Account registers separately on Form “C”.

During audit of the Home Department it was revealed that in twenty-nine (29) offices of Home Department, it was observed that an amount of Rs 137.97 million was incurred on account of POL but log books; history sheet was not maintained properly. Details are at annexure-18.

The management failed to implement the internal control in order to prevent the double payments.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### 16.4.13 Unauthorized expenditure of building repair - Rs 7.68 million

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

During audit of the Home Department, it was revealed that in the following offices of Home Department, an amount of Rs 7.68 million was incurred on account of repair of building by local office instead of Building Division.

Sr.#	Name of office	Para # of AIR	Rupees in million
1.	Senior Superintendent of Police, Ghotki	09	2.892
2.	Senior Superintendent of Police, Mirpurkhas	17	2.892
3.	Senior Superintendent of Police, Khairpur	11	0.997
4.	Senior Superintendent of Police, Shaheed Benazir Abad (Nawabshah)	03	0.900
<b>Total</b>			<b>7.68</b>

Following shortcomings were observed as under:

- (1) Estimates and technical sanctions were not attached with the bill.
- (2) Measurement Books were not provided.
- (3) Split up was made to avoid tendering.
- (4) Completion report was not provided.
- (5) Payment was made in DDO account instead of suppliers account.

The irregularity was pointed out to the department in Jul to Nov, 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.



#### **16.4.14 Unauthorized expenditure on repair of vehicles - Rs 12.79 million**

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

During audit of the Home Department, it was revealed that in thirty-eight (38) offices of Home Department, an amount of Rs 12.79 million was incurred on repair of vehicles. The details are at annexure-19.

The following observations were noticed:

1. Repair was not carried out from Motor Transport workshop.
2. Old spare parts register was not maintained.
3. Requisition for repair of vehicles from the drivers was not available on record.
4. Acknowledgement receipt was not obtained from the supplier.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **16.4.15 Un-justified expenditure on POL - Rs 3.27 million**

According to Rule 23 of General Financial Rule Volume-1, Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud and negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of the Senior Superintendent of Police, Khairpur, it was revealed that, an amount of Rs 3.27 million was incurred on purchase of POL from M/S Pak petroleum Service and Khan Autos Khairpur for whole year, but various vehicles pertaining to different Police Stations of district Khairpur, were far from the head quarter ranging from about 30-60 km, fuelled from Khairpur city, instead of their local fuel station, which resulted in loss to government.

The management failed to implement the internal control checks in order to prevent wastage of public money and has caused above irregularities and may give space to other serious irregularities.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unjustified expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 07**

#### **16.4.16 Unauthorized purchase without joint inspection - Rs 12.45 million**

Under rule-10 of G.F.R. Volume-I “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

During audit of the Inspector General of Police Sindh, Karachi it was revealed that, an amount of Rs 12.45 million was paid (detailed below) on account of body fabrication without satisfactory joint inspection report by inspection committee, due to which the quality, quantity and authenticity could not be determined.

The details are mentioned below;

<b>Cheque No. &amp; Date</b>	<b>Supplier</b>	<b>Particulars</b>	<b>Rupees in million</b>
1053648 13-05-12	M/s. Pir Fabrication, Karachi	Complete body fabrication with Bullet Resistant Sheet + Police Logo's and Marketing police light bar and Blue with P.A. System. 44 units @ Rs.162,672/-	12.454

The management failed to implement the internal control checks in order to prevent wastage of public money and has caused above irregularities and may give space to other serious irregularities.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized purchases besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 03**

#### **16.4.17 Blockade of government money - Rs 13.95 million**

According to Rule 290 of Central Treasury Rules, Volume-I, states, “no money shall be drawn from Government Treasury until and unless it is required for immediate disbursement or need” and According to Rule 28 of General Financial Rules Vol-I no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable, the orders of the competent authority for their adjustment must be sought.

During audit of the Inspector General of Police Sindh, Karachi, it was revealed that an amount of Rs 13.95 million was paid in advance for purchase of Pistols, but same were not received till the end of financial year 2011-12, hence advance payment was not justified.

The management failed to implement the internal control checks in order to prevent wastage of public money and has caused above irregularities and may give space to other serious irregularities.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of blockade of government of money besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 07**

#### **16.4.18 Wasteful screening of personnel for Hepatitis-C Test - Rs 21.91 million**

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

During audit of the Inspector General of Police Sindh, Karachi, it was revealed that, an amount of Rs 21.91 million was paid to M/s. Rahila Research Laboratory for screening of Police Personals for Hepatitis-C. The same facility of tests of blood of police personnel for Hepatitis-C was available in all government hospitals, which resulted in un-necessary expenditure.

The management failed to implement the internal control checks in order to prevent wastage of public money and has caused above irregularities and may give space to other serious irregularities.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 09**

#### **16.4.19 Unauthorized expenditure on purchase of APC Vehicles - Rs 449.80 million**

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

During audit of the Deputy Inspector General of Police, Technical & Transport it was revealed that, an amount of Rs.449.80 million was incurred on purchase of APC vehicles.

Following observations were observed:

1. Contract agreement was not executed.
2. Stamp duty amounting to Rs 899,600 was not recovered with the supplier.
3. Articles were not accounted for in relevant stock register

Management did not observe the rules and procedures, which reflected lack of internal controls and financial discipline.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to intimate the reasons of unauthorized expenditures besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR # 01**

#### **16.4.20 Non-recovery of fines - Rs.3.68 million**

"The Departmental controlling officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury", as per rule-41(a) of Sindh Financial Rules, volume-I.

During audit of the Superintendent of Police Traffic Zone-V, it was revealed that the said office did not recover an amount of Rs 3.68 million on account of traffic fines.

Management did not observe the rules and procedures, which reflected lack of internal controls and financial discipline.

The irregularity was pointed out to the Department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR #11**

#### **16.4.21 Non-recovery of Government money - Rs 29.47 million**

As per Rule-28 of General Financial Rules, Volume - I: "No amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the order of the competent authority for the adjustment must be sought."

During audit of the Home Department, it was revealed that In the various offices of Home Department, House rent allowance, conveyance allowance tender fee etc. amounting to Rs 29.47 million were short recovered from various persons/agencies. The details are at annexure-20

Management did not observe the rules and procedures, which reflected lack of internal controls and financial discipline.

The irregularity was pointed out to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.



## CHAPTER - 17

### INFORMATION DEPARTMENT

#### 17.1 Introduction

The department of Information and Archives was created for projection of Sindh Government activities, public relation and relations with Press. The department is also responsible for checking/monitoring the regularity of publication of newspapers, periodicals, magazines and building up working relationship with television/broadcasting networks, including PTV, Private TV Channels and Radio Pakistan for publicity of Government activities in different spheres of social uplift.

#### 17.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 12 formations (DDOs), out of which 04 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
926.20	311.00	1,237.20	1,124.67	112.53

#### 17.3 Brief comments on the compliance of PAC directives

As no para was included in the previous audit reports, hence requires no comments.



## **17.4 AUDIT PARAS**

### **17.4.1 Unauthorized expenditure on political advertisements - Rs 106.52 million**

As per Rule 88 of Sindh Financial Rules, “Every public officer should exercise the same vigilance in respect of expenditure incurred from government revenue, as a person of ordinary prudence would exercise in spending his own money”. And as per provision 12 of advertisement policy 2000, “organizations shall undergo prior scrutiny of all advertisements to ensure that the same are work-related and not for purpose of welcoming or congratulating any VIP”.

During audit of the Secretary, Information Department, Government of Sindh, it was revealed that an expenditure of Rs 106.52 million was incurred on politically-motivated advertisements under head of account publicity and advertisement in the years 2005-06 to 2009-10. The expenditure was incurred on advertisements on death anniversary/birthday celebration of political leaders, congratulations of one party leader to another, etc which was inadmissible expenditure as the advertisements were not work-related and in the general public interest. The management’s failure to monitor the proper utilization of the public funds resulted into violation of the rules and canons of financial propriety.

The lapse indicates absence of the internal controls.

The matter was reported to the department in 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that unauthorized expenditure on political advertisements needs to be justified.

**SAR-01**

### **17.4.2 Expenditure without tenders - Rs 1.34 million**

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

During audit of the following offices of Information Department, for the year 2011-12, it was revealed that an expenditure of Rs 1.34 million was incurred on purchases of different items without inviting tenders in contravention to above rule, thus the government was deprived of competitive rates.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para # of AIR</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	Director (Admin & Accounts) Information & Archives Department, Karachi.	01	Purchase of hardware	0.53
		02	Purchase of furniture	0.50
2.	Secretary, Information & Archives Department, Karachi	01	Purchase of furniture	0.20
		03	Purchase of plant and machinery	0.11
<b>Total</b>				<b>1.34</b>

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The lapse indicates absence of the internal controls.

The matter was reported to the department in Jul to Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that non-tendering of expenditure needs to be justified.

#### **17.4.3 Unauthorized expenditure on repair of vehicles - Rs 1.61 million**

According to serial No. 7-B, conditions laid down for sanction & incur expenditure on repairs to the motor vehicles subject to the restrictions in the West Pakistan Delegation of Financial Powers under the Financial Rules & the Powers of Re-appropriation Rules, 1962.

- a. that the repairs are carried out at government workshop
- b. in absence of government workshop open tenders are invited

- c. the expenditure should prove to be economical with reference to the service period of the tools, plants and machinery.

During audit of the following offices of Information Department, for the year 2011-12, it was revealed that an expenditure of Rs 1.61 million was incurred on repair of government vehicles.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para # of AIR</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	Secretary, Information & Archives, Karachi	08	Repair of vehicles from local market	0.87
2.	Director (Admin & Accounts) Information & Archives, Karachi.	05	Repair of vehicles from local market	0.49
3.	Director, Archives, Karachi	05	Repair of vehicles from local market	0.25
<b>Total</b>				<b>1.61</b>

The following irregularities were noticed.

1. Repair register of each vehicle was not maintained in form-B.
2. That the replaced old spare parts and accessories were not taken into account for ultimate disposal.
3. Driver report about vehicle (out of order) was not produced.
4. That the history sheet of the vehicle was not produced to audit.
5. Satisfactory work completion report was not attached with the bill.
6. Acknowledgment from concerned workshop was not obtained.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Sep 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that unauthorized expenditure needs to be justified.

## CHAPTER - 18

### SINDH BOARD OF INVESTMENT

#### 18.1 Introduction

Investment department was established with broad based responsibility of promotion of investment in all sectors of economy; facilitation of local and foreign investors for speedy materialization of their projects and to enhance Sindh's international competitiveness and contribute to economic and social development. The department acts as a focal point of contact for prospective investors, both domestic and foreign to provide all necessary information and assistance in coordinating with other Government Departments/Agencies.

#### 18.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 10 formations (DDOs), out of which 06 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1211	15	1226	1056	170

#### 18.3 Brief comments on the compliance of PAC directives

As no para was included in previous Audit Reports as such requires no comments.

## **18.4 AUDIT PARAS**

### **18.4.1 Unauthorized expenditure without supporting vouchers - Rs 9.74 million**

As per Rule 23 of Sindh Financial Rules, every payment including repayment of money previously lodged with Government for whatever propose, must be supported by sub-vouchers setting forth full and clear particulars of the claim.

During audit of Secretary/Director General, Sindh Board of Investment, Karachi for the year 2011-12 it was revealed that an expenditure of Rs 9.743 million was incurred on various activities without supporting vouchers. The authenticity of the expenditure incurred could not be verified by audit due to non-production of supporting voucher.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Jul to Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

## CHAPTER - 19

### IRRIGATION DEPARTMENT

#### 19.1 Introduction

Irrigation Department came into being in 1970 with the dissolution of One Unit. Major tasks performed by the Irrigation and Power Department are operation and maintenance of the irrigation and flood protection system, regulation of flows of River Indus and canal systems, covering Inter- Provincial and Intra-Provincial Systems. Execution of development schemes and mega projects is also one of the major responsibilities. On the power side, the department performs the role of regulatory authority. Major objectives and functions of the department are:

#### Irrigation Department

- a) Operation, maintenance, development and management of irrigation network.
- b) Operation, maintenance, development and management of surface drainage system and tube-wells.
- c) Flood control along River Indus and hill torrents.

#### 19.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 197 formations (DDOs), out of which 69 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
17,728	18,900	36,629	31,986	4,643

### 19.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
31	18	13	58

Audit Reports for the years 2006-07, 2007-08, and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 31 paras were discussed cumulatively in respect of Irrigation Department. The department made compliance of 18 paras and 13 paras were left unattended or compliance not made. The percentage of compliance comes to 58.

## 19.4 AUDIT PARAS

### 19.4.1 Un-authorized / fraudulent payment on fake attorney - Rs 26.52 million

According to para-23 of General Financial Rules, volume-I; “Every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part”.

During audit of the Project Director, Lining of Distributaries and Minors in Sindh Hyderabad, it was revealed payment as detailed below was made on fake attorney of a contractor dated 16-01-2007:-

<b>Sr. #</b>	<b>Running bill</b>	<b>Work order</b>	<b>Cheque # date</b>	<b>Rupees in million</b>
1.	1 <sup>st</sup> R. A bill	WB-10/DB/CC Lining/2009/4W/548 dated	05550/138971 dt 23-05-2009	10.741
2.	2 <sup>nd</sup> R. A bill	28-02-2009	06825/170618 dt 01-01-2010	11.495
3.	3 <sup>rd</sup> R. A bill		07807/195175 dt 18-02-2010	4.286
<b>Total</b>				<b>26.522</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of funds.

**AIR-12**



#### **19.4.2 Non-production of record - Rs 733.03 million**

As per Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition (2) Any person or authority hindering the auditoria functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency & Discipline Rules.

During audit it was revealed that the various office bearers of irrigation and power department did not provide auditable record to audit. The expenditure covered by this record totals Rs 733.03 million. The detail of the observations is at Annexure-21.

The authenticity of the expenditure incurred could not be verified by audit due to non-production of record.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

#### **19.4.3 Non-adjustment of advance payment - Rs 84.71 million**

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

During audit it was revealed that the various office bearers of irrigation and power department made advance payments totalling Rs 84.71 million to their divisions/suppliers on account of de-silting and other engineering works but in contrary to the above requirement office bearer was not maintaining any adjustment account against these advances. The detail of the observation is at Annexure-22.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-adjustment of advances.

#### **19.4.4 Unauthorized expenditure without calling open tender - Rs 37.93 million**

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

During audit it was revealed that the various office bearers of irrigation and power department, during the financial year 2011-2012, incurred expenditure totaling Rs 37.93 million on purchases without inviting open tenders in contravention to above rule, which has deprived the government to gain from competitive rates. The details are at Annexure-23

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditure without tenders.

#### **19.4.5 Unauthorized payment on extra lead - Rs 209.89 million**

As per para 4 of schedule of rates for finished items of works, “No lead small or long, for carriage of material for items is to be paid separately, however, provision for the carriage of materials from a predetermined nearest source of supply may be made in the estimate”.

During audit it was revealed that the various office bearers of irrigation and power department paid excess amount totalling Rs 209.89 million to the contractors on account of extra lead/carriage and without preparation of lead chart. The details are at Annexure-24.

The amount was paid without preparation of lead chart due to which the chances of misappropriation of government funds cannot be ruled out.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on extra lead.

#### **19.4.6 Non-imposition of penalty - Rs 822.97 million**

As per clause-2 of the Contract Agreement, “The quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4<sup>th</sup> work in 1/4<sup>th</sup> of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided, that the total amount of compensation to be paid

under the provisions of this clause shall not exceed 10 percent of the estimated cost of the work, as shown in the tender”.

During audit it was revealed that the various office bearers of irrigation and power department did not impose penalty of Rs 822.97 million on the contractors for not completing various works within the stipulated time. The details are at Annexure- 25.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non imposition of penalty.

#### **19.4.7 Excess consumption of steel - Rs 13.17 million**

As per Para 528 of Public Works Departmental Manual, “No material alteration in sanctioned, still less in standards, design may be made by a divisional officer in carrying out any work without the approval of the Superintending Engineer. Should any alteration of importance, involving any additional expense, be considered necessary, a revised or supplementary estimate should be submitted for sanction”.

During audit it was revealed that following office bearers of irrigation and power department allowed payments for excess quantities of steel as provided in the technical estimates without any change in design and specifications. Thus, excess amount of Rs 13.17 million was paid to the contractors in violation of above rule. The details are as under;

<b>S #</b>	<b>Name of Divisions</b>	<b>Para #</b>	<b>Rupees in million</b>
01	Barrage Division, Sukkur	33	11.76
02	Right Bank Tube Well division, Rato dero	01	1.41
<b>Total</b>			<b>13.17</b>

The excess payment on steel indicated that either the estimate was defective or contractors were given extra financial benefit.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unjustified excess consumption of steel.

#### **19.4.8 Excess payment to the contractors and consultants - Rs 83.47 million**

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

During audit it was revealed that following office bearers of irrigation and power department made payment of Rs 83.47 million to contractors/consultants in excess of due amount, as detailed at Annexure-26.

The management made payment in excess of amount verified by the consultant which shows weak financial management.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment to contractors and consultants.

#### **19.4.9 Unauthorized award of work on de-silting - Rs 44.51 million**

As per Para 58 and 519 of PWD manual read with SPRA rules, “tenders should invariably be invited publicly in respect of all kinds of work in order to achieve the lowest and competitive rates; and “Earth works are to be carried out through Mechanical Divisions” As per Finance Department Circular # B-IV-8/131/85 dated 9<sup>th</sup> Apr 1987 read with Circular # DA/FD/ID-EX/10/87/698 dated 27<sup>th</sup> Apr, 1998.

During audit it was revealed that the various office bearers of irrigation and power department incurred an expenditure totaling Rs 44.51 million on execution of de-silting work by awarding work to contractors without obtaining competitive rates, preparing estimates duly approved by the competent authority and obtaining NOCs from mechanical division. The details are at Annexure-27.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized award of work on de-silting.

#### **19.4.10 Non-adjustment of miscellaneous P.W.D. advances - Rs 85.14 million**

As per para 360 of Central Publics Works Accounts Code, “Items in the Miscellaneous PW Advances account are cleared either by actual recovery or by transfer, under proper sanction or authority, to some other head of account. Items or balances which may become irrecoverable should not be so transferred until ordered to be written off”.

During audit it was revealed that following office bearers of irrigation and power department had miscellaneous public works advances outstanding against various officers/officials and contractors totalling Rs 85.14 million. The department did not adjust the outstanding amounts by 30<sup>th</sup> Jun, 2012.

The details are as under;

<b>Sr. #</b>	<b>Name of division</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	North Dadu Drainage Division, Larkana	07	4.83
2.	Store Division, Hyderabad	02	78.15
3.	Drainage Division, Shikarpur	10	0.86
4.	Irrigation West Division, Khairpur	06	0.76
5.	Irrigation Naseer Division, Hyderabad	21	0.30
6.	Irrigation East Division, Khairpur	05	0.25
<b>Total</b>			

Management failed to recover or adjust its receivable advances hence chance of loss to the government cannot be ruled.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-adjustment of miscellaneous advances.

#### **19.4.11 Unauthorized adjustment of advances - Rs 18.40 million**

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

During audit it was revealed that the Executive Engineer, Irrigation Naseer Division, Hyderabad, paid Rs 18.40 million in advance to mechanical and store division in the year 2011-12. In this regard the following observations were noticed;

- The advances were not adjusted till the end of financial year of 2011-12 and no efforts were taken by the local office for execution of work.
- The work was not executed for which the advances were given.

- The advances were not reflected in monthly accounts of division.
- The detailed adjustment bills, showing the date-wise execution work with quantity was not available.
- The Measurement Books and joint MB's of relevant claims/debit bills were not attached.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized adjustment of advances.

**AIR-12**

#### **19.4.12 Unauthorized payment for works - Rs 31.36 million**

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

During audit it was revealed that the Executive Engineer, Irrigation Naseer Division, Hyderabad, incurred an expenditure of Rs 31.36 million during the year 2011-12, on account of Restoration of abandoned escape. The following observations were noticed;

- The tender was not called and the copies of the rates quoted by the contractors were neither available nor provided to audit.
- The works were awarded on Memorandum Terms and Conditions without soliciting approval of competent authority for given contract, although as per instructions of competent authority in release of funds clearly stated that all the codal formalities are required to be fulfilled.
- Further the work was required to be completed within 45 day in November 2011 and, but the payment was made up to Jun 2012, which



showed that the work was not as emergency nature thus the Memorandum terms and conditions were not required.

- The legally binding agreements with contractors were not executed thus government sustained the loss of stamp duty.
- Neither MB's were prepared nor provided for verification.
- The work was carried out without having and providing the complete data of area.
- The actual estimate was prepared for Rs 27.342 million but the work was awarded and paid for Rs 31.361 million, thus favor was extended and excess payment was made without having approved estimates.
- Further in fictitious estimates the RD was mentioned for 0-45.5 for which the estimate was prepared, but the work was awarded for RD 0-29.5 for same estimated cost of Rs 31.361 million, as four times the estimated cost was overwritten on general description statement without justification, that created the doubt of hypothetical estimate instead of actual.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of works.

**AIR-46**

#### **19.4.13 Unauthorized expenditure on abkalani material - Rs 3.17 million**

As per Para101 of Central Public Works Accounts Code, "A numerical or quantity account of receipts issues and balances has to be maintained for all kinds of store materials".

During audit it was revealed that following office bearers of irrigation and power department incurred expenditure totalling Rs 3.17 million on purchase of "Abkalani material" during the year 2011-12. The following observations were noticed;

- The quotations were not called and hypothetical rates were allowed without justification.
- The consumption account in Form 35 was neither maintained nor provided to audit.
- Manjhandari Panjars are required to be purchased through Forest Department or after obtaining NOC, but the same was not done.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Naseer Irrigation Division, Hyderabad	42	1.613
2.	Guddu Barrage Division, Kashmore	06	1.559
<b>Total</b>			<b>3.172</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on abkalani material.

**AIR-42**

#### **19.4.14 Non-awarding contracts to the successful bidders - Rs 4,625.86 million**

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

During audit it was revealed that the Project Director, Lining of Distributaries and Minors in Sindh, Hyderabad, did not award the approved and successful contractors, the contracts valuing Rs 4,625.86 million, till the time of completion of project period.

This indicates the poor performance of the project management who is not taking efforts for satisfactory completion of project within stipulated time period.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-awarding of contracts to the successful bidders.

**AIR-02**

#### **19.4.15 Lack of wide publicity of tender - Rs 207.06 million**

As per Para 17 (2) of Sindh Public Procurement Rules 2010, “The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages” and as per Para18 (2) “the response time shall not be less than fifteen calendar days from the date of publication of Notice Inviting Tender in the newspapers or hoisting in the website, as the case may be, in case of National Competitive Bidding”.

During audit it was revealed that the Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad, invited the open tender of Rs 207.065 million during the year 2006-07 for 5 days only i.e. published on 18-04-2007 and opened on 23-04-2007 instead of fifteen days. Secondly the tender was invited in two un famous newspapers only i.e., Daily Pakistan and Daily Barsaat instead of three well known newspapers

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for the lack of wide publicity of tender.

**AIR-08**

#### 19.4.16 Un-authorized appointment of Retired DAO - Rs 3.65 million

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

During audit it was revealed that the Project Director, Lining of Distributaries and Minors in Sindh, Hyderabad, paid an amount of Rs 3.65 million to retired officer appointed as Accounts Officer since start of project in violation of clear court decision instead of acquiring Divisional Accounts Officer from A. G. Sindh Office. This indicates that un-due financial favour was extended to the retired officer and not taking measures for safeguard government objectives.

<b>Sr. #</b>	<b>Year</b>	<b>No. of months</b>	<b>Monthly pay</b>	<b>Total Amount Rupees in million</b>
1.	2005-06	09	45,000	0.41
2.	2006-07	12	45,000	0.54
3.	2007-08	12	45,000	0.54
4.	2008-09	12	45,000	0.54
5.	2009-10	12	45,000	0.54
6.	2010-11	12	45,000	0.54
7.	2011-12	12	45,000	0.54
<b>Total</b>		<b>81</b>		<b>3.65</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for misappropriation of funds non-sending requisition to the Accountant General for Accounts Officer.

**AIR-20**

#### **19.4.17 Abandoned works - Rs 637.32 million**

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

During audit it was revealed that the Secretary, Irrigation Department, Karachi, awarded the (66) works Revamping/Rehabilitation of Irrigation & Drainage Systems in Sindh valuing of Rs 637.32 million till Jun 2012 in to abundance. The said works were neither re-awarded nor was action taken against defaulting contractors as per clause-3 of contract agreement.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for the abandoned works.

**AIR-01**

#### **19.4.18 Un-authorized payment Revamping funds - Rs 4.37 million**

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

During audit it was revealed that the Secretary, Irrigation Department, Karachi, paid an amount of Rs 4.37 million un-authorized to the contractor M/S. M. M Pak on work Revamping/Rehabilitation of Irrigation & Drainage Systems in Sindh on account of 1<sup>st</sup> R.A for acquiring consultancy services Feasibility Study for investigation design and initiating construction work for

detention weirs/charge dams Small Dams in Dadu and Larkana Districts, Kohistan Division-I vide voucher # 86 dated 28-02-2012 without re-appropriation from competent authority.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for un-authorized payment of other project work from revamping funds.

**AIR-16**

#### **19.4.19 Unauthorized expenditure on debris - Rs 70.00 million**

As per Para 167 of General Financial Rules, “Store materials which are reported to be absolute surplus, or un-serviceable may be disposed off by sale or otherwise as per the orders of the competent authority to sanction write off in respect of loss caused by deficiencies and depreciation equivalent to their value”.

During audit it was revealed that the Executive Engineer, Barrage Division, Sukkur, paid an amount of Rs 70.00 million during the year 2011-12 on the work of Dismantling and shifting of Debris along right side by M/S. Umer Jan & Co. was unauthorized as:

1. Estimate / Administrative approval was not shown.
2. Tender documents were not available on record.
3. The dismantling material was not disposed off.
4. MB was not available.

Due to non-disposal of debris material government sustained loss.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure on removing debris.

**AIR-05**

#### **19.4.20 Non-recovery of stamp duty - Rs 8.08 million**

As per Para 22-A of Stamps Act, "It was the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost".

During audit it was revealed that the various office bearers of Irrigation Department & Power Department made various contracts to the contractors, but stamp duty cumulatively amounting Rs 8.08 million was not recovered from them. The detail is at Annexure-28.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

**19.4.21 Unauthorized expenditure on hire charges machines - Rs 34.42 million**

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

During audit it was revealed that the following office bearers of Irrigation & Power Department incurred expenditure totalling Rs 34.42 million on hire charges machines. In this regard following irregularities were noticed;

1. NOC from Mechanical Division was not obtained.
2. Consolidated estimate was not prepared and got sanctioned by the competent authority.
3. Tender were not invited.
4. Progress of work done report was not prepared and submitted by the concerned Assistant Executive Engineer.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Begari Sindh Feeder Division, Kashmore	11	2.48
		13	4.13
2.	Naseer Irrigation Division, Hyderabad	34	8.99
3.	Small Dam Division Kohistan-II, Jamshoro	03	1.64
		06	0.58
4.	Kotri Barrage Division, Jamshoro	05	1.14
5.	Begari Division, Jacobabad	05	0.99
6.	Barrage Division, Sukkur	09	0.83
7.	Lower Pinyari Division, Sujawal	13	10.75
8.	Small Dam Division, Kohistan-I, Dadu	09	0.62
		08	0.92
		06	1.35
<b>Total</b>			<b>34.42</b>

Due to non-fulfilment of codal formalities the transparency of expenditure could not be authenticated and un-due favour to contractor could not be ruled out.



The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure on hiring charges of machines.

#### **19.4.22 Expenditure by splitting up to avoid codal compliance - Rs 92.50 million**

As per Clause-12 (1) of Sindh Public Procurement Rules, 2010, “a procuring agency shall prepare, in accordance with Rule 11 above, all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan”.

During audit it was revealed that in the following offices of Irrigation Department, Karachi, an amount of Rs 92.50 million was incurred by split up of work / purchase orders to avoid the necessity for invitation of open tender.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Drainage Division, Thatta	05	79.24
2.	Irrigation West Division, Khairpur	03	4.93
3.	Rohri Division, Moro	01	1.65
4.	Drainage Division, Larkana	04	1.33
5.	North Dadu Drainage Division, Larkana (F.Y 2010-11)	03	1.20
6.	Irrigation East Division, Khairpur	03	1.15
7.	Guddu Barrage Division, Kashmore	08	0.88
8.	Begari Division, Jacobabad	07	0.86
9.	Tube Well Division, Khairpur	08	0.39
10	Sakro division Mirpur Sakro	07	0.87
<b>Total</b>			<b>92.50</b>

The department was deprived of competitive rates, due to non-calling of tenders through authority’s website or print media.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-observance of Procurement Rules.

#### **19.4.23 Wasteful payment to contractors for 3rd party insurance - Rs 560.82 million**

As per clause-17 of Contract Agreement, “If at any time before the security deposit is refunded to the contractor, it shall appear to the Engineer-in-Charge or his sub-ordinate in charge of the work, that any work executed with unsound, imperfect or un-skilful workmanship or with materials of inferior quality, it shall be lawful for the Engineer-in-charge to intimate this fact in writing to the contractor and the contractor shall be bound forthwith to rectify or remove and reconstruct the work so specified in, whole or part, as the case may require”.

During audit of the Secretary Irrigation Department, for the year 2011-12, it was revealed the payment to contractors for 3rd party insurance for Rs 560.82 million was made as detailed below, which was not covered under rules.

<b>Sr. #</b>	<b>Name of work</b>	<b>Item of work</b>	<b>Rupees in million</b>
1.	Priority-I Channels	Insurance of work, insurance against accidents and third party insurance	117.93
2.	Priority-I Channels	Insurance of work, insurance against accidents and third party insurance	195.60
3.	Priority-I Channels	Insurance of work, insurance against accidents and third party insurance	64.43
4.	Priority-I Channels	Insurance of work, insurance against accidents and third party insurance	182.86
<b>Total</b>			<b>560.82</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes that matter may be investigated by the high level enquiry committee and responsibility be fixed against the person(s) at fault and recoveries should be effected.

**AIR-04**

#### **19.4.24 Wasteful expenditure on PD Office - Rs 7.53 million**

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

During audit the Secretary, Irrigation Department, Karachi, for the year 2011-12, it was revealed that for the work Revamping/Rehabilitation of Irrigation & Drainage Systems in Sindh, all the works ranging from tendering process, making estimate, passing of bills were done by the Secretary office. Full time Project Director was posted but was not involved in pre-qualification, tendering process, work award, preparing estimates, executing contract agreements with contractors, monitoring & supervision, passing bills. He was only appointed to fill project post as per PC-I.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for wasteful creation and recurring expenditure.

**AIR-12**

#### **19.4.25 Non-recovery of government dues - Rs 498.01 million**

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

During audit it was revealed that the various office bearers of irrigation and power department did not recover Rs 498.01 million on account of various charges. The details are at Annexure-29.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **19.4.26 Non-deduction of voids - Rs 32.75 million**

As per the Standing Rates Committee # Rates/69/948/42/66 dated 29<sup>th</sup> Oct 1969, “25 % voids are required to be deducted from the bills of the contractors”.

During audit it was revealed that following office bearers of Irrigation and Power Department did not deduct Rs 32.75 million on account of 25% voids on supply of 9 inches stone boulders for stacking and dumping along various bunds.

The details are as under;

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Mirpur Irrigation Division, Mirpurkhas	03	0.24
2.	North Dadu Division, Larkana	01	24.62
3.	Secretary, Irrigation Department, Kar.	15	5.47
4.	Thar Irrigation Division, Mirpurkhas	02	0.85
5.	Barrage Division, Sukkur	14	0.80
6.	Dad Division, Shaheed Benazirabad	06	0.60
7.	Naseer Division, Hyderabad	32	0.10
8.	Kotri Barrage Division, Jamshoro	12	0.07
<b>Total</b>			<b>32.75</b>

The management did not deduct 25 % voids due to which the government sustained loss.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-deduction of voids.

#### **19.4.27 Non-deduction of shrinkage allowance on work - Rs 15.89 million**

As per the condition specified in Note 3 of the schedule B of the contract, "Deduction of shrinkage from the bank will be made @ 3 % to 6 % if earthwork is done through machine (tractors & scrappers)".

During audit it was revealed that the various office bearers of irrigation and power department did not deduct Rs 15.89 million on account of shrinkage allowance @ 6 % on earthwork done through machines by various contractors. The details are at Annexure-30.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-deduction of shrinkage allowance.

#### **19.4.28 Non-deposit of government receipts - Rs 60.74 million**

As per rule 26 of General Rules, “It is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account”

During audit it was revealed that following office bearers of irrigation and power department deducted income tax and other miscellaneous charges of Rs 60.73 million but the same were not deposited into the government treasury which resulted in un-authorized retention of government funds. The details are at Annexure-31.

The management failed to deposit the government revenue hence chance of misuse of government funds cannot be ruled out.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious deposit of government dues besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **19.4.29 Non-recovery of interest on mobilization advances - Rs 66.11 million**

As per Rule 220(c) of Sind Financial Rules in respect of works costing Rs 2.5 million or above the contractor may be allowed by the authority competent to accept tender, a mobilization advance to be paid up to 10% of the tendered amount subject to the following conditions:

- (i) The contractor shall before obtaining the advance furnish a guarantee in Form 20-A.
- (ii) The contractor shall pay interest @ 10% per annum on the advance.

During audit it was revealed that following office bearers of irrigation and power department paid mobilization advance of Rs 661.10 million was paid to contractors without recovering interest @ 10% per annum amounting to Rs 66.11 million. Thus due to non-recovery of interest from the contractor government sustained loss of Rs 66.11 million.

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Project Director, Lining of Distributaries and Minors in Sindh, Hyderabad (F.Y 2010-11)	10	64.11
2.	Nara Project Division, Sanghar	01	2.00
<b>Total</b>			<b>66.11</b>

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-10**

### **19.4.30 Recovery of double payment from the contractor - Rs 9.76 million**

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

During audit it was revealed that the Executive Engineer, Drainage Division, Larkana, paid an amount of Rs 9.76 million to the contractor as double payment on the same work order number which was already paid to contractor. This resulted into loss to the government.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-01**

### **19.4.31 Non-recovery of mobilization advances - Rs 219.42 million**

As per Para 220 (c) Sindh Financial Rules, a mobilization advance upto 10% of the tendered amount may be allowed by the competent authority to accept the tender in respect of the works above Rs 2.5 million subject to the following conditions;

3. The amount of advance inclusive of interest on reducing balances shall be recovered in five equal installments from first five running bills of the contractor and if the number of bills is less than five then one fourth of the advance inclusive of the interest there on shall be recoverable



from each bill except the final bill and the balance together with interest shall be recovered from the final bill.

During audit it was revealed that the Project Director, Lining of Distributaries and Minors in Sindh, Hyderabad, did not recover the mobilization advance of Rs 219.42 million from the contractors out of mobilization advance of Rs 641.10 million. The department only recovered an amount of Rs 421.67 million after lapse of more than two years. Due to non-recovery of mobilization advance in five equal installments the chances of misappropriation cannot be ruled out.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-07**

#### **19.4.32 Non-accountal of releases - Rs 8.43 million**

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

During audit it was revealed that the Secretary, Irrigation Department, Karachi, failed to account for an amount of Rs 8.43 million in the books of project accounts, from the total funds released by the Federal Government amounting to Rs 9,638.6 million during the years 2003-04 to 2011-12. The whereabouts of the unaccounted for amount could not be ascertained from the available record.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of releases.

**AIR-11**

**19.4.33 Non recording of working hours utilised for tractor trolleys - Rs 5.64 million**

As per Appendix 18 A Section XIV, Rule 40 B of Sindh Financial Rules “Means should be devised to ensure that every Government servant realizes fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part”.

During audit it was revealed that the Executive Engineer, Irrigation Naseer Division, Hyderabad, paid an amount of Rs 5.64 million during the year 2011-12, on illogical and fictitious working hours claimed against the standard hours. The hours were claimed in the range of 43 to 60 hours per day instead of 24 hours per day. Neither estimates were available nor were Measurement Books of executed works provided to audit. Further the payment was made in terms of working hours, but the detailed working in terms of place and Cubic Feet were not available. Thus in this situation the chances of misappropriation of funds cannot be ruled out.

The lapse indicates improper watch and absence of internal controls.

The matter was reported to the department in Jul to Nov 2011. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for irregular payment by allowing unauthorized working hours.

**AIR-36**



## CHAPTER - 20

### LIVESTOCK AND FISHERIES DEPARTMENT

#### 20.1 Introduction

The main role of the Livestock & Fisheries Department is:

1. Collection and compilation of Livestock statistics.
2. Improvement of the livestock including poultry and introduction of new breeds.
3. Livestock farms.
4. Prevention of animal diseases.
5. Prevention of cruelty to animals.
6. Veterinary.
7. Fisheries.

#### 20.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 90 formations (DDOs), out of which 41 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
4,441	1,532	5,974	3,677	2,297

### 20.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
14	3	11	21

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 14 paras were discussed cumulatively in respect of Livestock & Fisheries Department. The department made compliance of only 3 paras and 11 paras were left unattended or compliance not made. The percentage of compliance comes to 21.

## **20.4 AUDIT PARAS**

### **20.4.1 Doubtful payment of government funds - Rs 1,255.31 million**

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

Also, as per Para 228 of Central Public Works Account Code, “Advance to contractor is as a rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done. Exceptions are however permitted in certain cases. In the imperishable nature the secured advance not exceeding 75% of the value of such material brought at site of work may be allowed to be paid by the sanction order of Chief Engineer and 2<sup>nd</sup> advance may not be allowed until the first advance is recovered”.

During audit of the office of the Secretary Live Stock & Fisheries Karachi for the year 2011-12, it was observed that an amount Rs 1,255.31 million was awarded to contractors by way of pooling on scheme namely “Establishment of Bhambor Diary Village” and out of this Rs 514.00 million was paid in advance on above scheme.

It was printed in local media that a payment of Rs 133.66 million was made in advance to contractor M/s Abdul Majeed & Company for construction of link road, despite fact that road side land was owned by (ZABIST) Zulfiqar Ali Bhutto Institute of Science & Technology and work could not be started yet. Further, in PC-I, it was mentioned that large quantity of sweet water is available at site but according to print media no sweet water is available at site and payment was made in advance to contractor for installation of tube well and construction of water reserve tanks.

It was also noticed that all such payments by the department was made within two days in advance without observing codal formalities in tendering

and exercised pooling of amount. When audit required justification of the payment and for physical verification of the scheme site, local office neither complied with audit instructions nor deputed any official for physical verification to authenticate actual facts and findings.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that detail inquiry as well as physical verification must be conducted through honest official/officers of the department with the consultation of audit representative and also requires inquiry into the matter besides fixing responsibility for unauthorized payment on doubtful scheme.

**AIR#01, 02, 03 & 06**

#### **20.4.2 Doubtful payments for constructions under scheme - Rs 117.54 million**

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

Also, as per Para 228 of Central Public Works Account Code, “Advance to contractor is as a rule prohibited and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Exceptions are however permitted in certain cases. In the imperishable nature the secured advance not exceeding 75% of the value of such material brought at site of work may be allowed to be paid by the sanction order of Chief Engineer and 2<sup>nd</sup> advance may not be allowed until the first advance is recovered”.

During Audit of the office of the Secretary Live Stock & Fisheries Karachi for the year 2011-12, it was observed that amounts Rs 41.53 million

and Rs 76.01 million were paid in advance to contractor M/s M. Ayub & Company for construction of Sewerage Treatment Plant and boundary wall respectively. Some short comings were noticed in the transaction;

- Payments were made in advance without obtaining bank guarantee.
- Payments were made as mobilization advance without any measurement or site visit.
- Leveling and dressing work was awarded before construction of Sewerage Treatment Plant.
- Local office awarded all works within single day.
- Local media printed that no work regarding construction of Sewerage Treatment Plant or boundary wall was started by any contractor.

When audit required for physical verification of such site, local office neither made compliance nor carried out any physical verification on its own. This attitude of management clearly creates doubts in the payment and chances of misuse of funds can not be ruled out.

Management failed to observe the government rules and procedures, which reflects the absence of systematic control and financial in-discipline prevalent in the department.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that the matter may please be investigated and responsibility may be fixed on the officials for violating the government rules.

**AIR#05 & 07**



### **20.4.3 Doubtful payment of survey charges amounting to - Rs 38.40 million**

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

Also, as per Para 228 of Central Public Works Account Code, “Advance to contractor is as a rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done. Exceptions are however permitted in certain cases. In the imperishable nature the secured advance not exceeding 75% of the value of such material brought at site of work may be allowed to be paid by the sanction order of Chief Engineer and 2<sup>nd</sup> advance may not be allowed until the first advance is recovered”.

During audit of the office of the Secretary Live Stock & Fisheries Karachi for the year 2011-12, it was observed that an amount of Rs 38.40 million was incurred on survey of a scheme of construction to M/s Zaheer-uddin Consultants. Some short comings were noticed in the transaction;

- All payments were made in advance by local office without observing codal formalities.
- No work was executed by contractor to whom payment was made and local print media also highlighted this status.

The management has failed to exercise vigilance and due care on its part which clearly creates doubts in the payment and chances of misuse of funds can not be ruled out. Management failed to observe the government rules and procedures, which reflects the absence of systematic control and financial in-discipline prevalent in the department.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that the matter may please be investigated and responsibility may be fixed on the officials for violating the government rules.

**AIR#08**

#### **20.4.4 Unjustified retention of government money - Rs 598.70 million**

Under Rule 100, para 98 of Sindh Budget Manual, the consolidated accounts of the controlling officer should be reconciled monthly with the accounts maintained by Accountant General.

During Audit of the office of the Secretary Live Stock & Fisheries Karachi for the year 2011-12, it was observed that an amount Rs 598.70 million was deposited in government treasury through challan from DDO account after laps of three year.

Audit could not ascertained that why amount was drawn and retained in DDO account for so long without showing any commitment or purpose and why such amount was deposited back into government treasury without showing any justification.

Management failed to observe the government rules and procedures, which reflects the absence of systematic control and financial in-discipline prevalent in the department.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that the matter may please be investigated and responsibility may be fixed on the officials for violating the government rules.

**AIR#04**

#### **20.4.5 Unauthorized expenditure in repair & maintenance - Rs 6.04 million**

According to Rule 88 of Sindh Financial Rules, Volume-I, “Every government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money and public money should not be utilized for the benefit of a particular person or community”.

During audit of various offices of Live Stock and Fisheries Department, Government of Sindh, it was revealed that an amount of Rs 6.04 million was paid in the head of “Repair & Maintenance” of various categories without fulfilment of codal formalities as detailed at Annexure-32.

The following codal formalities were not observed:-

- 01- Indent for repair was not obtained;
- 02- History sheet of repair work was not maintained;
- 03- Repair Register / Scrap account was also not maintained;
- 04- Disposal of spare parts was not produced;
- 05- Cheques were drawn in favour of DDO instead of payees.

The management failed observe codal requirements in incurring the expenditure.

The matter was reported to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing codal formalities.

#### **20.4.6 Unauthorized expenditure on poultry medicines - Rs 2.45 million**

According to Rule 23 of General Financial Rules, Volume - I, “Every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part, to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence”.

During audit of Deputy Project Director, Poultry Production Sindh, Hyderabad, Live Stock and Fisheries Department, Government of Sindh, for the year 2011-12 it was revealed that an amount of Rs 2.45 million was paid on account of purchase of poultry medicines and other items without fulfilling necessary codal formalities which comes into negligence of government rule and procedures.

The management failed to observe codal requirements in incurring the expenditure.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing codal formalities.

**AIR No. 01**

#### **20.4.7 Unauthorized purchase of medicines - Rs 1.34 million**

As per SPPRA Rule 2010, Para 15(b) the direct contracting method is allowed in any of following conditions:

- i. Standardization of equipment or spare parts, to be compatible with the existing equipment, provided that the competent authority certifies in writing the compatibility of the equipment or spare part(s) to be procured;

- ii. The required item(s) is of proprietary nature and obtained only from one source, provided that the Head of the Department certifies in writing the proprietary nature of the item(s) to be procured;
- iii. In case of emergency; provided that the Head of the Department or any other officer not below BS-20 to whom such powers were delegated by the Head of the Department, declares that a situation of emergency has arisen and reasons for making such a declaration shall be recorded in writing.

During audit of Director Animal Husbandry Hyderabad, for the year 2011-12 it was revealed that an amount of Rs 1.34 million was paid to a contractor for purchase of medicines without fulfilment of above SPPRA's conditions.

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing SPPRA rules.

**AIR No. 04**

#### **20.4.8 Unauthorized purchase of vehicles during ban period - Rs 6.80 million**

Under Rule-136 of Audit Manual, on receipt of an abstract bill, scrutiny should be limited to see that the bill were signed by the Competent Authority. The amount paid or passed for payment on each abstract bill should be kept in objection book.

As per minutes of meeting of DDWP held on 02nd Jan, 2003, the representative of Finance Department informed that the purchase of vehicles is banned by the Department should use the vehicles from its own pool or the

S&GAD may be requested for supply from its own pool, otherwise acquire the necessary permission for the purchase of vehicle from Finance Department.

During audit of Director Animal Husbandry Hyderabad for the year 2011-12 it was revealed that an expenditure of Rs 6.80 million was incurred for purchase of heavy vehicles during ban period. Furthermore, the agreement with supplier was not executed.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for purchasing vehicles during ban period.

**AIR No. 05**

#### **20.4.9 Expenditure without open tenders - Rs 23.34 million**

Rule 17 “Methods of Notification and Advertisement” of Sindh Public Procurement Rules, 2009 states that (1) Procurement over one hundred thousand rupees shall be advertised by timely notification on the Authority’s Website and may in print media in the manner and format prescribed in these rules; (2) The advertisement in the newspapers shall appear in the at least three widely circulated leading dailies of English, Urdu and Sindhi Languages”.

During audit of various offices of the Live Stock and Fisheries Department Government of Sindh, for the year 2011-12 it was revealed that an amount of Rs 23.34million was paid to the suppliers and contractors for purchase of various items without inviting open tenders in violation of above rule, as detailed at Annexure-33.

This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The matter was reported to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing SPPRA rules.

#### **20.4.10 Non - adjustment of advances - Rs 1.05 million**

According to Rule 668 of Central Treasury Rules, Volume - I "An advance granted under the special order of the competent authority to officers / officials for departmental or allied purpose may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detail account supported by vouchers or by refund, as may be necessary".

During audit of various offices of the Live Stock and Fisheries Department, Government of Sindh, for the year 2011-12 it was revealed that an amount of Rs 1.05 million was paid as advance for various purposes but the said amount was neither adjusted nor recovered, as detailed below:-

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>Para No.</b>	<b>To Whom Paid</b>	<b>Rupees in million</b>
01.	Director, Poultry Production Sindh, Karachi	09	Consultant Charges	0.55
02.	Deputy Project Director, Poultry Production Sindh, Hyderabad	03	HESCO	0.50
<b>Total =</b>				<b>1.05</b>

The management failed to recover or adjust its receivable advances.

The matter was reported to the department in Jul to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non adjustment of advances.

#### 20.4.11 Loss due to non - auction of animals - Rs 1.45 million

According Rule - 11 of G.F.R Volume - 1, the head of the department is responsible for financial order and strict economy at every step.

During audit of following offices of Live Stock and Fisheries Department, Government of Sindh, for the year 2011-12 it was revealed that many old aged, off coloured live stocks were lying in the farm but the same were not sold out through auction due to which government sustained a loss of approximately Rs 1.45 million.

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>Para No.</b>	<b>Particulars</b>	<b>Rupees in million</b>
01.	Superintendent, Govt. Red Sindhi Cattle Breeding Farm, Tando M. Khan	05	Male young stocks and bulls	1.35
02.	Incharge, Kamori Goat Farm, Dadu	07	Old aged animals	0.10
<b>Total =</b>				<b>1.45</b>

The matter was reported to the department in Sep 2012 but no reply was received till finalization of this report except the department at Sr. 02 replied that the list of off colour and castrated animals were sent to the controlling authority for auction of the same but the reply is not acceptable as the government sustained heavy loss due to not giving the sanction in time by the higher authorities before Eid-ul-Azha. Had the same been auctioned before Eid-ul-Azha, government would have earned more income.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO

Audit emphasized immediate sale of off coloured live stocks and fixing of responsibility for not selling the same in time.



#### **20.4.12 Blockage of funds on purchase of medicines - Rs 8.40 million**

According to Rule 145 of General Financial Rules, Volume - I, "Purchase must be made in the most economical manner in accordance with the definite requirements. Store should not be purchased much in advance of actual requirements if such purchases are likely to prove unprofitable to government".

During audit of Director Animal Breeding, Live Stock and Fisheries Department, Hyderabad, for the year 2011-12 it was revealed that an amount of Rs 8.40 million was paid for purchase of medicines but the same were neither utilized nor any utilization report was produced to audit.

Un-necessary payment without acquiring medicines shows that payment was made to avoid the lapsing of funds and undue favour was given to the contractor.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for purchase of medicines without need.

**AIR No. 05**

#### **20.4.13 Excess payment over & above the PC-I approved cost - Rs 2.65 million**

Rule 10 (i) and (iv) of General Financial Rules, volume-I, states that, "every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Project Director, Vaccine Production Unit, Tandojam, for the year 2011-12 it was revealed the an amount of Rs 2.65 million was paid in excess for purchase of various items from development scheme head. Rates of purchased items were revised and mentioned in Revised PC-I but the items were purchased at higher rate than the rates mentioned in Revised PC-I due to which government sustained a loss.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment in excess of approved cost of PC-I.

**AIR No. 03**

**20.4.14 Unauthorized award of work without open competition - Rs 327.23 million**

According to Sindh Public Procurement Rules, 2010, issued vide notification NO. SORI(SGA&CD)2-30/2010 dated 08-03-2010, Government of Sindh Services, General, Administration and Coordination Department (Regulation Wing) at sr. # 17 (1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules and according to para-22(1)the procuring agency may extend the deadline for submission of bids only, if "Fewer than three bids were submitted and procurement committee is unanimous in its view that wider competition can be ensured by extending the deadline. In such case, the bids submitted shall be returned to the Bidders un-opened."

During audit of Director, Fisheries Research & Development Karachi, for the year 2011-12 it was revealed that an amount of Rs 327.23 million was paid to M/s Pak Oasis on account of Desalination plant supply of 75000 gallons of water per day. The work was awarded without any competition and rate analysis because only single contractor participated in tenders hence the work was awarded without any justification or re-tendering process as required in rules.

The management failed to observe SPPRA Rule due to which competitive rates were not received.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for awarding work to single bidder.

**AIR-01**

#### **20.4.15 Unauthorized expenditure on construction of sheds - Rs 265.58 million**

Para-527 of public works departmental manual, volume-I, states that, “No work shall begin unless proper detailed design and estimate were sanctioned, allotment of funds made and order for its commencement issued by the competent authority.”

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

During audit of Director Fisheries Research & Development Karachi, for the year 2011-12 it was revealed that an amount of Rs 265.58 million was paid for construction of floating jetty and landing sheds without preparing estimate cost, hiring site engineer/consultant.

Thus the above lapses on the part of the department indicate improper watch and absence of systematic control.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not observing codal formalities.

**AIR-02**

**20.4.16 Unauthorized expenditure on purchase of items - Rs 30.62 million**

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

During audit of the following offices of the Livestock & Fisheries Department, for the year 2011-12, it was revealed that an expenditure of Rs 30.62 million was incurred under the heads of accounts as mentioned against each:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Purchase of</b>	<b>Para #</b>	<b>Rupees in million</b>
01	Director Fisheries Research & Development, Karachi.	Fibre Glass Boats	07	2.00
		Insulated plastic containers	09	11.15
		Fish Crates	10	11.37
		Refrigerator & Deep Freezer	12	0.28
		Generator	03	1.50
02	Director Fisheries Inland Hyderabad.	Brooders	10	0.25
		Machinery & Equipments.	01	0.80
		Generator	02	1.00
		Refrigerator & Deep Freezer	11	0.06
		Furniture & Fixture	03	1.36
		Feed & Fertilizer	04	0.20
03	Director General Fisheries, Karachi.	Plant & Machinery	06	0.24
		Hardware	04	0.35
		Liveries	11	0.06
			<b>Total</b>	<b>30.62</b>

In the above mentioned purchases following irregularities were noticed:-

1. Purchases were made without complete description and brand.
2. Agreement was not executed with supplier.
3. Performance security was not obtained / deducted.
4. Items are lying in balance.
5. Delivery challans were not available.
6. The items were not entered in relevant stock registers

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch and absence of systematic internal control.

The matter was reported to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized purchases.

#### **20.4.17 Non-accountal of consumption account - Rs 61.55 million**

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

During audit of various offices of the Livestock and Fisheries Department, Government of Sindh, for the year 2011-12 it was revealed that an expenditure of Rs 61.55 million was incurred for purchase of various store articles, medicines and stationary materials but the accountal of the items and their consumption could not be checked and verified due to non-maintenance of concerned stock registers, as detailed at Annexure-34

Due to non-accountal of articles in the relevant stock registers the authenticity of the procurement and its consumption could not be ascertained and verified by audit.

The matter was reported to the department in Jul to Nov 2012 Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of articles.



## CHAPTER - 21

### LOCAL GOVERNMENT DEPARTMENT

#### 21.1 Introduction

Under the Devolution Plan 2001, the Local Government System was adopted with the aim to provide and improve the civic amenities including water supply, sanitation and infrastructure at the grassroots level.

#### 21.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 13 formations (DDOs), out of which 12 formations were selected and audited during the Audit Year 2011-12. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget/Grant	Supplementary Grant	Final Grant 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
25,108	3,947	29,056	15,554	13,501

#### 21.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
7	4	3	57

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 7 paras were discussed cumulatively in respect of Local Government Department. The department made compliance of 4 paras and 3 paras were left unattended or compliance not made. The percentage of compliance comes to 57.



## **21.4 AUDIT PARAS**

### **21.4.1 Non production of record**

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

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

During audit of Malir Development Authority for the years 2004-05 to 2008-09, the Director General did not produce the following record and information to audit.

1. Record of Shah Latif Town
  - a) Detail of Transfer Cases
  - b) Detail of C.T.C Cases
  - c) Detail of Residential Plots
  - d) Detail of Commercial Amenity Plots
  - e) Detail of Allotment & Leased out plots
  - f) Detail of Encroached of Plots
  - g) Detail of alternate plots
2. Detail of amount Rs 42.21 million paid to M/s Maxim Marketing through Nazir High Court dated 07.07.2007.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**SAR- 35 & 43**

#### **21.4.2 Unauthorized expenditure on purchases of vehicles - Rs 24.10 million**

Under Para-104(a) (i) of Sindh Budget Manual, no expenditure should be incurred without specific appropriation for it. Further, for incurrence of expenditure there must be provision in the PC-I.

During audit of Malir Development Authority, for the years 2004-05 to 2008-09, it was revealed that expenditure of Rs 24.10 million was incurred on purchase of vehicles without provision in budget. Further some of vehicles were purchased during the financial period of 2008-09 which was ban period for purchase of vehicles.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for purchase of vehicles during ban period and without budget provision.

**SAR-31**

#### **21.4.3 Illegal occupation of government land - Rs 24,221.68 million**

According to rule-23 of GFR vol-I, every Government officer should realize fully and clearly that he will be personally responsible for any loss sustain by Government through fraud or negligence on his part and that he will also be responsible for any loss arisen by fraud or negligence on the part of any other Government official to the extent of which it may be shown that he contribute to the losses by his own action or negligence.

During audit of Malir Development Authority (MDA), the years 2004-05 to 2008-09 it was revealed that the Director General failed to take action against the persons who occupied government land of Rs 24,221.68 million. The land was encroached by showing dummy Goths by different names. The land was encroached despite of the fact that MDA has its own Director, Anti

Encroachment Cell, and a huge amount was paid on account of salaries of security guards.

<b>S. No.</b>	<b>Measurement</b>	<b>Para No</b>	<b>Rupees in million</b>
<b>1</b>	884.22	SAR-01	6189.54
<b>2</b>	2,028	SAR-03	14,196.14
<b>3</b>	548	SAR-07	3,836.00
<b>Total</b>			<b>24,221.68</b>

The management's inefficient land management caused illegal occupation by different persons, which resulted in loss to government.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not taking appropriate measures to safe guard government land.

**AIR-03**

#### **21.4.4 Unauthorized expenditure without deduction of rebates - Rs 7.50 million**

According to Rule-88 of S.F.R. Vol-I, "Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in spending his own money".

During audit of Malir Development Authority, for the years 2004-05 to 2008-09 it was revealed that the Director General failed to deduct Rs 7.50 million during, from the contractor on account of rebate.

The details are as under;

<b>S. No.</b>	<b>Particulars</b>	<b>Para#</b>	<b>Rupees in million</b>
1	Scheme Taiser Town	SAR-06	4.32
2	On extra items of work under the agreement	SAR-05	3.18
<b>Total</b>			<b>7.50</b>

The management failed to recover government dues which reflected weak financial discipline.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-deduction of rebates.

#### **21.4.5 Loss to government due to ill-planned designing - Rs 5.91 million**

According to Rule-88 of S.F.R. Vol-I, “Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in spending his own money”.

During audit of Malir Development Authority, for the years 2004-05 to 2008-09 it was revealed that work of Rs 5.91 million was awarded to the contractor for Taiser Town Scheme. The work was however, cancelled due to change of design. Thus the department sustained loss due to ill-planning of the work.

The management’s inefficient land management and weaknesses of internal control caused loss to government.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for ill planning of design.

**SAR-08**

**21.4.6 Non-recovery of outstanding dues of commercial plots - Rs 1,288.52 million**

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

During audit of various offices of Local Government, for the years 2004-05 to 2008-09 and 2011-12 it was revealed that an amount of Rs 1288.52 million was outstanding but the same was not recovered from the defaulters, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para #</b>	<b>Year</b>	<b>Rupees in million</b>
1	Malir Development Authority, Karachi	11	2008-09	58.22
2	Malir Development Authority, Karachi	SAR-21	2004-05 to 2008-09	156.51
3	Lyari Development Authority, Karachi	01	2011-12	1,073.79
<b>Total</b>				<b>1,288.52</b>

The management did not recover the government dues which indicated absence of systemic internal controls.

The irregularity was pointed out in Jan 2009 and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **21.4.7 Excess execution of land - Rs 1,050.00 million**

According to Rule-88 of S.F.R. Vol-I, “Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in spending his own money”.

During audit of Malir Development Authority, for the years 2004-05 to 2008-09 it was revealed that the Director General entered into an agreement without calling tender or fulfilling any codal formality with M/s M.M for award of land measuring 2000 acres, whereas the land executed was 3500. Therefore 1500 acres land worth Rs1050 million ( $3500-2000 = 1500 \times 7$  million) was executed in excess. Further, the agreement dated 20-02-2006 was not approved by the higher authority.

The management’s inefficient land management and weaknesses of internal control caused loss to government.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matters besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**SAR-12**

#### **21.4.8 Excess payment to the contractors - Rs 13.69 million**

As per Rule 356 of PWD Manual Volume-I that recovery from the individuals or losses may be kept under the head Misc. PW Advances pending recovery.

During audit of Director General, Malir Development Authority, for the years 2004-05 to 2008-09, the Director General paid an amount of Rs 13.69 million in excess to the contractors due to allowing higher rate than the actual rate.

The irregularity was pointed out in Jan 2009 and Jan 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matters besides fixing responsibility for excess payment to the contractors.

**SAR-15**

#### **21.4.9 Less deduction of income tax - Rs 9.27 million**

According to section 50(4) of Income Tax Ordinance 1979, amended from time to time, any person responsible for making any payment in full or in part on account of supply of goods or services shall deduct advance tax at the time of making payments at the rate of 6% and 3.5% of gross amount respectively.

During audit of Director General, Malir Development Authority, for the years 2004-05 to 2008-09, it was revealed that the Director General deducted the income tax at lower rate than the actual due rate due to which an amount of Rs 9.27 million was less deducted on account of income tax.

The irregularity was pointed out in Jan 2009 and Jan 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-16**

#### **21.4.10 Non-recovery of government dues - Rs 6,604.10 million**

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

During audit of Director General, Malir Development Authority, for the years 2004-05 to 2008-09, it was revealed that the Director General failed to recover an amount of Rs 6,604.10 million during the years 2004-05 to 2008-09.

The details are as under;

<b>S. No.</b>	<b>Particulars</b>	<b>Para #</b>	<b>million rupees</b>
1	Recovery with interest from M/s Maxim Marketing from 1983 to 2003	SAR-19	7.50
2	Recovery of interest on mobilization advance 10% of Rs63.020 million from contractors	SAR-20	6.30
3	Recovery of Outer Development Charges	SAR-22	464.37
4	Recovery of O.V. of residential plots of Taiser Town Scheme	SAR-23	3085.65
5	Recovery of outstanding amount of utility charges from Allottees of Taiser Town Scheme	SAR-24	3000.28
6	Recover outstanding amount from M/s Maxim Marketing, for which MDA issued a letter dated 12-05-2005 to DCO Karachi for refund.	SAR-26	40.00
<b>Total</b>			<b>6604.10</b>

The management failed to recover government dues which reflected weak financial discipline.

The irregularity was pointed out in Jan 2009 and Jan 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**SAR-19**



#### 21.4.11 Excess expenditure on extra items - Rs 126.56 million

According to the General Principal, the item of work which is not included in the original estimate of work, but included on work in called extra item, which should be got approved by the competent authority prior to execution of work.

During audit of Director General, Malir Development Authority, for the years 2004-05 to 2008-09 it was revealed that the Director General incurred excess expenditure of Rs 126.56 million on the extra item of work, without approval and sanction of competent authority or due to calculation mistake.

The Department did not exercise due care while preparing the original estimates and benefit was accorded to contractors by allowing the execution of extra item of work or by making excess payment due to calculation mistake, which caused loss to government, as detailed below:-

<b>S. No.</b>	<b>Particulars</b>	<b>Para #</b>	<b>Rupees in million</b>
1	Execution of extra items of work	SAR-29	21.88
2	Execution of various works in excess of prescribed limit of 5% over technical sanctioned	SAR-13	22.21
3	Excess quantity of items on various maintenance and repair works	SAR-40	30.39
4	Excess payment to contractor due to calculation mistake	SAR-02	52.08
<b>Total</b>			<b>126.56</b>

This lapse shows weak internal controls prevalent in the authority.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matters besides fixing responsibility for excess payment to the contractors.

#### **21.4.12 Non-adjustment of advances to KWSB - Rs 105.00 million**

Para 668 of Federal Treasury Rules Volume-I states that advances granted under special orders of the competent authority to officers official for Departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers as may be necessary.

During audit of Director General, Malir Development Authority, for the years 2004-05 to 2008-09 it was revealed that an amount of Rs 105.00 million was paid in advance to Karachi Water Board on account of bulk water supply for the New Malir Housing Scheme, but the advances were not adjusted.

Further, the expenditure was made from Taiser Town Scheme instead of New Malir Housing Scheme.

Management failed to adjust advance, which shows weak internal controls prevalent in the authority.

The irregularity was pointed out in Jan 2009. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matters besides fixing responsibility for non-adjustment of advance.

**SAR-37**

#### **21.4.13 Non-recovery of occupancy and electricity charges - Rs 220.37 million**

According to Rule-41 (a) of Sindh Financial Rules, Volume-I, "The department's controlling officer should see that all sums due to Government are regularly received and checked against demands and that they are paid into treasury".

During audit of Director General, Shwan Development Authority, Jamshoro, for the year 2011-12 it was revealed that the authority failed to recover outstanding amount of Rs 220.37 million on account of occupancy and electricity charges from allottees.

The management failed to recover government dues which reflected weak financial discipline.

The irregularity was pointed out in Jul 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires recovery of government dues besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR Para-01**

#### **21.4.14 Award of work to disqualified contractor - Rs 25.09 million**

Under Rule-23 of General Financial Rules, volume-I read with rule-40 B (iii) of Sindh Financial Rules volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part, to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

During audit of Director General, Sehwan Development Authority, Jamshoro, for the year 2011-12 it was revealed that the work of Rs 25.09 million was awarded to M/S. Akbar Construction Co. who submitted call deposit of Rs 500,000 short of Rs 1,800. This short call deposit of the contractor dis-qualified the contractor. However, work was awarded to him.

The irregularity was pointed out in Jul 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for awarding of work to disqualified contractors.

**AIR-03**

#### **21.4.15 Unauthorized expenditure on non-scheduled items - Rs 10.62 million**

According to Sr # 4 of the Schedule of Rate (Composite) for finished items of works, 2004, the non-schedule item costing upto Rs1000 should be got sanctioned by the concerned Superintending Engineer and the items exceeding Rs1000 must be got approved and sanctioned by the Chief Engineer.

During audit of Director General, Sehwan Development Authority, Jamshoro, for the year 2011-12 it was revealed that an expenditure of Rs 10.62 million was incurred on items other than the items shown in the schedule-B for various works, without approval from competent authority. The rates of these items were required to be obtained from market and to be analyzed after adding contractor's profit.

Payment on non-scheduled items without preparation of rate analysis and approval of competent authority occurred due to non-compliance of rules and weak internal controls.

The irregularity was pointed out in Jul 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment on non-schedule items.

**AIR-05**

#### **21.4.16 Excess paid amount not recovered- Rs 6.64 million**

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

During audit of Director General, Sehwan Development Authority, Jamshoro, for the year 2011-12 it was revealed that an amount of Rs 6.64 million was deducted less than the actual on account of previous amount paid to the contractor for the work “Mehran Dream City” which resulted in excess payment. The amount was not recovered which caused loss to the government.

The management failed to recover government dues which reflected weak financial discipline.

The irregularity was pointed out in Jul 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment to the contractors.

**AIR-07**

#### **21.4.17 Award of work on bogus bids - Rs 5.49 million**

Under Rule-23 of General Financial Rules, volume-I read with rule-40 B (iii) of Sindh Financial Rules volume-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part, to the extent to which it may be shown that he contributed to the loss by his own action or culpable negligence.

The Director General, Sehwan Development Authority, Jamshoro, for the year 2011-12 it was revealed that the Director General awarded the work “Construction of Underground Water Tanks, Pump House, Two Staff Room I/C Boundary Wall Near Town Park, Gulshan-e-shahbaz” for Rs 5.49 million to the contractor during the year 2010-11 without fulfilment of codal formalities. The bids produced as record were not authentic, hence the expenditure so incurred cannot be considered as regular.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out in Jul 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for awarding of work on bogus bids.

**AIR-08**



## CHAPTER - 22

### MINORITIES AFFAIRS DEPARTMENT

#### 22.1 Introduction

The major functions of the department are:

- To safeguard the rights of minorities.
- To promote welfare of minorities.
- Meetings of the Provincial/ District Minorities Committee.
- Coordination with the Federal Government on matters relating to welfare of minorities.
- All other matter relating to minorities.

#### 22.2 Comments on the Budget and Accounts (Variance Analysis)

It is a newly created Department, consists of only 02 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
85.456	46.115	131.571	128.976	2.594

#### 22.3 Brief comments on the compliance of PAC directives

In the Audit Report for the years 2011-12, 8 paras were printed. The report has not yet been discussed in the Public Accounts Committee (PAC) meetings. The department has not yet responded to the printed paras.



## **22.4 AUDIT PARAS**

### **22.4.1 Expenditure without tenders - Rs 38.29 million**

As per Rule 17 (1) & (2) of SPPR 2010, “Procurements over one hundred thousand rupees and up to one m rupees shall be advertised by timely notifications on the Authority’s website and in print media in the manner and format prescribed in these rules. The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.”

During audit of Director Minorities Affairs Department Hyderabad, for the year 2011-12 it was revealed that an expenditure of Rs 38.29 million was incurred without calling open tenders.

Due to the non-invitation of open tenders the government deprived from the opportunity of competitive rates.

The lapse indicates improper watch and absence of the internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-inviting open tenders.

**AIR-10**

#### **22.4.2 Unauthorized expenditure on civil works - Rs 29.54 million**

As per Para 527 of public works departmental manual, “No work shall begin unless proper detailed design and estimate were sanctioned, allotment of funds made and order for its commencement were issued by the competent authority.” “Every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence” As per Rule 23 of General Financial Rules.

During audit of Director, Minorities Affairs Department Hyderabad, for the year 2011-12 it was revealed that contracts worth Rs 29.54 million were awarded to various contractors by the department instead of Works and Services Department. The following irregularities were noticed:

1. Proper Administrative Approval, Technical Sanction and detailed estimates were not available in record.
2. The comparative statements were not available.
3. Contractors’ documents showing their eligibility as per SPPRA were not available.
4. MBs recorded by the concerned officer were not produced.
5. Remittance of income tax amount was not produced.
6. Certificate from the concerned caretaker of the mandar, girjas, minority edifice place were not available.
7. Approval from PDWC was not available.
8. The inspection reports/ visiting notes were not available.
9. Approved PC-I were not available.
10. Agreement was not executed with the contractors; consequently the stamped duty for Rs 88,625 was not recovered.

The lapse indicates improper watch and absence of the internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized award of works.

**AIR-11 &12**

## **CHAPTER - 23**

### **ORGANS OF STATE**

#### **23.1 Introduction**

Organs of state are strategic units of the government run by elected representatives of the public and administratively controlled by the bureaucracy. Being the primary concern sector for any government this sector is controlled by each provincial department at the province level and by district governments at district level.

This is a consortium of Chief Minister's Secretariat, Governor House Secretariat, Provincial Assembly and Provincial Ombudsman Department. Each one among these is separate public entity performing its own functions as defined in Sindh Rules of Business, 1986. Typically organs of state include following departments / wings (Excluding Law Department);

- (a) Sindh Provincial Assembly.
- (b) Governor House/Secretariat.
- (c) Chief Ministers Secretariat.
- (d) Provincial Ombudsman.

Each department as mentioned above is allocated with separate budget and most of the activities of the department are related to general administration and monitoring on the part of the government.

### 23.2 Comments on the Budget and Accounts (Variance Analysis)

The consortium consists of 07 formations (DDOs), out of which 05 formations were selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess) / Savings</b>
3,922.921	703.602	4,626.524	3,395.656	1,230.867

### 23.3 Brief comments on the compliance of PAC directives

No para was printed in the previous year's audit reports.

## **23.4 AUDIT PARAS**

### **23.4.1 Non - recovery of Stamp Duty - Rs 3.64 million**

As per Article 22A of Stamps Act 1899 read with letter No.TCS/BOR/2001/643/34 dated 31.5.2001, Stamp Duty is required to be deducted @ 0.20% from the Suppliers / Contractors

During audit of Provincial Assembly Sindh for the year 2010-11 it was revealed that the Secretary incurred an expenditure of Rs 1220.48 million for purchase of various item/articles, whereas the stamp duty of Rs 3.64 million was not affixed on contract agreement nor deducted and deposited into government account. The government sustained a loss of Rs 3.64 million, due to non-affixing of stamp duty.

The management did not recover the government dues which indicated absence of systemic internal controls.

The matter was reported to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR - 01**

### **23.4.2 Non-deposit of income tax - Rs 20.26 million**

As per Rule 26 of General Financial Rule , “it is the duty of controlling officer to see that all sums due to government are regularly and promptly assessed, realized and credited to public account” and Para 170 C.P.W.A Code.

During audit of Provincial Assembly Sindh for the year 2010-11 it was revealed that the Secretary did not show recovery challans of Rs 20.26 million which were deducted while making payment to contractors under the scheme “Construction of New Sindh Assembly Hall” under ADP Scheme No.338.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes immediate deposit of income tax besides fixing responsibility for not depositing the same into government treasury in time.

**AIR- 02**

### **23.4.3 Unauthorized payment on execution of extra items of work - Rs 6.74 million**

“The officer competent to sanction tender can also accord sanction to the execution of extra items of work not provided in the tender, subject to the condition that the amount of the extra items together with the amount of the tender does not exceed the amount of the sanctioned estimate plus such excess as the officers concerned is competent to sanction”, As per para-711 Public Works Department Manual,

During audit of Provincial Assembly Sindh for the year 2010-11 it was revealed that the Secretary paid Rs 6.74 million to contractors on account of extra items of works without sanction of the revise estimates under the ADP scheme No. 338“Construction of New Sindh Assembly Hall”.

Audit was of the view that lack of effective internal control led to this irregularity.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of extra items of work without sanction of revised estimates.

**AIR- 5**

#### 23.4.4 Excess payment on account of higher rates - Rs 2.88 million

As per Rule 356 of PWD Manual the recovery from the individuals or losses may be kept under the head Misc. PW Advances pending recovery.

During audit of Provincial Assembly Sindh for the year 2010-11 it was revealed that the Secretary made excess payment of Rs 2.88 million to the contractor on account of various items of works against the approved ADP Scheme No.338 "Construction of New Sindh Assembly Hall" in the year 2010-11, as detailed below:-

Item #	Particulars	Item of work	Rate Allowed	Actual Rate	Difference	Qty executed	Rs in million
6.00	Precast reinforced cement concrete n columns, beams lintels stair cases, shelves etc. (I) Ratio 1:2:4.	a) walls, lift and stair foundation	174	144	30	70850	2.13
		b) Beams, lintels & walls	177	144	33	23930	0.75
<b>Total</b>							<b>2.88</b>

Audit was of the view that lack of effective internal control led to this irregularity.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment.

**AIR- 08**



#### **23.4.5 Non-deposit of flood surcharge - Rs1.24 million**

As per Rule 26 of General Financial Rules, “it is the duty of controlling officer to see that all sums due to government are regularly and promptly assessed, realized and credited to public account”.

During audit of Provincial Assembly Sindh, for the year 2010-11 it was revealed that the Secretary deducted an amount of Rs 1.24 million on account of flood surcharge while making payment to contractors under the ADP Scheme No.338“Construction of New Sindh Assembly Hall”, but the paid challans were not available in the office.

The lapse indicates absence of the internal controls.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate deposit of government revenue besides fixing responsibility for not depositing the flood surcharge in time.

**AIR- 09**

#### **23.4.6 Blockage of funds due to non-occupation of flats - Rs 147.50 million**

Rule 10(i) of General Financial Rules, Volume-I, states that, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

During audit of Shaheed Benazir Bhutto Housing Cell, Karachi, for the year 2011-12 it was revealed that the management failed to utilize all the flats purchased by it. The Government of Sindh purchased 368 flats @ Rs 0.69 million per flat from Pakistan Housing Authority, Govt. of Pakistan, at Landhi. In 2009 the flats were transferred to Shaheed Benazir Bhutto Housing Cell, Govt. of Sindh Karachi.155 flats were allotted to the families of shuhadas of Karsaz and remaining 213 flats are lying vacant since 2009. The total amount of 213 flats comes to Rs 147.50 million which is blocked in the shape of flats

without utilization and deteriorating their value as well as utility with the passage of time.

Due to non-allotment of vacant flats, the government money is blocked, causing loss to the public exchequer.

The matter was reported to the department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not allotment of the flats.

**AIR-02**

#### **23.4.7 Non-completion of housing units during the year 2011-12**

Para 12 of GFR Volume-I states that a Controlling Officer must see not only that the total expenditure is kept within the limits of authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

In terms of Services, General Administration & Coordination Department, Government of Sindh vide Notification No, SO (C-IV) SGA&CD /4-25/08, dated 26.062008, the People's Housing Cell (PHC) presently Shaheed Benazir Bhutto Housing Cell, Karachi was constituted with the following terms & reference:-

1. PHC would be responsible for Low Cost Housing including its policy, framework, program design & execution. This would include coordination with a range of stake holders including Federal Government, institution like HBFC & other Social Housing Finance Institution. ABAD & other Developers and the concerned government departments and the District Government.
2. The PHC would be responsible for collecting the land in coordination with the Land Utilization Department and facilitating all coordination required for initiating Housing Projects on locations approved by the government.

During audit of Shaheed Benazir Bhutto Housing Cell Karachi, for the year 2011-12 it was revealed that the Chairman failed to complete the target and completed only 4015 houses out of 5,389 till Jun 2012. Moreover, the record in support of houses completed upto Jun 2012 i.e. Feasibility Report, administrative approval, technical sanction, measurement book, completion report, detail of security deposits deducted and released to the contractors was not provided to audit.

Due to delay in the construction, the cost of the houses not only escalated but the actual owners of that land will suffer hardships and the primary objective of the above cited office will not be achieved within the time limit.

The matter was reported to the department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate completion of housing units besides fixing responsibility for not completion of housing units in time.

**AIR-01**

## **CHAPTER - 24**

### **PLANNING AND DEVELOPMENT**

#### **24.1 Introduction**

The Planning and Development Department, Government of Sindh, is the principal planning organization at the provincial level. It coordinates and monitors development programs and activities of various departments of the provincial government.

The mandate of the planning & development department includes, provision of technical support and coordination to various Government departments in their planning activities. The planning & Development department is also the main government agency working with foreign donors in the province.

The main objectives of the Planning and development department are:

- Assessment of the material and human resources of the province
- Formulation of long and short term plans.
- Recommendations concerning, prevailing economic conditions, economic policies or measures.
- Examination of such economic problems as may be referred to it for advice.
- Coordination of all economic activities in the provincial government.

## 24.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 39 formations (DDOs), out of which 06 formations were selected for audit during the Audit Year 2011-2012. The accounts for the Financial Year 2010-11 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2010-11</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
10,651	(2,314)	8,336	4,086	12,423

## 24.3 Brief comments on the compliance of PAC directives

No para was printed in previous years Audit Reports.

## 24.4 AUDIT PARAS

### 24.4.1 Unauthorized payment of project allowance - Rs 1.83 million

According to the Section V of the letter No.FD/ (SR-III) 5/29-2008(A) dated. 16<sup>th</sup> Feb 2009, the government servants who are assigned additional charge of the post of projects will be allowed additional charge allowance, instead of Project Allowance.

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2011-12 it was revealed that an amount of Rs1.83 million was paid to the officials of government departments who were given additional assignment of the project, hence they were entitled to draw the additional charge allowance instead of project allowance. The details are as under.

<b>Cheque #</b>	<b>Date</b>	<b>Office</b>	<b>Particulars</b>	<b>Rs in million</b>
544916	27/08/2011	Forest Department	Project allowance	0.21
For 12 months	Jul 2011 to Jun 12	Fisheries Department	--do--	1.62
<b>Total</b>				<b>1.83</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify unauthorized payment of project allowance besides fixing of responsibility for not taking appropriate steps for the lapse.

**Para # 01**

#### **24.4.2 Unauthorized excess payments against approved estimates - Rs 32.25 million**

According to para 532 of Public Works Department Manual volume-I state that “a revised estimate must be submitted when sanctioned estimate is likely to be exceeded by more than 5%.”

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2011-12 it was revealed that an amount of Rs.32.25 million was incurred on account of various items in different works over and above the sanctioned estimates. The excess was incurred due to providing cartage rate in composite scheduled rates without having provision rule and lead chart/plan, despite of fact that the cartage rate was already approved in sanctioned estimates. Further the excess payment was made without approving revised estimates.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify unauthorized excess payments against approved estimates besides fixing responsibility for not taking appropriate steps in time.

**Para # 16**

#### **24.4.3 Un-necessary procurement of vehicles - Rs 8.50 million**

According to P&D guidelines prior to making provision of procurement of vehicles in project the basic information relating to availability of vehicles and justifications for procurement of new vehicles be narrated.

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2011-12 it was

revealed that the provision of vehicles were made and procured during the year under audit without furnishing the following details:

- The supporting documents, full inventory of the existing vehicles both on development and recurring side of the department for provision of vehicles was made along-with date of purchase, was not furnished.
- The procurement was seemed un-necessary as all the stakeholders involved i.e Fisheries, Forest, DG CDA were having already lot of vehicles.
- The vehicles were procured; despite of fact the 90% of project period has since been elapsed.
- Vehicles were procured and allowed without observing the competency and mentioning the authority to be allowed vehicles in PC-I, as the vehicles were allotted most of the officials who have particularly office work instead of extensively field visits like Deputy Director, Accounts, Assistant Director, Account and Assistant Director, Administration.

<b>Office</b>	<b>Cheque #</b>	<b>Messer's</b>	<b>Particulars</b>	<b>Amount</b>
PMU	1000532	Toyota Society Motors	2 Avanza & one double cabin purchased	5.83
	2245529	Indus Motors Company	Double cabin purchased for fisheries department	2.67
<b>Total</b>				<b>8.50</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify un-necessary procurement of vehicles particularly when the project has already completed 90% of its period.

**Para # 17**



#### 24.4.4 Expenditure not accepted by the ADB - Rs 2.09 million

According to the general guideline 4.1 of ADB for withdrawal application, the borrower is responsible for implementing the project according to the loan agreement and other agreements. On its part, ADB monitors the project and reviews its progress to ensure that the loan proceeds are spent as agreed upon.

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2010-11 it was revealed that an amount of Rs 62.15 million was booked as expenditure and transactions incorporated in the cashbook but the same was not accepted by the Asian Development Bank. The Project Director submitted withdrawal application # 6 on 23-09-2010 of Rs 62.15 million but ADB reimbursed of Rs 60.10 million hence expenditure of Rs 2.09 million was not accepted by the Bank. Neither the details of the expenditure regarding less release of funds by the ADB were mentioned in the books of accounts nor were any directives issued by the ADB attached with the record. The same amount was not adjusted till the end of audit. The details are as under.

<b>Withdrawal Application</b>	<b>Dispatch Date</b>	<b>Applied</b>	<b>Sanctioned</b>		<b>Rupees in million</b>
06	23-09-2010	62.15	26-11-2010	60.10	2.09

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov 2011, the authority replied that ADB funds couldn't be used to pay any taxes. Therefore, any amount incurred, as taxes will not be reimbursed by ADB. Other payments, which were stopped by ADB, were the expenditure, which was booked by NRSP, but no cheques were issued yet. DAC meeting was not convened till finalization of this report.

Audit emphasizes to justify the irregularity.

**AIR-13**

**24.4.5 Unauthorized expenditure without inviting open tenders - Rs 1.96 million**

According to Rule17 (1) & (2) of SPPR 2010, “Procurements over one hundred thousand rupees and up to one m rupees shall be advertised by timely notifications on the Authority’s website and in print media in the manner and format prescribed in these rules. The advertisement in the newspapers shall appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.”

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2011-12 it was revealed that an amount of Rs 1.96 million was incurred on purchase of various item/ articles without inviting open tenders, in violation of Sindh Public Procurement Rules, 2004. The details are as under.

<b>Office</b>	<b>Particulars</b>	<b>Messer</b>	<b>Cheque</b>	<b>Amount in million</b>
PMU	GIS Software	M/s. Spatial Geeks	2245585 14/6/12	0.77
	Still Point Camera	M/s. Ali Enterprises	1000569 17/12/11	0.49
	Color Plotter Printer	M/s. ER Solutions	0544958 23/09/11	0.70
<b>Total</b>				<b>1.96</b>

Due to non-inviting of open tenders the government was deprived from the opportunity of competitive rates. It further indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for expenditure without tenders.

**Para # 13**

#### 24.4.6 Non-re-imbursement of tax amount - Rs 7.40 million

According to Rule 26 of General Financial Rule Volume-I , “it is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited to public account.”

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), record of the withdrawal applications for the year 2011-12 it was revealed that the funds were re-imbursed through withdrawal applications by the donor agency (ADB) without paying the income tax amount of Rs.7.40 million, despite of fact that components were being shared by the donor agency also. Thus non-payment of income tax amount sustained the huge loss to government, in shape of non-payment of taxes. The details are as under.

<b>Sr. No</b>	<b>Application No</b>	<b>Re-imbursed Amount</b>	<b>Amount of Tax Rs Million</b>
01	B0011	44018406	1.39
02	B0012	66594291	1.86
03	B0013	15503033	0.28
04	B0014	27287522	0.03
05	B0015	57738879	2.14
06	B0017	75614055	0.61
07	B0018	58990829	0.50
08	B0019	14736888	0.25
09	B0020	31091159	0.03
10	B0021	42548270	0.07
11	B0023	1470776	0.04
12	B0024	37817175	0.20
<b>Total</b>			<b>7.40</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify non-re-imburement of tax which resulted in to loss to the government in shape of non-payment of taxes.

**Para # 06**

**24.4.7 Non-adjustment of advances - Rs 28.02 million**

According to the Rule-668 of Central Treasury Rules, volume-I, “advances granted under the special orders of the competent authority to officers / officials for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary”.

During audit of the Project Management Unit of SCCDP, for the year 2011-12 it was revealed from record of following offices that an amount of Rs.28.02 million was given as advances, but the adjustment of same was not made in violation above rule. The details are as under.

<b>Sr .#</b>	<b>Department</b>	<b>Particulars</b>	<b>Cheque # Date</b>	<b>Amount in Million</b>
01	Director Fisheries	Hatchery Rehabilitation	2245586 18/6/12	4.75
		Hatchery Rehabilitation	544906 25/8/11	4.00
		Hatchery Rehab	1653178 9/3/12	4.75
		Hatchery rehabilitation	1000567 13/12/11	3.80
02	Forest Department	Construction work	1000565 12/12/2011	3.80
		Civil work	9248595 6/8/2011	3.92
03	Water supply & PHE Sector	Payment from EDO W&S to PHE Badin	Ref No.2520 11/08/11	3.00
<b>Total</b>				<b>28.02</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify non-adjustment of funds in time besides fixing responsibility for not taking appropriate steps for non-adjustment.

**Para # 09**

**24.4.8 Non-imposition of penalty - Rs 72.24 million**

According to Clause-2 of the Contract Agreement, the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal to one percent or the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 percent of the estimated cost of the work as shown in the tender.

During audit of the Project Management Unit of Sindh Coastal Community Development Project (SCCDP), for the year 2011-12 it was revealed that various civil works were awarded to the contractors, which were required to be completed within the stipulated period, but the contractors failed to complete the works in time, thus they were liable to impose the penalty of Rs. 72.24 million under the relevant Clause of contract agreement.

The management failed to realize the amount of penalty from the contractors, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

The irregularity was pointed out to the department in Nov and Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes to justify non-imposing of penalty besides fixing responsibility for not taking appropriate steps in time.

**Para # 15**



## CHAPTER - 25

### POPULATION WELFARE DEPARTMENT

#### 25.1 Introduction

This department is basically meant for the socio-economic development by emphasizing on:

- Small family norms
- Reducing population growth rate
- Reducing infant mortality
- Maternal mortality and;
- Fertility level

#### 25.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 39 formations (DDOs), out of which 31 formations were selected for audit during the Audit Year 2012-2013. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

(Rupees in million)

Original Budget / Grant	Supplementary Grant	Revised Budget 2011-12	Departmental Expenditure	Variation (Excess)/ Savings
24,855	(16,465)	8,389	4,086	4,250

#### 25.3 Brief comments on the compliance of PAC directives

No. of Paras Discussed	No. of Paras for which Compliance made	No. of Paras, for which compliance not made	% of compliance made
14	10	4	71

Audit Reports for the years 2009-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 14 paras were discussed in respect of Population Welfare Department. The department made compliance of 10 paras i.e. 71%.



## **25.4 AUDIT PARAS**

### **25.4.1 Non-production of record - Rs 19.84 million**

According to Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency & Discipline Rules.

During audit of District Population Office Tando Muhammad Khan for the year 2011-12 it was revealed that record of Rs.19.84 million of salary and non-salary component was not produced to audit.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR- 01**

### **25.4.2 Unauthorized payment without renewal of contract - Rs 59.74 million**

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

During audit of various offices of Population Welfare Department for the year 2011-12 it was revealed that an expenditure of Rs 59.74 million was

incurred on account of rendering services of Male Mobilizer but renewal of agreement and performance report was not furnished, as detailed at Annexure-35.

The above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Jul to Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

#### **25.4.3 Unauthorized expenditure on account of rent - Rs 1.62 million**

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

During audit of various offices of Population Welfare Department, for the year 2011-12 it was revealed that expenditure Rs 1.62 million was incurred on payment of rent of building without executing any agreement and obtaining acknowledgement of the payment to avoid any future claim, as detailed at Annexure-36.

The above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Jul to Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not executing agreement.

#### 25.4.4 Unauthorized payment others services rendered - Rs 2.73 million

According to budget circular No.So(B&F)E&I BUD/PROVL/2011-12 Government of Sindh dated 04-08-2011 clause (p) Liability of previous years may not be allowed to clear unless concurrence is given by the Finance Department

During audit of various offices of Population Welfare Department for the year 2011-12 it was revealed that an amount of Rs.2.73 million was drawn under the head "Other Services Rendered" for the payment of salaries to Male Mobilizer for the period Apr to Jun, 2011 from the financial year 2011-12 but the actual payment pertained to the year 2010-11, as detailed below:-

<b>Sr. #</b>	<b>Name of Office.</b>	<b>Para #</b>	<b>Rupees in million</b>
01	District Population Welfare Office, Kashmore @ Kandhkot	03	1.03
02	District Population Welfare Office, Sukkur	06	0.99
03	District Population Welfare Office, Tando Allah Yar	01	0.71
	<b>Total</b>		<b>2.73</b>

The above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Jul to Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment.

#### **25.4.5 Wasteful expenditure of rented office premises - Rs 3.07 million**

According to Rule-23 of General Financial Rules, volume-I states that “every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence”.

During audit of Secretary Population Welfare Department, Karachi for the year 2011-12 it was revealed that an amount of Rs 3.07 million was spent on repair and maintenance of rented office premises. Generally repair and maintenance expenditure is the responsibility of owner as mentioned in the Tenancy Agreement.

The above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Jul to Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment.

**AIR-02**



## CHAPTER - 26

### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 26.1 Introduction

The department of the Public Health Engineering is responsible for arrangement of facilities related to general public regarding control of health and environmental facilities

#### 26.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 30 formations (DDOs), out of which 25 formations were selected for audit during the Audit Year 2012-2013. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
5,464	6,226	11,690	8,852	2,837

#### 26.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
10	8	2	80

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 10 paras were discussed cumulatively. The department made compliance of 8 paras and 2 para was left unattended or compliance not made. The percentage of compliance comes to 80.

## **26.4 AUDIT PARAS**

### **26.4.1 Non-production of record - Rs 173.87 million**

According to Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency & Discipline Rules.

During audit of Executive Engineer, Public Health Engineering Division, Shaheed Benazirabad, for the year 2011-12, it was revealed that record of Rs 173.87 million was not produced comprising technical sanction, B-I agreement, stamp duty, tender documents and call deposits for examination by audit.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The matter was reported to the department in Aug and Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR-01**

### **26.4.2 Un-justified payment on third party monitoring charges - Rs 4.10 million**

Para 10(i) of General Financial Rules Volume 1 states that, "every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary providence would exercise in respect of expenditure of his own money.

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that an amount of Rs 4.10 million was drawn on account of third party monitoring. The amount was transferred to planning and development department without any justification and demand from the receiving end. Moreover no monitoring report of the third party was provided and the adjustment account was not obtained by the office. The details are as under:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE, Larkana.	04	2.10
02	XEN, PHE, Khairpur-I.	09	1.44
03	XEN, PHE, Khairpur-III.	06	0.28
04	XEN, PHE, Shaheed Benazirabad.	10	0.28
	<b>Total</b>		<b>4.10</b>

The management paid third party validation charges to P&D department without conduct of monitoring and evaluation and adjustment account.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of third party validation charges without any demand.

#### **26.4.3 Expenditure without tenders - Rs 2.97 million**

According to Sindh Public Procurement Rules, 2010, issued vide notification NO. SORI(SGA&CD)2-30/2010 dated 08-03-2010, Government of Sindh Services, General, Administration and Coordination Department (Regulation Wing) at sr. # 17 (1) Procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website and may in print media in the manner and format prescribed in these rules.

During audit of Executive Engineer Public Health Engineering Division, Mithi, for the year 2011-12, it was revealed that works of Rs 2.97 million was awarded to various contractors without inviting open tenders



This was due to failure of the department to follow SPPRA rules, which resulted in non-achievement of competitive rates.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-invitation of open tenders.

**AIR-06**

#### **26.4.4 Unauthorized payment on reduced rates - Rs 80.99 million**

According to Clause-8: Reduced Rates: of the standard bidding document for the works, that in cases where the items of work are not accepted as completed, the Engineer-in-charge may make payment on account of such items at such reduced rates as he may consider reasonable in the preparation of final or on running account bills with reasons recorded in writing.

During audit of various offices of the Public Health Engineering Department, for year 2011-12, it was revealed that the reduced payment for various item of work Rs 80.99 million was allowed to the contractor without recording of any written reasons, as detailed below:-

<b>Sr.#</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE Shikarpur	02	19.01
02	XEN, PHE, Matiari	05	3.01
03	XEN, PHE, Mithi	05	0.56
04	XEN, PHE, Khairpur-I	05	2.02
05	XEN, PHE, Shaheed Benazirabad	03	56.39
	<b>Total</b>		<b>80.99</b>

The following observations were noticed:-

- 01- The work executed was below specification or was defective.
- 02- The work was accepted without applying Clause-10 of Quality Control.
- 03- The reduced rates were not got sanctioned by the competent authority.

Due to above it was noticed that the important items of works were executed below specification.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment on reduced rates without any reason.

#### **26.4.5 Non-recovery of stamp duty - Rs 1.68 million**

According to Para-22-A of Stamp Act, “it was the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.30 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of various offices of the Public Health Engineering Department, during the year 2011-12 it was revealed that stamp duty of Rs 1.68 million was not recovered from the contractors for fixing of stamps on contract agreement in violation of above rule, as detailed below:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE, Khairpur-I	01	0.48
02	XEN, PHE, Khairpur-I	07	0.46
03	XEN, PHE, Shaheed Benazirabad	11	0.41
04	XEN, PHE, Larkana	10	0.14
05	XEN, PHE, Kambar Shahdadkot	04	0.07
06	XEN, PHE, Umerkot	08	0.07
07	XEN, PHE, Sukkur	09	0.04
08	XEN, PHE, Shikarpur	09	0.01
<b>Total</b>			<b>1.68</b>

The management did not recover the government dues which indicated absence of systemic internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **26.4.6 Non-adjustment of advance - Rs 94.76 million**

According para-668 of Federal Treasury Rules, volume-I, "Advances granted under special orders of the competent authority to officers/officials for departmental or allied purposes may be drawn on the responsibility and receipt of the Officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as may be necessary".

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that advance payment of Rs 94.76 million was made to different agencies for various works without obtaining their subsequent adjustment accounts, as detailed below:-

<b>Sr. #</b>	<b>Name of offices</b>	<b>Para #</b>	<b>To whom paid</b>	<b>Rupees in million</b>
01	XEN, PHE, Division-I, Hyderabad.	01	HESCO	1.28
02	XEN, PHE, Shikarpur.	01	SEPCO	0.64
03	XEN, PHE, Sukkur.	10	SEPCO	0.56
04	XEN, PHE, Larkana.	01	TMA Larkana	66.00
05	XEN, PHE, Kambar Shahdadkot.	02	TMA Kambar Shahdadkot	24.58
06	XEN, PHE, Matiari.	07 & 09	AC Hala, HESCO	1.10
07	XEN, PHE, Jamshoro	14	XEN Shahbaz Div Sehwan	0.60
	<b>Total</b>			<b>94.76</b>

The management failed to recover or adjust its receivable advances which indicated lack of proper internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes immediate adjustment of advances besides fixing responsibility for not taking appropriate steps.

**26.4.7 Non-imposition of penalty on delay in completion of work - Rs 91.37 million**

According to the Clause-2 Liquidated Damages of agreement, the contractor shall pay liquidated damages to the Agency at the rate per day stated in the bidding data for each day that the completion date is later than the intended completion date; the amount of liquidated damage paid by the contractor to the agency shall not exceed 10 per cent of the contract price. Agency may deduct liquidated damages from payments due to the contractor. Payment of liquidated damages does not affect the contractor's liabilities.

During audit of various offices of the Public Health Engineering Department, during the year 2011-12 it was revealed that penalty of Rs 91.37 million was not imposed upon contractor, on the basis of delay in completion of work within stipulated date of completion. The penalty up to 10% of the estimated cost was liable to be imposed upon the contractor but the same was not done, as detailed at Annexure-37.

The management did not impose penalty which indicated absence of systemic internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes imposition of penalty and expeditious recovery of the same besides fixing responsibility for not taking appropriate steps to safe guard national exchequer.

#### 26.4.8 Non-crediting of government revenue - Rs 39.61 million

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

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that an amount of Rs 39.61 million was realized on account of miscellaneous charges vide Form-78 of Jun 2012 but retained with the divisions rather than crediting the above amount into government account which resulted into incorrect presentation of financial position in violation of laid down rules and procedures, as detailed below:-

Sr. #	Name of office	Particulars	Para #	Rupees in million
01	XEN, PHE, Sukkur.	Misc. deposit- Income Tax	04	2.38
02	XEN, PHE, Matiari.	-do-	08	0.50
03	XEN, PHE, Larkana.	-do-	09	0.49
04	XEN, PHE, Kamber Shahdadt.	-do-	07	0.09
05	XEN, PHE, Div. No-I, Hyd.	-do-	04 & 07	16.62
06	XEN, PHE, Jamshoro.	-do-	02	4.30
07	XEN, PHE, Khairpur-I.	-do-	08	15.00
08	XEN, PHE, Khairpur-II.	-do-	07	0.23
		<b>Total</b>		<b>39.61</b>

The management failed to deposit government revenues which indicate improper watch and absence of systematic internal control.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes immediate deposit of government revenue besides fixing responsibility for not depositing the same in time.

#### **26.4.9 Excess execution of work over sanctioned estimate - Rs 61.60 million**

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

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that expenditure of Rs 61.60 million was incurred on the execution of works in excess of prescribed limit of 5% over the technical sanction without revising the estimates, as detailed below:-

<b>Sr. #</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN PHE, Larkana	02	31.06
02	XEN PHE, Kambar Shahdadkot	01	12.65
03	XEN PHE, Sukkur.	08	2.28
04	XEN PHE Khairpur-I	02	14.19
05	XEN PHE Khairpur-II	10	1.42
<b>Total</b>			<b>61.6</b>

The execution of work above the sanctioned estimate indicated either the estimates were not prepared with due care or supervision was not satisfactory. Due to extra items of work, the cost of work was increased.

The management failed to check excess execution of works. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment on execution of work in excess of prescribed limit.

#### 26.4.10 Un-authorized execution of work - Rs 275.03 million

According 514(A) of Public Works Department Manual volume-I states that normally no work should be permitted to be started unless the tender prescribed form is invited and got sanctioned by the competent authority.

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that various works for Rs 275.03 million were awarded to contractors without sanction and execution of agreement, as detailed below:-

Sr. #	Name of offices	Para #	Rupees in million
01	XEN PHE, Kambar Shahdadkot	09	43.79
02	XEN PHE, Matiari	01	28.66
03	XEN PHE, Sukkur	01&02	13.75
04	XEN PHE, Jamshoro.	08	0.58
05	XEN PHE, Khairpur-II	02	46.80
06	XEN PHE, Umerkot	07	5.00
07	XEN PHE, Shaheed Benazirabad.	02	136.45
	<b>Total</b>		<b>275.03</b>

The department awarded work without agreement and deciding terms and conditions due to which indicated lack of internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not execution of agreement.

#### **26.4.11 Payment without exercising check measurement - Rs 10.72 million**

“Executive Engineer is required to exercise check measurement of the work done to the extent of 10 % on hidden items before payment”, according to Communication & Works Department notification dated 26<sup>th</sup> May, 1977.

During audit of various offices of the Public Health Engineering Department, for the year 2011-12 it was revealed that an amount of Rs 10.72 million was paid to the contractors without exercising prescribed 10% check measurement on hidden items, as detailed below:-

<b>Sr. #</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE, Jamshoro.	07	1.40
02	XEN, PHE, Umerkot.	06	6.47
03	XEN, PHE, Shaheed Benazirabad.	05	2.85
<b>Total</b>			<b>10.72</b>

Audit was of the view that lack of proper internal controls led to this irregularity.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment without check measurement.

#### **26.4.12 Non-adjustment or recovery of advances - Rs14.66 million**

According to para-360 of Central Public Works Account Code, "Items in the ‘Miscellaneous Public Works Advances’ accounts are cleared either by actual recovery or by transfer, under proper sanction or authority, to some other head of account. Items or balances, which may become irrecoverable, should not be transferred until ordered to be written-off”.



During audit of various offices of Public Health Engineering Department, for the year 2011-12, it was revealed that an amount of Rs 14.66 million lying in the miscellaneous public work advances account (Form-70) was not cleared by actual recovery or transfer under proper sanction or authority up to 30<sup>th</sup> Jun-2012, as detailed below:-

<b>Sr. #</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE, Khairpur-I	11	12.60
02	XEN, PHE, Larkana	11	2.06
<b>Total</b>			<b>14.66</b>

The management failed to recover the advance which indicates lack of proper internal controls.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes immediate recover of advances besides fixing responsibility for not taking appropriate steps.

#### **26.4.13 Excess execution of works - Rs 41.85 million**

According to clause- 38 of Contract Agreement, “The quantities exceeding up to a limit of 30% or less are permissible to be executed. When an item of work is likely to be exceeded by more than 30%, in such cases revision must be submitted containing facts and justifications for approval of competent authority”.

During audit of various offices of Public Health Engineering Department, for the year 2011-12 it was revealed that an excess payment of Rs 41.85 million was made to contractors on account of excess execution of items of work against already approved quantity in violation of above rules and procedures.

The details are as under;

<b>Sr. #</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE Mithi.	02	39.60
02	XEN, PHE Khairpur-I.	06	2.00
03	XEN, PHE Jamshoro.	15	0.25
<b>Total</b>			<b>41.85</b>

The management did not observe the rules and procedures, which reflected financial in-discipline.

The irregularity was pointed out in Aug to Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment on execution of work in excess of prescribed limit.



## CHAPTER - 27

### RURAL DEVELOPMENT DEPARTMENT

#### 27.1 Introduction

The department of the Rural Development is responsible for development of rural areas of the province.

#### 27.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 02 formations (DDOs), out of which only 02 formations was selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget/Grant</b>	<b>Supplementary Grant</b>	<b>Final Grant 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
854	12	866	811	55

#### 27.3 Brief comments on the compliance of PAC directives

No para was printed in the previous Audit Reports of the Auditor General of Pakistan

## 27.4 AUDIT PARAS

### 27.4.1 Excess payment on account of premium - Rs 1.14 million

According to Chief Engineer, Roads Department Sindh, Hyderabad letter No: Scheduled/Rates-T(ii)/D.S/1133 Dated:28-02-2009 the ceiling of premium fixed by this department as under:

S. No.	Name of Schedule of Rates	Maximum Ceiling on Cost Estimate
01	Schedule of Rates Volume-III Part-II General Finished item of work fifth Edition-2004.	20% Above
02	Schedule of Rates Volume-III Part-VB For W/S & S/F finished item 3 <sup>rd</sup> Edition-2004	50% Above
03	Schedule of Rates Volume-III Part-V For PHE Finished item of work fifth Edition-2004.	20% Above
04	Schedule of Rates Electrical (Composite) 1 <sup>st</sup> Edition-2004.	20% Above

The above premium ceiling will equally apply to original as well as M & R works. However, in very special cases the matter can be referred to this office with full justification for relaxation of ceiling now imposed.

During audit of Director General Rural Development Department Hyderabad for the year 2011-12 it was revealed that premium rate above 100 %, was allowed instead of @ 20 %. The cost of carriage was also included in the estimate. This resulted in an excess payment of Rs1.14 million made to the contractor by the department.

The lapse on part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for allowing 100% premium instead of 20%.

**AIR-04**

## **CHAPTER - 28**

### **SERVICES GENERAL ADMINISTRATION & COORDINATION DEPARTMENT**

#### **28.1 Introduction**

##### **Services Wing**

Services wing of SGA & CD deals with the establishment matters of the officials of the government of Sindh including the federal government officials who are on deputation with the Government of Sindh. The most significant role of the Services wing is to offer its valuable policy inputs to improve governance scenario in the province. It enlightens provincial government by providing guideline through a set of policy that helps to achieve the desired targets.

The service areas taken up by the services wing include: transfer and posting of the government officials; promotion cases of the officials, matters relating to retirement, pension GP Fund, Ex-Pakistan leave, absorption of the employees of the surplus pool, study leave, capacity building of the officers etc. The cases of the recruitment on son quota are scrutinized in the services wing of the SGA&CD. Hiring consultants for various technical assignments and framing their terms of hiring is the clear jurisdiction of the services wing. It is the services wing that ascertain the vacancy position against which the recruitment has to be made by sending requisition to the SPSC (Sindh public service commission)

##### **General Administration & Coordination Wing**

General administration and coordination wing of the government of Sindh is responsible for the general administration and coordinating with the administrative department of the Government of Sindh. As a regulatory wing, it deals with the framing of rules, regulation and offering opinion in various service matters of critical nature. Financial management of Government Employees Benevolent Fund is the eminent function of the GA Wing. Coordination function of government of Sindh deals with the execution of directives relating to the office of President, Prime Minister, Governor, Chief

Minister and Secretaries Committees meeting etc. Development issues is the another dimension of the General Administration wing of the SGA&CD; all development schemes of SGA&CD including housing, foundations and authorities are taken up in the general administration wing of the Government of Sindh. Estate Office is pivotal in matters of Government accommodations to the government employees. Issues like self-hiring, allotment and vacation of Government accommodations, recovery of rent, dues and utility liabilities and Court matters are the domain of the estate office.

## 28.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 18 formations (DDOs), out of which 6 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

<b>Rupees in million</b>				
<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
2,979	33,713	36,692	23,913	12,779

## 28.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
21	10	21	48

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 38 paras were discussed in respect of SGA&CD. The department made compliance of 21 paras and 10 paras were left unattended or compliance not made. The percentage of compliance comes to 48.

## **28.4 AUDIT PARAS**

### **28.4.1 Doubtful payment of house hiring or house rent allowance - Rs 107.66 million**

As per Rule- 11 of General Financial Rules, volume-I, states that, “each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers”.

During the audit of secretariat office of Services & General Administration Department for the financial year 2011-12, it was observed that an expenditure of Rs.107.66 million was incurred on account of payment for self hiring/private hiring. Some short comings were noticed that payment that include:

- Payment was made to employees instead of to the owners, which depicts chances of non-existence of an agreement between the government and the private owner and further which creates doubt whether claim is reality based or not.
- Office has not framed a formal policy as were framed by the federal government.
- In addition to hiring, house rent was also paid to the same employees.

The matter was reported to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR#18**



## **28.4.2 Non production of record**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During the audit of secretariat office of Services & General Administration Department for the financial year 2011-12, it was revealed that the employee services record of the department was not produced to audit for verification.

The following record was requested:

1. Record of fresh appointments under secretariat.
2. Codal formalities i.e appointment process.
3. Transfer posting/detailed work/ against the vacant post.
4. Appointment of coordinators/detail work
5. Promotions during the year along with process.
6. Minutes of the Meeting.
7. Appointment Committee notifications.
8. Any other record pertains to this secretariat.

Due to non-production of record, the authenticity of the expenditure incurred could not be verified

The matter was reported to the department in Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR#15**

### **28.4.3 Non production of record against tax payments - Rs 7.43 million**

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001; The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. Further any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules.

During the audit of secretariat office of Services & General Administration Department for the financial year 2011-12, it was revealed that payment of Rs 7.43 million was made through challan to Board of Revenue on account of capital value tax, stamp duty, registration fee, and ground rent, but no documentary evidence of purchase of land, sale deed, registration documents and authority to monitor this land was provided to audit for verification. Further it was observed that the payment was made through DDO account.

Due to non-production of record, the authenticity of the expenditure incurred could not be verified

The matter was reported to the department in Nov 2012. Neither reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR#17**

### **28.4.4 Unauthorized cash balance in DDO's account - Rs 53.90 million**

Rule-77 (ii) of Central Treasury Rules, Volume-I, states that "Every transaction of money is required to be recorded into cash book." Rule-34(b) of Sindh Financial Rules, Volume-I, states "the cash book should be closed and balanced each day and the balance of each column at the end of the month should be verified with the balance of cash in hand and a certificate to that

effect recorded in the cash book under the signature of the Government servant responsible for the money

During audit of Secretary, General Administration Department, for the year 2011-12 it was revealed that the Secretary retained an amount of Rs 53.90 million as cash balance as on 30-06-2012 under DDO account without showing list of unpaid cheques or future commitment. The balance of cash book as NIL and other details of balance were not produced to audit.

The management drew amount without officially spending on the budgeted purpose. The above lapse on the part of management indicates improper watch and absence of systemic internal control.

The irregularity was pointed out to the Department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized retention of cash in DDO account.

**AIR-01**

#### **28.4.5 Unjustified utility allowance to ministers and advisors - Rs 18.02 million**

According to Rule-10 (i) & 11 of General Financial Rules, Volume-I, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money. He is responsible for observance and enforcing order and strict economy at every step.

During audit of Secretary General Administration Department, for the year 2011-12 it was revealed that an amount of Rs 18.02 million was paid to the minister and advisors on account of utility allowance. The beneficiaries had reimbursement facility of claim of utility allowance through the Executive Engineer Provincial Building-I Karachi. A lump sum provision for reimbursement was already kept by this department through regular budget.

Moreover it was observed that an affidavit was not obtained and no serious action was taken by local office to stop double facility of utility allowance. Audit is of the view that loss was caused to government by drawl of double payment by the beneficiaries on this account.

The management failed to keep a check on the budgeted expenditure causing multiple payments on single account. The above lapse on the part of management indicates improper watch and absence of systemic internal control.

The irregularity was pointed out to the Department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment to ministers and advisors.

**AIR-02**

**28.4.6 Unauthorized Expenditure on foreign and inland trainings - Rs 53.56 million**

According to Rule-10 (i) & 11 of General Financial Rules, Volume-I, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money. He is responsible for observance and enforcing order and strict economy at every step.

During audit of Secretary, General Administration Department, for the year 2011-12 it was revealed that expenditure of Rs 53.56 million was incurred for training. Following shortcomings were noticed:-

- 01- This expenditure was also reflected under the name of capacity building which was dealt by the SO (Training) for five years with the same procedure

02- The observed amount was found as balance in DDO account showing duplication of the expenditure.

The management failed to watch the laid down procedures. Thus the above lapses on the part of the department indicate that due to improper watch and absence of systematic control.

The irregularity was pointed out to the Department in the Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure.

**AIR-04**

#### **28.4.7 Unauthorized payment of honorarium - Rs 4.50 million**

According to Fundamental Rule 46-48 the powers to sanction the undertaking a work for which an honorarium is offered and to the grant and acceptance of an honorarium were delegated to the ministries and head of the departments up to a maximum of Rs 2000 and Rs 1000 in each case respectively Vide item No: 19 of annexure II to the finance Division O.M of 11th Mar 1981. The amount should not exceed one months' pay of the Government Servant concerned on each occasion.

The temporary increase in the work of Government Servant is not a valid justification for Grant of Honorarium to him. Performance of legitimate duties of government servants according to general principal has no claim to extra remuneration.

During audit of Director General Protocol for the year 2011-12 it was revealed that expenditure of Rs 4.500 million was incurred for grant of Honorarium, to officials and officers of the department as three basic pays to each employee without observing rules and regulation. No justification in respect of the official assignment or performed laborious work was produced. Moreover it was observed that honorarium was paid to those employees who were not drawing their salary under cost centre of disbursing office such as police constables, private assistant or drivers of ministers and advisors and employees of Governor House and C.M House. As a result honorarium was

paid to employees more than the sanctioned strength of the Department.

The management failed to watch the laid down procedures. Thus the above lapses on the part of the Management indicate that due to improper watch and absence of systematic control.

The irregularity was pointed out to the Department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of honorarium.

**AIR-01**

#### **28.4.8 Unauthorized salary payment beyond sanctioned strength - Rs 4.08 million**

According to Services and General Administration Department letter # SO-1/S&GAD/92 dated 26th may 1992, “the staff should be posted at the places for which the post were sanctioned, and in no any circumstances any officer/official may be allowed to work on detailment basis on any other place other than their original place of posting”.

During audit of Director General Protocol, for the year 2011-12 it was revealed that an amount of Rs 4.08 million was paid to those employees who were working as assistant protocol officers over and above sanction strength on detailment. The employees were junior clerks, head constables, steno typists which were against government rules. Moreover these employees were provided official transport for official duties.

The management failed to watch the laid down procedures. Thus the above lapses on the part of the Management indicate that due to improper watch and absence of systematic control.

The irregularity was pointed out to the Department in the Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment over and above the sanctioned strength.

**AIR-02**

#### **28.4.9 Non deduction of house rent allowance - Rs 68.18 million**

According to Finance Department, Government of Sindh notification No.FD(SR-IV)(12)/77 dated 13.05.1997, "house rent @ 45% is not allowed to be paid to those officials/officers who were provided with Government accommodation and further more 5% recovery is required to be made from those officials/officers. Further, According to Government of Sindh notification # SP (Band E-V) 9 / 2000-01 dated 23-01-2002, house rent @ 5% of basic pay is to be deducted from the salary of the employees to whom government accommodation was provided.

During the audit of secretariat office of Services & General Administration Department for the financial year 2011-12, it was revealed that an amount of Rs 68.18 million was not deducted on account of house rent allowance from pay of Ministers/ advisors/ secretaries to whom government accommodation.

The matter was reported to the department in Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR#19**

#### **28.4.10 Non-accountal of store articles - Rs 2.92 million**

"All material received should be examined, counted, measured or weighed as the case may be when delivery is taken and when materials are issued from stock the incharge of the store should see that proper indent were made by authorized person and record under his dated initial the description and quantity of material issued", as per Rule 113 & 114 of Sindh Financial Rules.

During audit of Sindh Public Service Commission Hyderabad, for the year 2011-12 it was revealed that the Secretary incurred an expenditure of Rs 2.92 million on the purchase of various store articles, but the same were not accounted for in the relevant stock registers.

Due to non-accountal of articles, the authenticity of purchases could not be ascertained. The lapse indicates improper watch and absence of the internal controls.

The irregularity was pointed out to the Department in Sep 2011 and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of articles.

**AIR-2, 4 & 19**





## CHAPTER - 29

### SOCIAL WELFARE DEPARTMENT

#### 29.1 Introduction

The Social Welfare Department was created to organize voluntary Social Welfare Service through participation, organize rehabilitation programme for the destitute and under privileged women. The department also establishes service for the rehabilitation of handicapped and disabled children/ adults, register, guide and supervise Voluntary Social Welfare Agencies to organize training programmes.

#### 29.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 18 formations (DDOs), out of which 06 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
148	330	479	447	31

#### 29.3 Brief comments on the compliance of PAC directives

No PAC was held for the department

## **29.4 AUDIT PARAS**

### **29.4.1 Non production/non maintenance of cash book - Rs 2.981 million**

According to Rule-77 of Federal Treasury Rules Volume-I, “Every officer receiving money on behalf of the government should maintain a cash book in form T.R.4 and all transaction should be entered in the cash book as soon as they occur and attested by the Drawing & Disbursing Officer, besides as per Financial Rule it is responsibility of Drawing Officer to complete the cash book and all financial transactions should be entered on day to day basis.”

During audit of Director, Social Welfare Karachi, for the year 2011-12 it was revealed that cash book involving Rs 2.981 million was not produced to audit.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The irregularity was pointed out to the department in Jan 2012 and Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR#02**

### **29.4.2 Unauthorized expenditure on POL - Rs 1.30 million**

As per Staff Car Rules 1980, “it is the duty of person to whom Government Vehicle provided to maintain log book P.O.L consumption account history sheet of vehicles and tour diary/ tour program.”

During audit of various offices of Social Welfare Department, for the years 2010-11 and 2011-12 it was revealed that an expenditure of Rs 1.30 million was incurred on account of P.O.L.

The details are as under;

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Year</b>	<b>Rupees in million</b>
01	Provincial Coordinator Social Welfare, Karachi	03	POL	2010-11	0.92
02	Director Social Welfare Sindh, Karachi	07	POL	2011-12	0.25
03	Assistant Director Child Welfare, Karachi	02	POL	2010-11	0.13
<b>Total</b>					<b>1.30</b>

Following irregularities were observed:

- 1- Log book in Form-A was not maintained.
- 2- P.O.L consumption account (Form-C) and history sheet of vehicles (Form-B) was not maintained.
- 3- Non-maintaining of Tour Diary/ Tour Program.
- 4- The petrol purchased over and above the prescribed ceiling.

Due to non maintenance of record, expenditure could not be authenticated. The lapse indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-maintenance of record.

#### **29.4.3 Non accountal of stores items - Rs 1.37 million**

As per rule 113 of Sindh Financial Rules, "All materials received should be examined, counted and they should be kept in charge of a responsible government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Registers".

During audit of various offices of Social Welfare Department for the years 2010-11 and 2011-12 it was revealed that an expenditure of Rs 1.37 million was incurred on purchase of different items, but the same were not accounted for in the relevant stock registers, as detailed below:-

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Year</b>	<b>Rupees in million</b>
01	Provincial Coordinator Social Welfare, Karachi	04,11,12	Purchase of different articles, purchase of uniforms, purchase of other items	2010-11	1.10
02	Director Social Welfare Sindh, Karachi	11, 15, 23	Printing charges and stationary, cost of other store	2011-12	0.24
03	Deputy Director (P &MC)	19	Purchase of stationary	2010-11	0.03
<b>Total</b>					<b>1.37</b>

Due to non-accountal of articles in the relevant stock register the authenticity of the procurement and its consumption could not be verified.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan and Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal of articles.

## CHAPTER - 30

### STEVTA

#### 30.1 Introduction

Sindh Technical Education and Vocational Training Authority (STEVTA) was established in Sindh province to promote technical education and vocational trainings, improve teachings methodology & administration, infrastructure & equipments of TEVT Institutes, and to establish model institutions by upgrading existing institutions, centres of excellence and institute-industry linkages

#### 30.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 07 formations (DDOs), out of which 03 formations were selected and audited during the Audit Year 2012-13. The accounts for the Financial Year 2011-12 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget/Grant</b>	<b>Supplementary Grant</b>	<b>Final Grant 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1,124.684	(223.202)	901.482	724.188	177.293

#### 30.3 Brief comments on the compliance of PAC directives

No PAC was held for the department

### 30.4 AUDIT PARAS

#### 30.4.1 Non-verification and maintenance of account record - Rs 2.22 million

The non-government fees is required to be charged from the students on their admission to institutions and a separate bank account and other relevant details are required to be maintained by the institutions.

During audit of Government Polytechnic Institute Lyari Karachi, for the years 2009-10 to 2011-12 it was revealed that Principal did not maintain and verify separate bank account for each head of student fees as per prescribed procedure, as detailed below:-

Particulars	No of students	Government Fee	Total amount (Rs in million)
<b>2009-10</b>			
1 <sup>st</sup> year	134	475	0.06
2 <sup>nd</sup> & 3 <sup>rd</sup> years	392	2,050	0.80
<b>2010-11</b>			
1 <sup>st</sup> year	78	475	0.04
2 <sup>nd</sup> & 3 <sup>rd</sup> years	306	2,050	0.63
<b>2011-12</b>			
1 <sup>st</sup> year	100	475	0.05
2 <sup>nd</sup> & 3 <sup>rd</sup> years	312	2,050	0.64
<b>Total 1<sup>st</sup> year</b>			<b>0.15</b>
<b>Total 2<sup>nd</sup> &amp; 3<sup>rd</sup> years</b>			<b>2.07</b>
<b>Grand Total</b>			<b>2.22</b>

The non-maintenance of the account on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Nov 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate maintenance of bank account besides fixing responsibility for non-maintenance of separate accounts.

**AIR-08**

### **30.4.2 Improper maintenance of important records**

As per Para-309 of G.F.R., “Every officer responsible for the collection of government dues or expenditure of government money should see that proper accounts are maintained in such form as may be prescribed for all financial transactions of government with which he is concerned and render accurately all such accounts and returns relating to them as may be required by government, the Accountant General or the controlling authority concerned. It is essential that all accounts should be so kept and the details so fully recorded and that the initial records of payments measurement and transactions in general are so clear, explicit and self contained as to be produce-able where necessary as satisfactory and convincing evidence of facts”.

During audit of Government Polytechnic Institute, Lyari Karachi for the years 2009-10 to 2011-12 it was revealed that the Principal failed to maintain important record in the local office, as detailed below:-

1. Stock register of non-government fund only for the 2011-12 was provided but the same was improperly maintained as no separate pages were allotted to each type of article. Quantities were recorded but the amount of store was not recorded.
2. Contingent Register/ Ledgers.
3. List of Vehicles / machineries / equipments.
4. Liveries / Dead Stock / Stationery Register.
5. List of bank accounts was provided but Bank statement along-with closing balance was not provided for verification.
6. Cash balance reports.
7. Stock / Store accounts of machinery like lath machine and other stores were not provided for verification.
8. Register of Sanctioned / Working Strength.



9. Register of properties and other revenue resources other than government
10. Detail of revenue earned/ generated under the non-government account.
11. Enrolment registers of the students
12. Details of scholarships or other funds received and their disbursement to students etc
13. Personal files/ service record/ service books of employees.
14. Detail of vouchers claimed during the period under audit head wise.
15. Detail of physical assets and dead Stock Register
16. Details of Up to date outstanding advances against employees/ Contractors/Suppliers
17. Logbooks of the vehicles / machinery along with all connected record.
18. Register of appropriation and Advances.

The non-maintenance of the account on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Nov 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate maintenance of bank account besides fixing responsibility for non-maintenance of separate accounts.

**AIR-17**

## CHAPTER - 31

### SUPPLY AND PRICES DEPARTMENT

#### 31.1 Introduction

Functions performed by Bureau of Supply & Prices are as under:-

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

#### 31.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 16 formations (DDOs), out of which 02 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1,214	256	1470	1325	14

#### 31.3 Brief comments on the compliance of PAC directives

Only one para was discussed in the Audit Report for the year 2006-07, 2007-08 and 2008-09 and same was settled after compliance by the PAC.

## 31.4 AUDIT PARAS

### 31.4.1 Unauthorized expenditure on purchases - Rs 1.89 million

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

During audit of various offices of Supply & Prices Department for the year 2011-12 it was revealed that expenditure of Rs 1.89 million was incurred on various procurements without fulfilment of codal formalities, as detailed below:-

Sr. #	Name of Office	Para #	Particulars	Rupees in million
1.	Secretary, Supply & Prices Department Karachi	01,03 &08	Plant & Machinery, Hardware & Motorcycle	0.51
2.	DG Supply & Prices Department Karachi	02 & 03	Digital Cameras, Motorcycles	1.38
<b>Total</b>				<b>1.89</b>

The details of irregularities are as under:-

1. Supplier Sales tax registration certificate was not available on record.
2. 1/5<sup>th</sup> amount of Sales tax was not deducted at source.
3. Delivery challans were not available with record.
4. Articles were not accounted for in stock register.
5. Joint inspection/Physical verification was not conducted.
6. Acknowledgement receipt of payee was not obtained to verify the payment.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Aug and Nov 2012. . Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure.



## CHAPTER - 32

### TOURISM DEPARTMENT

#### 32.1 Introduction

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

#### 32.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 02 formations (DDOs), out of which 01 formation were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
1530	(24)	1506	484	1022

#### 32.3 Brief comments on the compliance of PAC directives

Only one para was discussed in the Audit Report for the year 2006-07, 2007-08 and 2008-09 and same was settled after compliance by the PAC.

## **32.4 AUDIT PARAS**

### **32.4.1 Sindh Tourism Development Corporation not listed with stock exchange**

As per Articles of Association May, 1992, Para (v) page # 3 Rs 10.00 million was the authorised share capital of the corporation since a lapse of two decade period no form-A was finalised and not enlisted with the Stock Exchange.

During audit of Sindh Tourism Development Corporation for the year 2011-12 it was revealed that the Managing Director could not register the organization with the Stock Exchange. As a result the shares could not be floated and the organization could not achieve the benefits of a public limited company as planned in the Memorandum and Article of Association.

The management failed to register the organization with stock exchange which shows weak internal controls and lack of proper administrative measures.

The irregularity was pointed out to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-listing of the organization with the stock exchange.

**AIR- 02**

### **32.4.2 Improper maintenance of accounts**

According to Para 93 to 97 of memorandum and article of association 1992 proper books of accounts were required to be maintained and consequently profit and loss account under the most convenient heads the gross income distinguishing the several sources from which it was derived and the amount of gross expenditure distinguishing the expense of the establishment salaries and others like matters. Every item of expenditure fairly chargeable against the year income shall be brought into account.

During audit of Sindh Tourism Development Corporation for the year 2011-12 it was revealed that the Managing Director did not maintain the accounts of the Sindh Tourism Corporation according to the prescribed procedure and yearly Balance Sheet and Financial Statement were not prepared and because of that authenticity of expenditure could not be assured.

Improper maintenance of record shows weak internal control

The irregularity was pointed out to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires immediate maintenance of record besides fixing responsibility for non-maintenance of proper record.

**AIR- 01**

#### **32.4.3 Non-accountal of various articles - Rs 3.18 million**

"All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible government officer who should see that the quantities are correct and their quality is good, and record a certificate to that effect", according to rule-113 of Sindh Financial Rules, volume-I

During audit of Sindh Tourism Development Corporation for the year 2011-12 it was revealed that an expenditure of Rs 3.18 million was incurred for purchase of vehicle and various articles but the same were not accounted for in the stock register.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

Irregularity was communicated to the department in Aug 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non-accountal.

**AIR- 3 & 7**





## CHAPTER - 33

### UNIVERSITIES, BOARDS OF EDUCATION & OTHER INSTITUTES

#### 33.1 List of Universities, Boards of Education & Institutes

Following is the list of Universities, Boards of Education and Institutes in Sindh Province:

<b>S #</b>	<b>Name of University / Board / Institute</b>
<b>Universities</b>	
1	University of Karachi
2	NED University of Engineering & Technology, Karachi
3	University of Sindh, Jamshoro
4	Quaid-e-Awam University of Engineering, Science & Technology, Nawabshah
5	Liaquat University of Medical & Health Sciences, Jamshoro
6	Mehran University of Engineering & Technology, Jamshoro
7	Dow University of Health Sciences, Karachi
8	Sindh Agriculture University, Tando Jam
9	Shah Abdul Latif University, Khairpur
<b>Boards of Education</b>	
10	Board of Secondary Education, Karachi
11	Board of Intermediate Education, Karachi
12	Board of Intermediate & Secondary Education, Larkana
13	Board of Intermediate & Secondary Education, Mirpurkhas
14	Board of Intermediate & Secondary Education, Sukkur
15	Board of Intermediate & Secondary Education, Hyderabad
16	Sindhi Adabi Board, Jamshoro
17	Sindh Text Book Board, Jamshoro
18	Sindh Board of Technical Education, Karachi
<b>Institutes</b>	
19	Institute of Business Administration, Karachi
20	Sukkur Institute of Business Administration, Sukkur

### 33.2 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
92	51	41	55

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 92 paras were discussed cumulatively in respect of various Universities & Boards of Education. The department made compliance of 51 paras and 41 paras were left unattended or compliance not made. The percentage of compliance comes to 57.

### 33.3 AUDIT PARAS

#### 33.3.1 Unauthorized payment of 'Mixed medical allowance' - Rs 216.28 million

As per Article 84 of Audit code, it is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts needs to be in order. It is thus not sufficient to see that sundry rules or orders were observed but it is of equal importance to see that the broad principles of propriety are borne in mind not only by the DDO but by the sanctioning authority.

During audit of various universities for the year 2009-10 to 2011-12 it was revealed that the management granted two different medical allowances to employees by mixing the Medical Allowance sanctioned by Sindh Government at standard rates with additional Medical Allowance sanctioned by the university authorities. A total amount of Rs 216.28 million was paid to the universities' employees on this account, as detailed below:-

S. No	Name of Office	Para #	Audit of FY	Description	Rs in million
1	Sindh Agriculture University Tando Jam	09	2009-10 & 2010-11	Mixed medical allowance without proper justification	109.08
2	Shah Abdul Latif University Khairpur	04	2011-12	Un-authorized payment of Medical Allowance to officer/officials	40.19
3	Shah Abdul Latif University Khairpur	01	2010-11	Mixed medical allowance without proper justification	40.42
4	Quaid-e-Awam University	02	2011-12	-do-	26.59
<b>Total</b>					<b>216.28</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.2 Non-production of record - Rs 150.41 million**

As per Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 "The officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition (3)Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of various universities for the years 2010-11 and 2011-12 it was revealed that management did not maintain or produce to audit the record of various accounts for scrutiny; thereby rendering the entire transactions doubtful, as detailed at annexure-38.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions

### **33.3.3 Non-production of record - Rs 741.43 million**

As per Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, "The officer incharge of any office or department shall afford all facilities and provide

record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition;(3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules”.

During audit of various boards of education it was revealed that chairman boards did not maintain or produce to audit the record of various accounts for scrutiny; thereby rendering the entire transactions doubtful, as detailed at annexure-39.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions

#### **33.3.4 Unjustified payment of conveyance allowance - Rs 62.32 million**

As per Para 8 of the office Memorandum of Government of Sindh, Finance Department No. F.D (SR-IV)-1(12) / 77 dated 13<sup>th</sup> May, 1977, “all employees posted at Islamabad, Karachi, Lahore and Hyderabad/Kotri Jamshoro, not residing within their work premises, shall be allowed conveyance allowance or motor cycle/car maintenance allowance.”

During audit of various universities for the year 209-10 to 2011-12 it was revealed that unjustified payment of conveyance allowance of Rs 62.32 million was made to university employees.

The details are as under;

<b>S. No</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Sindh Agriculture University Tando Jam	32	2009-10 & 2010-11	Un-authorized payment of conveyance allowance	45.27
2	Shah Abdul Latif University Khairpur	3	2010-11	-do-	17.05
<b>Total</b>					<b>62.32</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.5 Unauthorized payment of orderly allowance - Rs 15.10 million**

As per the rules regarding the grant of orderly allowance, “The officers in BS-20, 21 and 22 posted in the Civil Secretariat are allowed to opt either for the provision of residence orderly or for Orderly Allowance.”

During audit of various universities for the years 2009-10 to 2011-12, it was revealed that orderly allowance of Rs. 15.10 million was paid to the employees of the university, whereas orderly allowance is only admissible to officers of grade 20, 21 and 22 who are posted in Civil Secretariat.

The details are as under;

<b>S. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Sindh Agriculture University Tando Jam	10	2009-10 & 2010-11	Excess payment in terms of orderly allowance	4.719
2	NED University Karachi	06	2010-11	-do-	3.205
3	Shah Latif University Khairpur	06	2010-11	Unauthorized payment of cash awards to officers/officials	2.536
4	Shah Abdul Latif University Khairpur	07	2011-12	Unauthorized payment of orderly allowance	3.061
5	Quaid-e-Awam University	08	2011-12	Excess payment of orderly allowance	1.585
<b>Total</b>					<b>15.106</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.6 Excess payment of house rent allowance - Rs 202.00 million**

“All employees, who are not provided with government accommodation and are posted at Karachi, Hyderabad including Kotri and Jamshoro are entitled to house rent allowance @ 45% of minimum basic pay scale. For all other places, this allowance will be allowed @ 30%” as per



revised pay scale 1987” vide Finance Department Notification letter No. FD (SR-IV)1/43/87 dated 17th May, 1987.

During audit of various universities for the years 2009-01 to 2011-12, it was revealed that house rent to the extent of 45% of Basic Pay to the employees was paid instead of 30%, which is contrary to above rules of Sindh Government, as detailed below:-

<b>S.#</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Sindh Agriculture University Tando Jam	24	2009-10 & 2010-11	Excess payment of house rent allowance	27.960
2	NED University Karachi	15	2010-11	Extra benefit to the employees by allowing house ceiling	140.042
3	Shah Latif University Khairpur	04	2010-11	Excess payment of house rent allowance	13.249
4	Quaid-e-Awam University	01	2011-12	Excess payment of house rent allowance	7.446
5	Shah Abdul Latif University Khairpur	05	2011-12	Excess payment of house rent allowance	13.307
<b>Total</b>					<b>202.004</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### 33.3.7 Expenditure without open tenders - Rs 6.23 million

As per Rule 15 of SPPRA, notified vide letter NO. SORI(SGA&CD)2-30/2010 “Open competitive bidding shall be the principal method of procurement, save as otherwise provided”

During audit of various universities for the years 2010-11 to 2011-12, it was revealed that procurements of Rs 6.23 million were made without inviting open tenders in contravention to SPPRA rule, as detailed below:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	Benazir Bhutto Shaheed Univ. Lyari	22	2011-12	Procurement without inviting open tender	0.503
2	Shah Latif Univ. Khairpur	32	2010-11	-do-	4.338
3	Benazir Bhutto Shaheed Univ. Lyari	55	2011-12	Unauthorized expenditure over Aluminum work without inviting open tender	0.369
4	Benazir Bhutto Shaheed Univ. Lyari	52	2011-12	Unauthorized repair of Auditorium without inviting open tender	0.182
5	Benazir Bhutto Shaheed Univ. Lyari	45	2011-12	Procurement without inviting open tender	0.839
<b>Total</b>					<b>6.231</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not inviting open tenders.

### 33.3.8 Unauthorized appointment of consultants without agreement - Rs 3.45 million

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

During audit of various universities for the year 2010-11 it was revealed that no legal agreement was signed with the contractors thereby appointment of consultants and hiring of their services were not guided by any prescribed terms. The appointment of consultants in such manner was considered irregular. The details are as under:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	NED Univ. Karachi	26	2010-11	Unauthorized appointment of consultant	0.378
2	Shah Latif Univ. Khairpur	31	2010-11	-do-	3.073
<b>Total</b>					<b>3.451</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized appointment of consultants without agreement

### 33.3.9 Unauthorized payment of computer allowance - Rs 15.69 million

As per Finance Division (Regulation Wing) office memo # F-3 (b) R.1/35 dated 26th Jun, 1985, computer allowance is required to be paid to those employees who possess degree in Computer Science, fulfil terms & conditions and also get appointed for particular post.

During audit of various universities for the years 2010-11 & 2011-12, it was revealed that computer allowance of Rs 15.69 million was given to almost all the employees by violating the stipulated rule, as detailed below:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	NED University Karachi	12	2010-11	Unauthorized payment of computer allowance	11.948
2	Quaid-e-Awam University	06	2011-12	-do-	3.743
<b>Total</b>					<b>15.691</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of computer allowance.

### 33.3.10 Unauthorized encashment of leave - Rs 16.33 million

Encashment of earned leaves is not notified by the government as an option in respect of its employees during their regular service.

During audit of NED University of Engineering and Technology Karachi, it was revealed that the Vice Chancellor, allowed encashment of earned leaves Rs 16.339 million to the employees during the FY 2010-2011, without justification. The amount so incurred was considered irregular, since

the allowance is not given to any public/government employee by the Federal and Provincial Government.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

**AIR-11**

**33.3.11 Unauthorized transfer of funds between projects - Rs 23.00 million**

As per the Notification issued by the Government of Sindh, Finance Department Karachi vide # B/2 (63)/78-II/20 dated 30th November, 1981, “the funds allocated for one unit of appropriation cannot be utilized for another unit without prior approval of the competent authority”.

During audit of NED University of Engineering & Technology Karachi, for the year 2010-11 it was revealed that the Vice Chancellor, transferred an amount of Rs 23.00 million from one Mega Project to another without prior approval of the competent authority i.e. Higher Education Commission. The transfer of funds was considered unauthorized since approval of competent authority was not obtained.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for transfer of funds without approval of competent authority.

**AIR-23**

### **33.3.12 Excess payment of commutation - Rs 3.97 million**

AS per rules, “Commutation shall be admissible up to a maximum of 35% of Gross Pension, at the option of the pensioner.”

During audit of NED University of Engineering & Technology Karachi for the year 2010-11 it was revealed that the Vice Chancellor allowed 50% commutation for pensioner, in contravention to government rules. Due to allowing 50% commutation to the pensioners, the University had to sustain a loss of Rs 3.97 million. The university replied that it has its own rules approved by the syndicate and senate. In view of audit these rules were not notified by the Sindh Government and did not have any concurrence of Finance Division or Higher Education Commission, hence the amount paid in this regard was considered irregular.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

**AIR- 33**

### **33.3.13 Loss due to obtaining loan in violation of PAC directives - Rs 34.98 million**

As per Public Accounts Committee meeting dated 7<sup>th</sup> Dec 2010, “The meeting, presided over by chairman Jam Tamachi Unar, also directed universities to ban obtaining overdrafts from banks as they cause a financial burden due to the heavy interest charged.” published in The Express Tribune dated 8<sup>th</sup> Dec 2010.

During audit of NED University of Engineering & Technology Karachi it was revealed that the Vice Chancellor obtained loan/over draft from the commercial banks for which an interest payment of Rs 34.98 million was made during the financial year 2010-11, despite serious instructions of PAC to the

universities regarding not obtaining loan/over drafts. It was also observed that University kept pledge of Pension, Endowment and other funds for acquiring the facility of loan. In case the university defaulted due to any reason the employees would not be able to get their retirement benefits. By doing this, the university has jeopardized the entrusted money of the employees.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for taking loan/overdraft from commercial bank in violation of PAC directives.

**AIR-03**

### **33.3.14 Non-imposition of penalty - Rs 2.09 million**

As per clause-2 of the contract agreement, the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4th work in 1/4th of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 % of the estimated cost of the work as shown in the tender”.

During audit of various universities for the year 2011-12, it was revealed that work was awarded to the contractors was not completed within stipulated time. Despite delay in the work, it was observed that 10% penalty of Rs 2.09 million was not imposed to the contractor.

The details are stated below:-

<b>Sr. No.</b>	<b>Name of Universities</b>	<b>Para No</b>	<b>Rs in million</b>
1	Shah Lateef University, Khairpur	27	1.228
2	Dow University of Health Science, Karachi	03	0.864
<b>Total</b>			<b>2.09</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.15 Excess amount payment on account of salaries - Rs 2.16 million**

As per Para 12 of G.F.R. " A controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided".

During audit it was revealed that the Vice Chancellor, Benazir Bhutto Shaheed University Lyari for the FY 2011-2012, gave employment to several officials on fixed pay of Rs 100,000 as per provision in the PC-I, but after their appointment the university increased the monthly pay of these officials.

The justification for the excess payment of salaries against the provision of PC-1 be provided to audit.

The lapse on the part of management indicates improper watch and absence of internal controls.



The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-07**

**33.3.16 Unauthorized payment for the purchase of land - Rs 50.00 million**

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

During audit of Quaid-e-Awam, University of Engineering Science & Technology Nawabshah for the year 2010-11 it was revealed that the Vice Chancellor made payment for the acquisition of land for the university employees of Rs 50 million from the university funds collected for academic activities. Thus to benefit university employees, huge amount was spared for purchase of land.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment on purchase of land.

**AIR-17**

### **33.3.17 Unauthorized payment without sanction of agreement - Rs 9.75 million**

As per Para 514-A of Public Works Department Manual, “Normally no work needs to be permitted to be started unless the contract/tender value for it in one of the prescribed form is sanctioned by the competent authority”

During audit of Dow University of Health Sciences Karachi for the year 2011-12 it was revealed that the Vice Chancellor incurred an expenditure of Rs 9.75 million during the year 2011-12 on account of execution of work as detailed below but the Agreement was not sanctioned by the competent authority, as detailed below:-

<b>Cheque No. &amp; date</b>	<b>Contractor</b>	<b>Name of Work</b>	<b>Rs in million</b>
5303167 & 30-06- 2012 1 <sup>st</sup> RA bill	M/s Noor Muhammad and Sons	Establishment of Post Graduate Medical Science Research Center at DUHS, Karachi(Supplying and fixing HVAC, Medical Gases and Fire Fighting System	9.750

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment without sanction of agreement.

**AIR-01**

### 33.3.18 Unauthorized re-employment of retired employees - Rs 3.36 million

As per Finance Division O.M .No.F.4(4).Reg.7/78, dated 20-3-1980 & F.D O.M. No. F.4(4) Reg.7/78-1520 dated 30-11-1980 “ In case of re-employment against a post in an autonomous/ semi-autonomous body included in Management Grade-3 vide Finance Division O.M No f.6 (27)- Imp.1/79 dated 30- 4-1981,and appointment to which is by laws required to be made and the salary of which is required to be fixed by the Federal Government, the re-employed officer, Civil or Military will be entitled to draw minimum of the rank/grade from which he has retired, In addition he will be entitled to pension and perquisites attached to the management post concerned”

During audit of various boards for the years 2009-10 to 2011-12, it was revealed that retired employees were re-appointed and they were allowed to draw their salaries from the same level of pay which they were drawing prior to their retirement, as detailed below:-

S. No	Name of Office	Para #	Audit of FY	Description	Rs in million
1.	Sindh Text Book Board Jamshoro	07	2011-12	Unauthorized re-employment and drawl of pay & allowance by a retired professor	0.96
2.	Secretary Secondary Board of Education Karachi	07	2009-10 & 2010-11	Unauthorized re-appointment of retired employee	2.40
<b>Total</b>					<b>3.36</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized hiring of retired employees.

### 33.3.19 Excess payment of house rent allowance - Rs 54.56 million

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

As per government notification No. F.I (i) imp/2010-622 Islamabad 5<sup>th</sup> Jul 2010 the house rent will remain frozen at minimum pay scale of 2008.

During audit of various boards for the years 2009-10 & 2010-11, it was revealed that 70% of House rent was paid to employees on running basic pay along with special pay instead of 45 % of minimum pay of relevant scale resulting into excess payment on account of house rent allowance. Moreover the allowance was paid to those employees also who were given official accommodation by the board, as detailed below:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	Secretary Secondary Board of Education Karachi	04	2009-10 & 2010-11	Un-authorized payment of house rent allowance	51.399
2	Secretary Intermediate Board of Education Karachi	06	2009-10 & 2010-11	Un-authorized payment of house rent allowance to those employees who were allotted official accommodation by the board	3.170
3	Secretary Intermediate Board of Education Karachi for the year	07	2009-10 & 2010-11	The amount was not recovered from employees whom house accommodation was provided by Board	0.499
<b>Total</b>					<b>55.068</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.20 Unauthorized payment of medical charges to board employee - Rs 4.18 million**

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

During audit of various boards for the years 2009-10 to 2010-11, it was revealed that employees were paid Rs4.182 million on purchase of medicine and outdoor patient treatment instead of payment of medical allowance. As per government notification no payment would be made for purchase of medicine to employee excluding hepatitis B and C, Angiography and ECG, but the office paid medical charges reimbursement without observing codal formalities as detailed below:-

**Rs in million**

<b>S.#</b>	<b>Name of Office</b>	<b>Par a #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Amount</b>
1	Secretary, B.S.E.K	09	2009-10 & 2010-11	Unauthorized Payment of Medical Charges to board employees	3.976
2	Secretary, B.I.E.K	08	2009-10 & 2010-11	-do-	00.206
<b>Total</b>					<b>4.182</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.21 Un-authorized Payment of Salary to Chairman - Rs 2.38 million**

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

During audit of Secondary Board of Education Karachi for the years 2009-10 & 2010-11, it was revealed that an amount of Rs 2.38 million was paid as salary to Chairman Secondary Board on regular basis whereas he had retired 10 years ago. It was also noticed that pay was fixed on last pay drawn along with all increments earned prior to retirement including regular allowances.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of salary to chairman.

**AIR-03**

### **33.3.22 Un-authorized payment of Special Pay - Rs 2.94 million**

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

During audit of Secondary Board of Education Karachi for the years 2009-10 & 2010-11, it was revealed that an amount of Rs 2.94 million was paid as special pay to board employees under contradiction of government rules.

Special pay was frozen up to 2001 but local office continued it to date and same was revised by the chairman without prior approval of the board which was serious negligence on the part of management.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of special pay.

**AIR-06**

### **33.3.23 Illegal payment on account of leave encashment - Rs 10.02 million**

As per Revised Leave Rules -1986 no employee is allowed to encash earned leaves. The said amendment was made by Authority resolution 18 (ii) dated 11/3/1999 by the board.

During audit of Board Intermediate Education Larkana for the years 2009-10 to 2010-11 it was revealed that the Chairman BISE, Larkana, granted leave encashment of earned leave against the whole salary of 40 days with all allowances and emoluments in complete violation of all financial rules

regarding encashment of leave (which is only one time payment for 180 days at the time of retirement after a satisfactory service of 26 years).

The details are stated below:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	B.I.S.E. Larkana	13	2009-10 & 2010-11	Illegal payment on account leave encashment (earned)	6.440
2	B.I.S.E. Larkana	14	2009-10 & 2010-11	-do-	3.587
<b>Total</b>					<b>10.027</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.24 Unauthorized execution of work without measurement - Rs 28.68 million**

As per Para 208 of the Central Public Works Accounts Code, "Unless in any case, the local Administration, after consultation with the Accountant General, direct otherwise, payment for all work done otherwise than by daily labour and for all supplies are made on the basis of measurement recorded in Measurement books form 23.

During audit of Institute of Business Administration, Sukkur, for the year 2011-12 it was revealed that the Director, allowed payment of Rs 28.68 million against the work which was executed without measurement. Thus payments were made disproportionate with the actual work.



The details are stated below:-

<b>S. #</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	IBA Sukkur	20	2011-12	Unauthorized execution of work without measurement	6.00
2	IBA Sukkur	09	2011-12	-do-	7.68
3	IBA Sukkur	15	2011-12	-do-	15.00
<b>Total</b>					<b>28.68</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in 2011-12. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for making payment without measurement.

### **33.3.25 Non-recovery of advances - Rs 11.61 million**

As per rule 668 of central treasury rules, “advances granted under the special orders of the competent authority to officers / officials for department or allied persons needs to be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as needs to be necessary”.

During audit of various universities for the years 2011-12, it was revealed that advances of Rs 11.61 million were granted for various purposes but the same were not recovered.

The details are stated below:-

<b>S. No</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Quaid-e-Awam University	11	2011-12	Non-recovery of laptop loan	0.66
2	Quaid-e-Awam University	22	2011-12	Non-recovery of donated advance	0.06
3	Quaid-e-Awam University	27	2011-12	Non-adjustment of advances from sports staff	1.58
4	NED University	28	2010-11	Non-adjustment of advances	7.34
5	Shah Latif University, Khairpur	10	2011-12	Non-adjustment of advance made to various officers	0.67
6	Benazir Bhutto Shaheed University Lyari	13	2011-12	Non-adjustment of advances	1.30
				<b>Total</b>	<b>11.61</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

### **33.3.26 Non-deduction of income tax - Rs 3.26 million**

As per the Income Tax Ordinance 2001, 3.5 % income tax is required to be deducted at source while making payment to the contractors, Tax on salary is to be deducted at the rates prescribed in I.T Ordinance and through finance bill amended from time to time. Deduction of 6% withholding tax is to be made from payment for contractual services.

During audit of various universities for the year 2011-12 it was revealed that income tax was not deducted causing loss to government of Rs 3.26 million.

The details are as under;

<b>S. No</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Benazir Bhutto Shaheed Univ. Lyari	47	2011-12	Non-deduction of I.T on salaries	0.07
2	Benazir Bhutto Shaheed Univ. Lyari	09	2011-12	Non-deduction of I.T from suppliers/contractor	0.01
3	Benazir Bhutto Shaheed Univ. Lyari	12	2011-12	Non-deduction of withholding tax 6% form the payment of Honorarium	0.11
4	Shah Abdul Latif Univ. Khairpur	14	2011-12	Non-deduction of I.T on a/c of hire of vehicles	0.07
5	Dow Univ. of Health Sciences, Karachi	05	2011-12	Non deductions of Income Tax from contractors	3.00
<b>Total</b>					<b>3.26</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

### 33.3.27 Non-deduction of sales tax - Rs 8.25 million

Section 3(1) of the Sales Tax Act, 1990 “There shall be charged, levied and paid a tax known as sales tax @ 16% of the value of taxable supplies made by a registered person in the course a furtherance of any taxable activity carried on by him”. Further Section 3(1A) ibid “Taxable supplies are made by a person other than a registered person there shall be charged, levied and paid a further tax @ 3% of the value in addition to the rate specified in Section 3(1).

During audit of various universities for the year 2011-12 it was revealed that sales tax was not deducted causing loss to government of Rs 8.25 million, as detailed below:-

S. No	Name of Office	Para #	Audit of FY	Description	Rs in million
1	Quaid-e-Awam University	12	2011-12	Non-deduction of Sales Tax on services	7.86
2	Benazir Bhutto Shaheed University Lyari	30	2011-12	Non-deduction of sales tax on purchases from vendors	0.39
<b>Total</b>					<b>8.25</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

### 33.3.28 Less-deduction of house rent allowance - Rs 10.78 million

As per rule 28 of General Financial rules, “no amount to government needs to be left outstanding without sufficient reasons, and when any dues appear to be irrecoverable, the offer of the competent authority must be sought.

During audit of Shah Abdul Latif University, Khairpur for the year 2011-12 it was revealed that the Vice Chancellor, allowed house rent amounting to Rs 10.78 million to those employees who were provided with the official accommodation. Payment of house rent in addition to providing official residence was considered irregular.

The details are as under:-

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	Shah Abdul Latif University Khairpur	18	2010-11	Less-deduction of house rent allowance	5.67
2	Shah Abdul Latif University Khairpur	01	2011-12	-do-	5.11
<b>Total</b>					<b>10.78</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

### **33.3.29 Short-deduction of income tax - Rs 3.35 million**

As per the Income Tax Ordinance 2001, the tax on salary is calculated at the rates prescribed in Income Tax Ordinance and through finance bill different rates are proposed for the year.

During audit of Benazir Bhutto Shaheed University Lyari for the year 2011-2012, it was revealed that the Vice Chancellor, deducted less income tax from the salaries of employees. Due to less-deduction of the income tax, the government sustained a loss of Rs 3.350 million.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

**AIR-08**

### **33.3.30 Less recovery of electricity charges - Rs 3.65 million**

As per rule 28 of General Financial rules “no amount to government needs to be left outstanding without sufficient reasons, and when any dues appear to be irrecoverable, the offer of the competent authority must be sought.

During audit of Shah Latif University Khairpur for the year 2011-12, it was revealed that the Vice Chancellor, made payments for electricity charges but did not deduct it from its actual consumers due to which the university a loss suffered of Rs 3.656 million.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

**AIR-07**

### **33.3.31 Non-deposit of income tax - Rs 1.47 million**

As per rule 28 of General Financial rules “no amount due to government needs to be left outstanding without sufficient reasons, and when any dues appear to be irrecoverable, the offer of the competent authority must be sought.

During audit of Benazir Bhutto Shaheed University, Lyari, for the year 2011-12, it was revealed that the Vice Chancellor, failed to deposit income tax Rs 1.47 million which was recovered from various contractors. The challans of income tax deposit were not produced to audit.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the Department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes immediate deposit of government revenue into treasury besides fixing responsibility for not depositing the same in time.

**AIR-35**

### **33.3.32 Non-recovery of advances - Rs 3.11 million**

As per rule 668 of central treasury rules, “advances granted under the special orders of the competent authority to officers / officials for department or allied persons needs to be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed account supported by vouchers or by refund as needs to be necessary”.

During audit of various boards for the years 2010-11 & 2011-12, it was revealed that advances were granted for various purposes of Rs 3.11 million but the same were not recovered.

The details are stated below:-

<b>S. No</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Description</b>	<b>Rs in million</b>
1	BISE Sukkur	02	Non-recovery of advances	0.12
2	BISE Sukkur	09	Non-adjustment of outstanding advances	0.57
3	STBB Jamshoro	21	Non-adjustment of outstanding amount	0.19
4	STBB Jamshoro	23	Non-recovery of outstanding printing amount on for the year 2010-11 & 2011-12	2.23
<b>Total</b>				<b>3.11</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

### **33.3.33 Non recovery of outstanding dues - Rs 29.05 million**

As per Rule 41 (a) of Sindh Financial Rules, the departmental controlling officer should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.

During audit of Institute of Business administration (IBA), Karachi, for the years 2009-10 and 2010-11 it was revealed that the Director did not recover an amount of Rs 29.05 million, on account of fees and Scholarship. Due to non-recovery of the amount loss of government funds cannot be ruled out.



The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in 2009-12. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-17**

### **33.3.34 Unauthorised payment of technical allowance - Rs 2.95 million**

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

During audit of Quaid-e-Awam, University of Engineering Science & Technology for the year 2011-12, it was revealed that the Vice Chancellor, allowed technical allowance to the teaching staff without any government notification regarding allowing such an allowance.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of technical allowance.

**AIR-03**

**33.3.35 Payment of non-practicing allowance to unauthorised persons - Rs 1.74 million**

As per Government of Pakistan O. M No. F-1(1)Imp/83 dated 18<sup>th</sup> Aug 1983, non-practicing allowance is admissible to medical officers only.

During audit of NED University of Engineering & Technology Karachi for the year 2010-11, it was revealed that the Vice Chancellor paid non-practicing allowance Rs 1.74 million to the engineering officers despite the fact that only medical officers are allowed this allowance.

University replied that it is an autonomous body and has its own statutes and regulation approved by the senate and syndicate. But, audit is of the view that such rules and regulations have not the consent of the Higher Education and the statutes were not notified by the Sindh Government.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of non-practicing allowance.

**AIR-5**

**33.3.36 Payment of overtime allowance without record maintenance - Rs 8.52 million**

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

During audit of Shah Abdul Latif University Khairpur for the year 2010-11, it was revealed that the Vice Chancellor, allowed over-time or part-time allowance of Rs 8.52 million to the University employees which was

drawn on the orders of the concerned departmental head without justification and record of timing of the employees. It was also observed that over-time/part-time allowance was given to the employees in excess to the rates approved by the government.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of over time allowance.

**AIR-02**

### **33.3.37 Unauthorised payment of overtime allowance - Rs 40.24 million**

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

During audit of various boards for the years 2009-10 and 2010-11, it was revealed that the Vice Chancellor paid an amount of Rs 40.24 million to secretariat employees as well as examination branch on account of over time allowance for the whole year without assigning any office order or special task. Each employee of the board was awarded two to three hours over time allowance which was considered as an undue favor to board employee and was unjustified.

<b>S.#</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description of payment</b>	<b>Rs in million</b>
1	Secretary, B.S.E.K.	17	2009-10 & 2010-11	Overtime Allowances	4.800
2	Secretary, B.I.E.K.	04	2009-10 & 2010-11	-do-	35.446
<b>Total</b>					<b>40.246</b>

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of over time allowance.

### **33.3.38 Unjustified payment of pay to secretary of board - Rs 1.60 million**

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

During audit of Board of Intermediate & Secondary Education, Larkana, for the year 2011-12, it was revealed that salary of Secretary was fixed against the pay scale BPS-20 (Rs 0.13 million per month), whereas, as per the notification issued by the competent authority for the appointment of said officer it was clearly mentioned that the pay and emoluments shall be given for BPS-19, thereby, resulted in the unjustified payment of Rs 1.60 million. Moreover the said officer was also given the benefit of revised pay scale 2010-11 when he was given an extended period of two years on the renewal of contract, though it was conditional to the initial terms and conditions.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Jan 2012 and Aug to Dec 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of salary to Secretary of the board.

**AIR-17**

### **33.3.39 Non-recovery of loans and advances from employees - Rs 11.05 million**

As per Rule 41 (a) of Sindh Financial Rules, the departmental controlling officer should see that all sums due to Government are regularly received and checked against demand and that they are paid into the Treasury.

During audit of Institute of Business administration (IBA), Karachi, for the years 2009-10 and 2010-11 it was revealed that the Director did not recover an amount of Rs 11.05 million which was shown as unrecovered loans and advances from various employees till Jun, 2011. The recovery of such loans and advances are pending from previous years without taking any action.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in 2009-12. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

**AIR-35**

### **33.3.40 Mobilization advance payment without codal formalities - Rs 155.81 million**

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

During audit of Institute of Business administration (IBA), Karachi, for the years 2009-10 and 2010-11 it was revealed that the Director paid mobilization advance Rs 155.81 million to contractors without observing codal

formalities regarding mobilization advance. It was observed that all the payment was made to contractor through mobilization advance before execution of work. Further it was noticed that during construction of 'Aman Tower Building', mobilization advance was paid to two contractors for purchase and installation of chill projector and fixing of air conditioners but not a single bill of civil work was submitted. The payment of all the cost through mobilization advance was considered irregular.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in 2009-12. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for making unauthorized payment of mobilization advance.

**AIR-11**



## CHAPTER - 34

### WOMEN DEVELOPMENT DEPARTMENT

#### 34.1 Introduction

Women constitute more than 50% population of Pakistan. The Women Development Department being the sole government agency has to play the vital role of catalyst, lobbyist and influencer to attain the prime objective of women empowerment through gender mainstreaming in the project programmes, providing gender equality and equity.

#### 34.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 5 formations (DDOs), out of which 2 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
383	(19)	364	54	309

#### 34.3 Brief comments on the compliance of PAC directives

No para was printed in the Audit Reports of the Auditor General of Pakistan.



## 34.4 AUDIT PARAS

### 34.4.1 Fraudulent payment of rent of office - Rs 2.36 million

According to Para 10 (i) and (ii) of General Financial Rules Vol.-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Director Women Development Department Karachi, for the year 2010-11 it was revealed that an amount of Rs. 2.36 million was paid to M/s Salman Shareef (Owner) for rent of offices ,as detailed below:-

Sr.#	Name of Project	Per month rent	Audit Memo No.	Rupees in million
01	Media Cell	For 12 months @ Rs.86515	69	1.04
02	Establishment of Day care Centre at Karachi	For 11 months @ Rs.119,790	77	1.32
<b>Total</b>				<b>2.36</b>

Following observations were noticed:-

- 01- Media Cell and Day-care Centre were situated in the same premises of office of the Director, Women Development Department, and no separate building was hired by the project.
- 02- Rent agreement with owner was also not available on record.
- 03- Acknowledgement receipt from owner was also not obtained.
- 04- The payment was made in cash instead of cheque which implies that the payment, so made, was suspicious and misuse of government money cannot be ruled out.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of rent.

**AIR -38**

**34.4.2 Unauthorized expenditure on publicity and advertisement - Rs 1.77 million**

According to serial No 3(b)(i) Second Schedule of West Pakistan Delegation of Powers under the Financial Rules, & the Powers of Re-appropriation Rules, 1962, local purchase of stationary may be made if Controller of Printing and Stationary or the Manager of Regional Press has certified that the stationary in question cannot be supplied from the government stores”

During audit of Director Women Development Department Karachi, for the year 2010-11 it was revealed that an expenditure of Rs 1.77 million was incurred for printing & publication and publicity & advertisement on various projects.

The details are as under;

<b>Sr.#</b>	<b>Project for establishment of</b>	<b>Head</b>	<b>Audit Memo #</b>	<b>Rupees in million</b>
01	Women Complaint Cells	Publicity & Advertisement	19	0.12
	Baby Child Care Training Center	Publicity & Advertisement	52	0.05
02	Sales & display resources center	Printing & Publication and Publicity & Advertisement	56	0.12
03	Media Cell	Printing & Publication and Publicity & Advertisement	64	1.45
04	Women Dev. Complex	Printing & Publication	85	0.03
<b>Total</b>				<b>1.77</b>

Following observations were observed:-

- 01- Work was awarded to M/s Up-Tick Ventures but purchases amounting to Rs.0.30 million were made from M/s Taaj Enterprises and M/s Adarts in project.
- 02- Works were awarded to unregistered firms.
- 03- Purchases were split-up to avoid the NIT and sanction from competent authority.
- 04- Consumption account of printing material was not maintained.
- 05- All quotations and supplier's bills were found unsigned and unstamped.
- 06- Places and locations of installation of signboards were not known and some of the signboards and thousands of brochures were still lying unutilized.
- 07- NOC from government press was not obtained
- 08- Payment was made through cash instead of cheque direct to suppliers
- 09- Acknowledgment receipt from suppliers was not obtained.

Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure on printing and publication.

#### **34.4.3 Wasteful expenditure of salaries of project staff - Rs 6.14 million**

According to rule 13 of General Financial Rules, volume-I. "Every controlling officer must satisfy himself not only that adequate provisions exist within the Departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied"

During audit of Director, Women Development Department, Karachi, for the year 2010-11 it was revealed that an amount of Rs 6.14 million was paid on the salaries of contractual staff of the project “Shaheed Benazir Bhutto Centre for Women in Sindh” but the project remained un-operational during the whole year and no serious initiatives were taken by the management to start the activities of the project to achieve the desired objectives of the project.

Audit is of the view that the payment of salaries of staff without performance of relevant duties was burden on exchequer of government.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized expenditure on salaries.

**AIR-23**

#### **34.4.4 Unauthorized expenditure without supporting vouchers - Rs 1.32 million**

As per Rule-23 of S.F.R. Volume-I “As a general rule every payment including re-payment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of Director Women Development Department Karachi, for the year 2010-11 it was revealed an expenditure of Rs 1.32 million was incurred under various heads, but supporting vouchers were not available on the record, as shown in Annexure-40.

In the light of above observations, the authenticity of expenditure could not be ascertained.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not providing supporting vouchers.

**AIR 09**

**34.4.5 Unauthorized drawl of Public money from treasury - Rs 7.03 million**

According to rule 290 of CTR Volume-I, "No money shall be drawn from government treasury unless it is required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demands or to prevent laps of budget." Read with Para-289 of C.T.R. Volume-I that "All charges actually incurred must be paid and drawn at once, and under no circumstances may they be allowed to stand over to be paid from the grant of another year".

During audit of Director Women Development Department Karachi, for the year 2010-11 it was revealed that the Director drew an amount of Rs 7.03 million from government treasury and kept in DDO account of various projects in violation of above rules. The details of closing balance at bank are mentioned below:-

<b>Sr.#</b>	<b>Name of Project</b>	<b>Audit Memo No.</b>	<b>Rs in million</b>
01	Shaheed Benazir Bhutto Centre for Women in Sindh	45	0.11
02	Establishment of Media Cell	61	0.18
03	Establishment of Day-care Centre at Karachi	76	0.50
04	Establishment of Sales & Display Resources Centres at Karachi	53	0.31
05	Baby Child Care Training Centre	49	4.32
06	Baby Child Care Training Centre	47	1.61
<b>Total</b>			<b>7.03</b>

Audit is of the view that amount drawn from government treasury through submitting claims/ bills and kept in the DDO account implies that either the bills and claims were fictitious and bogus or amount was drawn to prevent the lapse of budget which resulted into blockage of government funds.

The irregularity was pointed out to the department in Oct 2011. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for drawl of cash and keeping it in DDO account.

**AIR -24**



## **CHAPTER - 35**

### **WORKS AND SERVICES DEPARTMENT**

#### **35.1 Introduction**

Initially, there was one Department namely Public Works Department (PWD) which consisted of Irrigation Department, Building Department, Roads Department and Public Health Engineering Department. Before mid sixties, Buildings and Roads Department (B&R) was one Department later on it was bifurcated in two Departments each one was headed by Chief Engineer under Secretary, C&W Department. After, Devolution in 2001, Communication & Works Department was renamed as Works & Services Department. The Education Engineering Works, previously functioning under Education Department was transferred to Works & Services Department.

Before Devolution, Communication & Works Department was responsible for execution and maintenance of Roads and Buildings Projects in the entire province except works which were executed by civic agencies and some other agencies.

After Devolution, workload was partly transferred to District Governments. The Education Engineering works after re-structuring were devolved at District level and none of its functions retained at Provincial level. The Foreign Aided Projects of Education Engineering Works under Project Director (Education Works) are dealt by Education Department at Provincial level.

Works & Services Department, Government of Sindh is responsible for providing services in the form of road network and building facilities for various departments of Government of Sindh. Its main activities are planning, designing, construction and maintenance of Roads/Highways and Buildings. The W & S Department offices are spread over the length and breadth of the province. Since devolution in 2001, the functions of W&SD were divided between Provincial and District Governments to facilitate the end users. The road network were devolved to the District Government but, some important inter-district roads were retained by the Works & Services Department.



The following functions are undertaken by the department:

- a) Implementation of Annual Development Program (ADP) in terms of construction, and improvement, of new and existing facilities. It also includes all domestic and Foreign Aided Projects.
- b) Implementation of the Annual Maintenance & Repair Programme.
- c) Preparation of feasibility reports of roads / projects.
- d) Designing of roads and buildings and preparing detailed estimates.
- e) Preparation of Architectural Design & drawing of Residential and Non-Residential Buildings.
- f) Quality Assurance of projects.
- g) Training of officers and staff in technical / other relevant fields.
- h) Providing technical/execution assistance to other departments and agencies.

Presently, W&SD is providing technical assistance for construction of roads etc. to Mines and Minerals Department and Sindh Coastal Development Authority. Moreover, the W&SD also constructs buildings for other departments.

Departments attached/subordinate to the W & S Department are;

- a) Highways Department
- b) Building Department

### **35.2 Comments on the Budget and Accounts (Variance Analysis)**

The Department consists of 188 formations (DDOs), out of which 118 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

<b>(Rupees in million)</b>				
<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
22,237	17,894	40,131	29,533	10,597

### 35.3 Brief comments on the compliance of PAC directives

<b>No. of Paras Discussed</b>	<b>No. of Paras for which Compliance made</b>	<b>No. of Paras, for which compliance not made</b>	<b>% of compliance made</b>
38	21	17	55

Audit Reports for the years 2006-07, 2007-08 and 2008-09 were discussed in the Public Accounts Committee (PAC) meetings and total 38 paras were discussed in respect of Works & Services Department. The department made compliance of 21 paras and 17 paras were left unattended or compliance not made. The percentage of compliance comes to 55.

## **35.4 AUDIT PARAS**

### **35.4.1 Non production of record of land acquisition - Rs 13.25 million**

According to Section 14 (2) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states 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 a form as possible and with reasonable expedition. Further, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under Efficiency & Discipline Rules.

During audit of Executive Engineer Provincial Highway Division, Naushero Feroze @ Khairpur, for the year 2011-12 it was revealed that an amount of Rs 13.25 million was paid to the Land Acquisition Officer (B&R) Hyderabad for purchase of land, but title of land award and disbursement account was not provided to audit.

Audit was of the view that lack of effective internal controls and proper administrative measures led to this irregularity.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR -1**

### **35.4.2 Non production of detailed bill - Rs 15.52 million**

According to Rule 23 of S.F.R Volume-I, "As a general rule every payment including repayment of money previously lodged with Govt. for whatever purpose, must be supported by a voucher setting forth full and clear particular of the claim. As far as possible, the particulars form of voucher applicable to the case should be used, supplier of store and others should be encouraged to submit their bills and claim in proper departmental form."

During the audit of Sindh House Islamabad, for the year 2011-12, it was revealed that the Resident Engineer paid an amount Rs 15.52 million to CDA through Hand Receipt on account of Civil Works of Security Plan for Sindh House, Islamabad but detail bill, case file and acknowledgement receipt was not available on record. In absence of above auditable record, authenticity of the expenditure could not be verified.

The management failed to maintain the required record, hence the probability of mis-appropriation cannot be ruled out.

The matter was reported to the department in Sep 2012. The department in its reply dated 09-01-2013 stated that the detailed bill was in the shape of M.B. and acknowledgement of cheque is available. The reply is not tenable since M.B. cannot be substituted for the detailed bill. Moreover the documents under observation were not produced with the reply.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO.

Audit requires inquiry into the matter besides fixing responsibility for non-adjustment / non recovery of public work advances

**AIR-02**

### **35.4.3 Unauthorized expenditure on non-scheduled items - Rs 4.18 million**

According to Sr. # 4 of the Schedule of Rate (Composite) for finished items of works, 1996, the non-schedule items costing upto Rs 1,000 should be got sanctioned by the concerned Superintending Engineer and the items exceeding Rs 1,000 must be got approved and sanctioned by the Chief Engineer.

During audit of Executive Engineer Building Division-III Karachi, for the year 2011-12 it was revealed that the XEN incurred an expenditure of Rs 4.18 million on non-scheduled items without obtaining approval and sanction of competent authority. The rate analysis duly approved by the competent authority was not provided to audit.

Payment on non-scheduled items without preparation of rate analysis and approval of competent authority occurred due to non-compliance of rules and weak internal controls.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for expenditure on non-schedule items.

**AIR - 2**

#### **35.4.4 Non-imposition of penalty - Rs 78.72 million**

According to clause-2 of the Contract Agreement, the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4<sup>th</sup> work in 1/4<sup>th</sup> of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal to one percent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided, that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 percent of the estimated cost of the work as shown in the tender”.

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that works and schemes awarded to various contractors were not completed on the stipulated date, but the same were still in progress at the time of audit. The contractors who failed to complete the works in time were not penalized under clause-2 of the contract. Thus government sustained a loss of Rs 78.72 million.

The details are as under;

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Tando Allahyar	02	13.54
2	X.E.N. Provincial Highway Division, Sanghar	01	17.43
3	X.E.N. Provincial Highway Division, Hyderabad	02	2.92
4	X.E.N. Provincial Highway Division, Mithi	04	16.81
5	XEN Provincial Highway, N. Feroze @ Khairpur	03	26.61
6	X.E.N. Provincial Highway Division, Mirpurkhas	07	1.41
<b>Total</b>			<b>78.72</b>

Due to non-imposition of penalty government sustained loss.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **35.4.5 Unauthorized payment on extra lead - Rs 17.63 million**

Introduction to the schedule of rates (composite) for finished items of works 1995, states that “no lead small or long for carriage of material for items as per this schedule is to be paid separately. However, provision for the cost of carriage of materials from a predetermined nearest source of supply may be made in the estimates.”

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that an amount of Rs 17.63 was paid to the contractor on account of extra lead. The lead chart was not prepared and

approved from the competent authority and the specific sources / point from which the earth was brought were not mentioned, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Larkana	01	0.37
2	X.E.N. Provincial Highway Division, Sanghar	04	13.67
3	X.E.N. Provincial Buildings, Mirpurkhas	11	0.12
4	XEN Provincial Highway, N. Feroze @ Khairpur	11	3.47
<b>Total</b>			<b>17.63</b>

The amount was paid without preparation of lead chart which indicates weakness of internal control.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of extra lead without preparation of lead chart.

#### **35.4.6 Excess consumption of steel - Rs 1.29 million**

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

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that contractors utilized excess quantities of steel over and above the actual quantity provided in the technical estimates without any change in design and specifications. Thus, excess payment amounting to Rs 1.29 million was made to the contractors which caused loss to the government.

The details are as under:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Highway Division, Mithi	06	0.71
2	XEN Provincial Highway, N. Feroze @ Khairpur	14	0.58
<b>Total</b>			<b>1.29</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for excess payment.

#### **35.4.7 Excess payment on premium amounting - Rs 1.17 million**

According to Chief Engineer, Roads Department Sindh, Hyderabad letter No: Scheduled/Rates-T(ii)/D.S/1133 Dated:28-02-2009 the ceiling of premium fixed by this department as under:

<b><u>S. No.</u></b>	<b><u>Name of Schedule of Rates</u></b>	<b><u>Maximum ceiling</u></b>
1	Schedule of Rates Volume-III Part-II General Finished item of work fifth Edition-2004.	20 % Above
2	Schedule of Rates Volume-III Part-VB For W/S & S/F finished item 3rd Edition-2004	50 % Above
3	Schedule of Rates Volume-III Part-V For PHE Finished item of work fifth Edition-2004.	20 % Above
4	Schedule of Rates Electrical (Composite) 1st Edition-2004.	20 % Above

The above premium ceiling would equally apply to original as well as M & R works.



During audit of XEN Provincial Highway Division, Sanghar for the year 2011-12 it was revealed that an amount of Rs 1.17 million was paid to contractor in excess due to allowing premium more than 20% as per rule. Due to excess payment of premium government sustained a loss of Rs 1.17 million

The management did not observe the rules and procedures, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment of premium beyond permissible limit.

**AIR-02**

#### **35.4.8 Payment without sanction of B-I agreement - Rs 283.03 million**

Para 514-(A) of Public Works Departmental Manual volume-I, states that, "normally no work should be permitted to be started unless the tender on prescribed forms is invited and got sanctioned by the competent authority." In an emergent case, when agreement cannot be concluded before order to start the work is given, a statement showing the terms on which the work is to be done should be obtained from the contractor. The Memorandum of terms (agreement in prescribed form A-1, A-2, B-1 & B-2) should be signed by the contractors, as well as by the authority competent to sanction the tender, before the work is permitted to be started.

During audit of Executive Engineer Highway Division Mithi, for the year 2011-12 it was revealed that works of Rs 283.03 million was awarded to different contractors without execution of contract agreement.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for award of work to contractors without agreement.

**AIR - 1**

**35.4.9 Unauthorized payment without sanction - Rs 77.08 million**

Para-190 of SFR Volume-I states: “In the case of work estimate for which were sanctioned, by the competent authority. No addition or alteration, likely to cause as excess which will not fall within the power of sanctioning authority”.

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that an expenditure of Rs 77.08 million was incurred on the execution of works awarded to different contractors which was not sanctioned by the competent authority, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Highway Division, Mithi	05	2.27
2	X.E.N. Provincial Buildings, Sukkur	02	5.72
3	X.E.N. Provincial Buildings, Larkana	12	59.93
4	X.E.N. Provincial Buildings, Tando Allahyar	05	1.11
5	X.E.N. Provincial Highway Division, Mithi	05	5.25
6	X.E.N. Provincial Highway Division, Mirpurkhas	06	2.80
<b>Total</b>			<b>77.08</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment to contractors without sanction of competent authority.

#### **35.4.10 Excess payment on execution of excess items of work - Rs 17.36 million**

According to Clause-38 of contract agreement, quantities shown in the tender or approximate and no limit shall be entertained for quantities of work executed being 30% more or less than those entered in the tender or estimate.

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that an excess payment of Rs 17.36 million was made to contractors on account of excess execution of items of works against already approved quantity in the tender, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Tando Allahyar	10	0.05
2	X.E.N. Provincial Highway Division, Hyderabad	03	1.86
3	X.E.N. Provincial Buildings, Mirpurkhas	01	0.95
4	XEN Provincial Highway, N. Feroze @ Khairpur	08, 13	14.50
<b>Total</b>			<b>17.36</b>

Execution of items of work beyond the permissible limit indicated that estimates were not prepared with due care, which resulted in cost overrun.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for execution of work beyond the permissible limit.

#### **35.4.11 Unauthorized expenditure without work order - Rs 2.67 million**

As per appendix 18-A of SFR “Every officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held responsible for any such loss.”

During audit of Executive Engineer Provincial Buildings Larkana, for the year 2011-12 it was revealed that civil works of Rs 2.67 million was awarded to contractor and the amount was paid to the contractor without issuing the work order against the work and contract.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for award of work to the contractors without issuing work order.

**AIR-09**

#### **35.4.12 Unauthorized expenditure of earth work - Rs 2.74 million**

Para-190 of SFR Volume-I states: “In the case of work estimate for which were sanctioned, by the competent authority. No addition or alteration, likely to cause an excess which will not fall within the power of sanctioning authority”.

During audit of Executive Engineer Provincial Buildings, Tando Allahyar, for the year 2011-12 it was revealed that an expenditure of Rs 2.74 million was incurred on account of earth work. The amount was paid to contractors without fulfilling different codal formalities.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment without observing codal formalities.

**AIR-04**

**35.4.13 Expenditure by transgression of financial powers - Rs 70.19 million**

According to delegation of financial powers of rules 1962, amended upto date the Superintending Engineer is empowered to sanction and incur expenditure on maintenance / repair work upto Rs 500,000/-.

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that that an expenditure of Rs 70.19 million was incurred on repair and maintenance. The expenditure was sanctioned by the Executive Engineer through transgression without the approval of competent authority, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings-III, Karachi	07	1.43
2	X.E.N. Provincial Highway Division, Mirpurkhas	02	68.76
<b>Total</b>			<b>70.19</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment without sanction of competent authority.

#### 35.4.14 Unauthorized payment on account of secured advance - Rs 3.29 million

As per Para 228 of Central Public Works Account Code, “Advance to contractor is as a rule prohibited and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Exceptions are however permitted in certain cases. In the imperishable nature the secured advance not exceeding 75% of the value of such material brought at site of work may be allowed to be paid by the sanction order of Chief Engineer and 2<sup>nd</sup> advance may not be allowed until the first advance is recovered”.

During the audit of Sindh House Islamabad, for the year 2011-12, it was revealed that the Resident Engineer paid an amount Rs 3.29 million to the contractor as secured advance being the cost of material without following codal formalities:-

- ‘Indenture Bond’ in P.W. Account Form No.31 was not submitted.
- Detail Report of consumption/utilization of materials/quantities brought at site.

The details are as under:-

C.V. No. (Date)	W.O. No. (Date)	Contractor	Name of Work	Rs in million
14(12-06-2012)	567(01-06-2012)	M/s. Mega Builders & Construction.	Construction of Boundary Wall for Improvement of Security Agreement at Sindh House, Islamabad.	2.41
15(12-05-2012)	353(02-03-2012)	M/s. Tarique Azad Construction Co.	Construction of Office Block for DSP, Comptroller/Resident Engineer, Allied Works in Sindh House, Islamabad.	0.88
<b>Total</b>				<b>3.29</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Sep 2012. The department in its reply dated 09-01-2013 stated that they paid advances through Indenture Bonds and adjusted these later on. The reply was not tenable since no documentary evidence in support of the reply was provided.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of secured advance.

**AIR-04**

**35.4.15 Unauthorized payment on account of honorarium to the staff -  
Rs 1.00 million**

According to rule FR-9 (9), "Honorarium means recurring or non-recurring payment to the Govt Servant from general revenue as remuneration for special task." Honorarium is to be allowed when the work is occasional in character and also laborious or of special merit. Honorarium is granted when following conditions are fulfilled, that is, work is occasional in nature and work is so laborious or of such merit as to justify special award. Further, the amount of honorarium must not exceed employees one month pay concerned on each occasion."

During audit of the Comptroller Sindh House Islamabad, for the year 2011-12, it was revealed that an amount of Rs.1.00 million was disbursed among the employees on account of honorarium without mentioning their extra ordinary works and duties other than their own assigned work in violation of the above policy prescribed for the purpose. Moreover, receiving was also not shown to audit. In the absence of above record, the expenditure so incurred treated as irregular.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment of honorarium.

**AIR-03**

**35.4.16 Expenditure without out-turn account - Rs 5.80 million**

According to Para#338 of Central Public Works Accounts Code, “The outturn account referred to in paragraph 331 should show month by month, the quantities and values of each class of articles manufactured, compared with the corresponding figures shown in the estimate (if any). The detailed account for each month should be prepared in Form-36, outturn statement of Manufacture, and should be attached to the works Abstract for the operation.”

During audit of the Sindh House Islamabad, for the year 2011-12, it was revealed that the Comptroller incurred an expenditure of Rs.5.80 million on purchase of spare parts and POL charges of various excavator machines and transport. But, out turn account of the vehicles for the period Jul 2011 to Jun 2012 was not prepared on Form-70 as detailed below:-

<b>Particulars</b>	<b>Rs in million</b>
Repair of Transport	1.5
POL charges	4.3
<b>Total</b>	<b>5.8</b>

Due to non-preparation of outturn account, Form-70, the correctness of the expenditure was not be verified and authenticated. The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was reported to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.



Audit requires inquiry into the matter besides fixing responsibility for incurring expenditure without our turn account.

**AIR-02**

**35.4.17 Non-deduction of shrinkage allowance - Rs 2.47 million**

Item at S. No. 8(2) (b) of the Introduction of the Schedule of Rates (Composite) for finished items of works 1995, states that “deduction for settlement (Shrinkage) be made from the bank measurements when the earthwork is done by machines (tractors and Scraper) at the rate of 3 to 6%.”

During audit of various offices of Works and Services Department, for the year 2011-12 it was revealed that shrinkage allowance of Rs 2.47 million @ 3% on total quantity of earthwork was not deducted from payments made to contractors, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Highway Division, Mithi	08	2.04
2	X.E.N. Provincial Highway Division, Mirpurkhas	08	0.43
<b>Total</b>			<b>2.47</b>

The management did not observe the rules and procedures, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for not deducting shrinkage allowance.

**35.4.18 Non-adjustment of miscellaneous advances - Rs 1.61 million**

Para 360 of Central Public Works Accounts Code, states that, “Items in the Miscellaneous Public Works Advances accounts are cleared either by actual

recovery or by transfer, under proper sanction or authority, to some other head of account. Items or balances which may become irrecoverable should not be so transferred until ordered to be written off”.

During audit of Executive Engineer Provincial Building Division-III Karachi for the year 2011-12 it was revealed that miscellaneous public works advances amounting to Rs 1.61 million were found outstanding on 30<sup>th</sup> Jun, 2012 against various officers and officials and contractors. The Department did not adjust or recover the outstanding amounts by 30<sup>th</sup> Jun, 2012.

The management failed to recover or adjust its receivable advances hence chance of loss to the Government cannot be ruled

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for non adjustment of advances.

#### **35.4.19 Non-recovery of stamp duty - Rs 2.16 million**

According to Para-22-A of Stamp Act, “it was the duty of the competent authority to recover the stamp duty and affix the same, while execution of agreement @ 0.20 paisa per hundred rupees of the value of the agreement or against tender cost.”

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that stamp duty amounting to Rs 2.16 million was not recovered from the contractors for fixing of stamps on contract agreement in violation of above rule.

The details are as under;

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Sukkur	11	0.19
2	X.E.N. Provincial Buildings, Larkana	13	0.30
3	X.E.N. Provincial Buildings-III, Karachi	05	0.59
4	X.E.N. Provincial Highway Div., Sanghar	07	0.02
5	X.E.N. Provincial Highway Division, Hyd.	06	0.23
6	X.E.N. Provincial Buildings, Mirpurkhas	08	0.34
7	XEN Provincial Highway, N. Feroze	15	0.49
<b>Total</b>			<b>2.16</b>

The management did not recover the government dues which indicated absence of systemic internal controls.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer.

#### **35.4.20 Non recovery of secured advance - Rs 7.14 million**

As per Para-228 of CPWA Code “Cases in which contractor whose contract is for finished work requires as advance on the security of the material brought to site Divisional Officer in such case sanction advance upto 75% of value of such material provided that they are of imperishable in nature and that the formal agreement is drawn with the contractors under which government secures a lien on materials.”

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that the secured advance was paid to the contractors amounting of Rs 7.14 million but the same was not recovered from contractors concerned and the adjustment was not made in the final bills.

The details are as under:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Sukkur	04	2.15
2	X.E.N. Provincial Buildings, Larkana	06	4.99
<b>Total</b>			<b>7.14</b>

The management did not recover the government dues which indicated absence of systemic internal controls.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

#### **35.4.21 Short deduction of security deposit - Rs 60.85 million**

Para-89 of CPWA Code “Security, for the fulfilment of the contract, should invariably be taken from the contractors. The security may be taken in form of cash deposit, deposit of interest bearing securities, deduction of 10% from the payment to be made on the work done or personal bond of two persons of known probity and wealth.”

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that security deposit was deducted from the bills of contractors at varying rates instead of quoted rate of 10% which resulted short deduction of the security deposit amounting of Rs 60.85 million.

The details are as under;

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings, Sukkur	09	53.70
2	X.E.N. Provincial Buildings, Mirpurkhas	09	4.58
3	X.E.N. Provincial Buildings, Hyderabad	04	2.57
<b>Total</b>			<b>60.85</b>

The management did not observe the rules and procedures, which reflected weak financial discipline and internal controls, due to which the government was deprived of the revenue.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit emphasizes expeditious recovery besides fixing responsibility for not taking appropriate steps to safeguard the interests of national exchequer

#### **35.4.22 Non-crediting of revenue into government account - Rs 12.75 million**

As per Rule-26 of General Rule “it is duty of controlling to see that all sums due to Government are regularly and promptly assessed, realized and credited in public account.”

During audit of various offices of Works & Services Department, for the year 2011-12 it was revealed that an amount of Rs 12.75 million was deducted on account of Income Tax and Other Miscellaneous. The revenues were kept under deposit Form-78, but not credited into government account.

The details are as under;

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Provincial Buildings Division Mirpurkhas	06	0.72
2	X.E.N. Provincial Buildings-I, Karachi	04	5.53
3	XEN Provincial Highway, N. Feroze @ Khairpur	01	0.23
4	X.E.N. Prov. Highway Div., Karachi	02	6.27
<b>Total</b>			<b>12.75</b>

The management failed to deposit the revenue which resulted into loss to the government.

Irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires that reasons of non-depositing of government revenues into treasury account need to be justified.

### **35.4.23 Non-Imposition of penalty - Rs 2.39 million**

According to clause-2 of the Contract Agreement, the quantity of the work is to be done within particular time as specified within the proportionate limit of time, such as 1/4<sup>th</sup> work in 1/4<sup>th</sup> of the time. In the event of contractor failing to comply with this condition he shall be liable to pay as compensation an amount equal to one per cent, or such smallest amount as the Superintending Engineer (whose decision in writing shall be final) may decide of the said estimated cost of the whole work for every day that the due quantity of work remains incomplete. Provided that the total amount of compensation to be paid under the provisions of this clause shall not exceed 10 % of the estimated cost of the work as shown in the tender”.

During the audit of Sindh House Islamabad, for the year 2011-12, it was revealed that the Resident Engineer failed to impose penalty of Rs. 2.39 million upon contractors who could not complete the awarded works in time. Due to non-recovery of penalty the government sustained loss.

The management failed to recover the due amount. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Sep 2012. The department in its reply dated 09-01-2013 stated that they cannot comment on the observation unless they are informed that from where the information of the observation was obtained. The reply was evasive since instead of commenting upon the observation the source of information was questioned.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO.

Audit requires inquiry into the matter besides fixing responsibility for not imposing penalty upon defaulting contractors.

**AIR-01**

**35.4.24 Non-Recovery of miscellaneous public works advances - Rs 56.02 Million**

According to Para 360 of Central Public Works Account Code, “Items in the “Miscellaneous Public Works Advances” account are cleared either by actual recovery or by transfer, under proper sanction or authority, to some other head of account. Items or balances, which may become irrecoverable, should not be transferred until ordered to be written-off”.

During the audit of The Resident Engineer, Sindh House Islamabad, for the year 2011-12, it was revealed that an amount of Rs 56.02 million in the miscellaneous public works advances account was not cleared during the year 2011-12 or adjusted by way of actual recovery or transfer under proper sanction or authority up to 30<sup>th</sup> Jun, 2012

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Sep 2012. The department in its reply dated 09-01-2013 stated that they paid advances through Indenture

Bonds and adjusted these later on. The reply was not tenable since no documentary evidence in support of the reply was provided.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO.

Audit requires inquiry into the matter besides fixing responsibility for non-adjustment / non recovery of public work advances.

**AIR-15**

#### **35.4.25 Non-forfeiture of security deposit - Rs 3.34 million**

According to Para-89(E) of CPWD Code, "Security for due fulfilment of the contract should invariably be taken. The security may take the form of a cash deposit, a deposit of interest bearing securities, a deduction of 10% from the payment to be made on the work done or a personal bond of two persons of known probity and wealth."

During the audit of Sindh House Islamabad, for the year 2011-12, it was revealed that the Resident Engineer paid Rs 33.40 million to various contractor on account of execution of works but failed to recover the security deposit @ 10% of amount Rs 3.34 million from various contractor who left the works without completing it. The Security Deposit was neither forfeited nor departmental action taken against the defaulting contractors. Due to non-forfeiture of the security deposit, the government sustained loss.

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The matter was reported to the department in Sep 2012. The department in its reply dated 09-01-2013 did not comment on observation rather questioned on source of information from where observation was raised.

The Departmental Accounts Committee (DAC) meeting was not meeting convened by the department despite request to the PAO.



Audit requires inquiry into the matter besides fixing responsibility for non-adjustment / non forfeiture of security deposit.

**AIR-03**

**35.4.26 Payment excess than sanctioned amount - Rs 77.08 million**

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

During audit of various offices of Works & Services Department, for the year 2011-12 the payment of Rs 77.08 million excess made than sanctioned and prescribed limit of 5% without approval, as detailed below:-

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1	X.E.N. Highway Division, Mithi	05	2.27
2	X.E.N. Provincial Buildings, Sukkur	02	5.72
3	X.E.N. Provincial Buildings, Larkana	12	59.93
4	X.E.N. Provincial Buildings, T.Allahyar	05	1.11
5	X.E.N. Provincial Highway Div. Mithi	05	5.25
6	X.E.N. Provincial Highway Div. Mkh.	06	2.80
<b>Total</b>			<b>77.08</b>

The management failed to watch the laid down procedures. Thus, the above lapse on the part of management indicates improper watch, and absence of systemic internal controls.

The irregularity was pointed out in Sep and Oct 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for payment over and above the sanctioned estimates.

## CHAPTER - 36

### YOUTH AFFAIRS DEPARTMENT

#### 36.1 Introduction

The major functions of the department are:

- To deal with Physical Culture
- To deal with Youth Affairs including Scouts
- To maintain/protect buildings under Heritage Act

#### 36.2 Comments on the Budget and Accounts (Variance Analysis)

The Department consists of 06 formations (DDOs), out of which 06 formations were selected and audited during the Audit Year 2012-2013. The accounts for the Financial Year 2011-2012 were audited on test check basis. Following is the position of budget and expenditure of the department:

**(Rupees in million)**

<b>Original Budget / Grant</b>	<b>Supplementary Grant</b>	<b>Revised Budget 2011-12</b>	<b>Departmental Expenditure</b>	<b>Variation (Excess)/ Savings</b>
307.94	133.65	441.58	337.69	103.88

#### 36.3 Brief comments on the compliance of PAC directives

As no para was included in the previous Audit Reports, hence requires no comments.

## 36.4 AUDIT PARAS

### 36.4.1 Wasteful expenditure on young leaders conference - Rs 1.31 million

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

During audit of Director Youth Affairs, Government of Sindh for the year 2011-12 it was revealed that the Director did not observe the above provision of law and an amount of Rs 1.31 million was paid to various contractors / institutions for organizing various conferences, as detailed below:

Sr. No.	Particulars	Organized By:	Para No.	Rupees in million
01.	11 <sup>th</sup> Young Leaders Conference	M/s. School of Leadership Pvt. Ltd	06	0.76
02.	3 <sup>rd</sup> Junior Leaders Conference		07	0.30
03	3 <sup>rd</sup> National HRD Convention	M/s. Newport Institute Comm. & Economics.	08	0.25
<b>Total</b>				<b>1.31</b>

The Audit is of the opinion that such conferences did not bring any benefit for the youth of the province.

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed out to the department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires inquiry into the matter besides fixing responsibility for unauthorized payment.

### **36.4.2 Payment without supporting vouchers - Rs 4.13 million**

As per Rule 23 of Sindh Financial Rules, “Every payment including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim”.

During audit of Director Sports & Youth Affairs for the year 2011-12 it was revealed that the Director did not observed the above rule, and an expenditure of Rs 4.13 million was incurred on account of various head of accounts and youth activities, but the sub-vouchers and cash memos were not available on record.

Due to non-availability of sub vouchers, the authenticity of the expenditure incurred could not be verified

The lapse on the part of management indicates improper watch and absence of internal controls.

The irregularity was pointed to department in Sep 2012. Neither the reply was submitted nor was DAC meeting convened till finalization of this report.

Audit requires production of record besides fixing responsibility for not providing the same in violation of constitutional provisions.

**AIR No. 02**



# **LIST OF ANNEXURES**



## Annexure-1

### Memorandum for DAC (MFDAC)

SI. NO.	NAME OF DEPARTMENT & OBERVATION	AMOUNT	NATURE OF IRREGULARITY
<b>AGRICULTURE DEPARTMENT</b>			
1	Irregular expenditure on account of POL without maintaining of Log Book amounting to Rs 6.11 million	6.11	Violation of Rules
2	Un-authorized expenditure on other offices – Rs 0.49 million	0.49	Violation of Rules
3	Irregular expenditure on new gas connection - Rs 0.26 million.	0.26	Violation of Rules
4	Irregular expenditure without obtaining quotations - Rs0.63 million	0.63	Violation of Rules
5	Excess expenditure on consumption over and above the ceiling of POL Rs 0.357 million	0.38	Violation of Rules
6	Irregular expenditure without obtaining indent / requisitions Rs 0.998 million	1.00	Violation of Rules
7	Irregular expenditure without obtaining NOC from government press / workshop Rs 1.202 million	1.20	Violation of Rules
8	Loss to government due to less deposit of sale proceed of rice and wheat crops Rs 0.989 million.	0.99	Less Recovery
9	Non-credit of sale proceed of wheat and rice bhoosa amounting to Rs 0.607 million	0.61	Non Recovery
<b>ANTIQUITIES DEPARTMENT</b>			
1	Non accountable of various articles amounting to Rs 1.032 million	1.03	Non Accountal of Records
<b>AUQAF, RELIGIOUS AFFAIRS, ZAKAT &amp; USHR DEPARTMENT</b>			
1	Recovery of sales tax on services & purchase of goods / miscellaneous items - Rs 0.222 million.	0.22	Non Recovery
2	Irregular expenditure incurred on a/c of Conferences / Seminars etc - Rs 0.867 million.	0.87	Violation of Rules



<b>BOARD OF REVENUE</b>			
1	Non deposit of domicile fee Rs 0.897 million	0.90	Non Recovery
2	Irregular expenditure under the head honorarium amounting to Rs0.610 million	0.61	Violation of Rules
3	loss to government amounting to Rs0.586 million.	0.59	Violation of principle of propriety
4	Irregular expenditure without budget Rs0.283 million.	0.28	Violation of Rules
5	Irregular setting of prices of plots	-	Violation of Rules
6	Unjustified allotment to a defaulter	-	Violation of Rules
<b>CULTURE DEPARTMENT</b>			
1	Irregular expenditure on 190th Urs of Hazrat Sachal Sarmast - Rs2.475 million.	2.48	Violation of Rules
2	Doubtful expenditure on 268th Urs of Shah Abdul Latif Bhattai (R.A.) Rs4.315 million.	4.32	Doubtful payments
3	Doubtful payment on photo exhibition - Rs 0.591 million.	0.59	Doubtful payments
4	Irregular payments made to DCOs - Rs 1.90 million.	1.90	Violation of Rules
5	Irregular expenditure on Super Award Distribution Ceremony - Rs 0.506 million.	0.51	Violation of Rules
6	Non-deposit of deducted Income Tax amount - Rs 0.082 million.	0.08	Non Recovery
7	Irregular expenditure without supporting vouchers - Rs 8.557 million	8.56	Violation of Rules
8	Un-authorized retention of Government funds in DDO account – Rs6.650 million.	6.65	Violation of Rules
9	Loss to government due to non-investment of Endowment Fund of Moenjodaro - Rs 0.278 million.	0.28	Violation of principle of propriety
10	Irregular investment of Endowment Funds without approval of Board - Rs 100.0 million	100.00	Violation of Rules
11	Irregular payment of grant to Arts Council of Pakistan, Karachi – Rs 5.0 million.	5.00	Violation of Rules

12	Un-authorized payment to poets / writers / artists from KASB account - Rs 9.145 million	9.15	Violation of Rules
13	Un-necessary procurement of various items-Rs 18.549 million.	18.55	Doubtful payments
14	Doubtful procurement of Antiques. Amounting Rs 0.630 million.	0.63	Doubtful payments
15	Non-production of record-Rs 184.250 million.	184.25	Non Production of Records
<b>EDUCATION &amp; LITERACY DEPARTMENT</b>			
1	Heavy expenditure on salaries of Rs 39.200 million	39.20	Violation of Rules
2	Payment made without supporting documents – Rs 0.923 million	0.92	Violation of Rules
3	Irregular expenditure on accommodation charges from “A.D.E scheme” – Rs 0.841 million	0.84	Violation of Rules
4	Creating liabilities/non-payment of subsidy for the month of April to Jun 12 – Rs 0.919 million	0.91	Violation of Rules
5	Irregular refund of security deposit to contractor Rs 0.840 million	0.84	Violation of Rules
6	Irregular Expenditure on Purchases – Rs 29.640 million	29.64	Violation of Rules
7	Irregular payment project allowance allowance-Rs 0.600 million.	0.60	Violation of Rules
8	Irregular payment of liability of deducted income tax – Rs 0.639 million	0.63	Violation of Rules
9	Non recovery of outstanding dues – Rs 48.106 million	48.10	Non Recovery
10	Non-deposit of income tax-Rs 0.424 million.	0.42	Non Recovery
<b>ENVIRONMENT AND ALTERNATE ENERGY DEPARTMENT</b>			
1	Expenditure without inviting open tender-Rs 8.160 million	8.16	Violation of Rules
2	Non-realization recovery of fees-Rs 2.212 million	2.21	Non Recovery
3	Non achievement of targets -Rs 10.654 million	10.65	Violation of principle of propriety
<b>EXCISE &amp; TAXATION DEPARTMENT</b>			
1	Non realization of professional tax Rs 0.593 million	0.59	Non Recovery

2	Non realization of licence fee from various dealer of motor vehicle amounting to Rs 0.49 million.	0.49	Non Recovery
3	Irregular payment of rent of office building Rs 0.116 million	0.12	Violation of Rules
4	Excess expenditure incurred on account of adhoc allowance Rs 0.502 million	0.50	Violation of Rules
<b>FOOD DEPARTMENT</b>			
1	Non-recovery of excess payments - Rs 0.144 million	0.14	Non Recovery
2	Non-realization of flood surcharge on income tax amounting to Rs 0.475 million	0.48	Non Recovery
3	Less deduction of income tax amounting to Rs 0.167 million.	0.17	Less Recovery
<b>FOREST &amp; WILD LIFE DEPARTMENT</b>			
1	Irregular Expenditure On Account Of POL Rs 4.453 Million	4.45	Violation of Rules
2	Irregular Expenditure on layout Rs1.281Million	1.28	Violation of Rules
3	Un-Authorized Expenditure on various Development works-Rs 3.011 million	3.01	Violation of Rules
4	Excess payments over budget allocation – Rs 8.527 million	8.53	Violation of Rules
5	Irregular expenditure on Civil works-Rs:831500/-	0.83	Violation of Rules
6	Overdraft in PLA account – Rs 7.114 million	7.11	Violation of principle of propriety
7	Reporting lapsed amount as closing balance of PDA - Rs 38.931 million	38.93	Improper record maintenance
8	Violation of sanctioned strength – Rs 0.892 million	0.89	Violation of Rules
9	Unauthorized payment to contingent paid staff under schemes - Rs 4.687 million	4.69	Violation of Rules
10	Irregularities in the contractual work – Rs 35.110 million	35.11	Violation of Rules
11	Repairs and Maintenance issues – Rs 13.152 million	13.15	Violation of Rules
12	Un-authenticated expenditure on account of POL-Rs 1.078 million	1.08	Violation of Rules

13	Outstanding revenue from lease land – Rs 11.178 million	11.18	Violation of principle of propriety
14	Unauthorized lease of land to OGDCL Sukkur – Rs 3.065 million	3.07	Violation of Rules
15	Irregular expenditure on account of POL Rs 5.838 Million	5.84	Violation of Rules
16	Non realization of income from sale - Rs 21.00 million	21.00	Non Recovery
17	Short realization of revenue from forest lease land – Rs 221.260 million	221.26	Less Recovery
18	Less deduction of security deposit - Rs 1.436 million	1.44	Less Recovery
<b>HEALTH DEPARTMENT</b>			
1	Non-hoisting of advertisement and bids evaluation report on Authority's website – Rs 219.779 million	219.78	Violation of Rules
2	Expenditure without supporting vouchers - Rs7.487 million	7.49	Violation of Rules
3	Irregular advance payment of various utility charges - Rs 21.759 million	21.76	Violation of Rules
4	Irregular finalization of work without preparation of work completion report (PC-IV) - Rs5.835 million	5.84	Violation of Rules
5	Irregular payment without sanction of B-1 Agreement Rs10.876 million	10.88	Violation of Rules
6	Irregular purchase without joint inspection Rs 23.812 million	23.81	Violation of Rules
7	Non-accountal of various articles – Rs 112.230 million	112.23	Non Accountal of Records
8	Non-invitation of open tenders - Rs 102.228 million	102.23	Violation of Rules
9	Excess Execution of items of works – Rs 170.932 million	170.93	Violation of Rules
10	Non-transparency observed in purchase and utilization of POL - Rs3.500 million	3.50	Violation of principle of propriety
11	Irregular payment of officials working on detailment– Rs 11.536 million	11.54	Violation of Rules
12	Expenditure without execution of agreement – Rs 141.397 million	141.40	Violation of principle of propriety

13	Non – Recovery of professional Tax Rs295,000/-	0.30	Non Recovery
14	Un-authorized constitution of procurement committee for purchase of medicines - Rs 14.336 million	14.34	Violation of Rules
15	Excess over budget allocation Rs 18.647 Million	18.647	Violation of Rules
16	Irregular Expenditure on Purchase of Medicine Rs 1.222Million	1.22	Violation of Rules
17	Irregular payment without check measurement by engineer of Rs. 1024.839 million	1,024.84	Violation of Rules
18	Irregular payment without verification of performance security bond Rs34.647million	34.65	Violation of Rules
19	Irregular expenditure on non-schedule item Rs3.147million	3.15	Violation of Rules
20	Irregular payment on account of secured advance Rs27,500,000/-	27.50	Violation of Rules
21	Irregular award of work without open Competition amounting to Rs200.500 million	200.50	Violation of Rules
22	Unjustified Difference between cash book & bank statement Rs4.980 million	4.98	Doubtful payments
23	Less Deduction of Security Deposit Amounting to Rs3.413 million	3.41	Less Recovery
24	Unauthorized payment of Mobilization Advance to Contractors Rs7.663 million	7.66	Violation of Rules
25	Purchase of medicines without drug test laboratory report – Rs 121.925 million	121.93	Violation of Rules
26	Un-authorized drawl of funds on pre-receipted bills Rs3.753 million	3.75	Violation of principle of propriety
27	Financial loss to government due to non establishment of Thalassemia Center - Rs174.116 million	174.12	Fraudulent Payment
28	Un-authorized payments to non-government organizations (NGOs) Rs23.136 million	23.14	Violation of Rules
29	Irregular purchase of medicine amounting to Rs 1,184,620	1.19	Violation of Rules
30	Irregular expenditure on Peoples Living in HIV Rs2.962 million	2.96	Violation of Rules

31	Irregular expenditure incurred on purchase of “STI KITS” Rs 1.351 million	1.35	Violation of Rules
32	Irregular expenditure on purchase of medicine Rs13.112 million	13.11	Violation of Rules
33	Un-justified expenditure on Purchase of medicines 7.772 million	7.77	Doubtful payments
34	Loss to government on purchase of medicine Rs8.145 million	8.15	Violation of principle of propriety
35	Irregular expenditure on purchase of medicines 11.605 million	11.61	Violation of Rules
36	Irregular Purchase of medicine/ Diagnostic services Rs 127.941 Million	127.94	Violation of Rules
37	Irregular Purchase of medicine/ Diagnostic services Rs101.656 Million	101.66	Violation of Rules
38	Unauthorized retention of government money Rs 3.180 million	3.18	Violation of Rules
39	Fake TA/DA and Sanction orders for incurring Expenditure – Rs2.360 million	2.36	Fraudulent Payment
40	Un-authorized expenditure without having details and record - Rs82.614 million	82.61	Violation of Rules
41	Irregular and un-authorized creation of liability - Rs50.551 million	50.55	Violation of Rules
42	Irregular drawl of medical reimbursement - Rs361,664/-	0.36	Violation of Rules
43	Irregular excess drawl of funds - Rs24.151 million.	24.15	Violation of Rules
44	Repair of machinery & Equipments- Rs1.841 million	1.84	Violation of Rules
45	Irregular opening of saving account and utilizing interest - Rs1.692 million.	1.69	Violation of Rules
46	Irregular excess consumption of dietary items - Rs1.763 million.	1.76	Violation of Rules
47	Non-provision of demanding medicines in tendering process - Rs516,000/-	0.52	Violation of Rules
48	Irregular excess payment of premium-Rs1.063 million	1.06	Violation of Rules
49	Irregular payment of electricity charges - Rs12.801 million	12.80	Violation of Rules

50	Un-authorized expenditure on POL of Generator - Rs4.911 million.	4.91	Violation of Rules
51	Doubtful payment on drugs and medicines - Rs1.050 million.	1.05	Doubtful payments
52	Delay in deposit of Receipts – Rs1.096 million.	1.10	Violation of principle of propriety
53	Un-due favor by deducting nominal charges of electricity-Rs2.622 million	2.62	Doubtful payments
54	Un-justified purchase of machinery & equipments - Rs2.436 million	2.44	Doubtful payments
<b>HOME DEPARTMENT</b>			
1	Irregular allotment of vehicle with fuel to Minister for Prisons - Rs2,63,105/-	0.26	Violation of Rules
2	Un-justified expenditure under the head of account secret service fund – Rs400,000/-	0.40	Doubtful payments
3	Irregular expenditure on repair of Police Stations – Rs900,000/-	0.90	Violation of Rules
4	Irregular payment of Special Allowance (CID) 20% without budget provision- Rs1.223 million	1.22	Violation of Rules
5	Expenditure incurred by way of splitting – Rs 1.559 million	1.56	Violation of Rules
6	Non-recovery of various charges from contractors of supply of cooked food to prisons– Rs1.740 million	1.74	Non Recovery
7	Irregular payment of pensions and GP Fund - Rs 2.241 million	2.24	Violation of Rules
8	Irregular payment of commutation gratuity -Rs2.914 million	2.91	Violation of Rules
9	Irregular Expenditure on TA/DA fixed for HC's & PC's – Rs 3.649 million	3.65	Violation of Rules
10	Short recovery of Fine and Penalty – Rs 5.194 million	5.19	Less Recovery
11	Expenditure without supporting vouchers - Rs 5.490 million	5.49	Violation of Rules
12	Creation of liability on account of electricity – Rs6.557 million	6.56	Violation of Rules
13	Un-justified expenditure incurred under cost of investigation – Rs10.850 million.	10.85	Doubtful payments

14	Irregular expenditure on feeding – Rs 11.036 million	11.04	Violation of Rules
15	Non-accountal of various articles – Rs 20.271 million	20.271	Non Accountal of Records
16	Expenditure without execution of agreement – Rs 20.450 million	20.45	Violation of principle of propriety
17	Non utilization of Agricultural Land about 52 Acers 29 ghunta.	29.00	Violation of principle of propriety
18	Un-authorized drawl of salaries amounting to Rs 37.225 million	37.22	Violation of principle of propriety
19	Proper facilities could not be provided to prisoners throughout Sindh Province due to non-utilization of budget Rs42.876 million	42.88	Violation of Rules
20	Irregular payment without obtaining Food Hygienic Report Rs585.355million	585.36	Violation of Rules
<b>INFORMATION DEPARTMENT</b>			
1	Non-accountal of hardware – Rs 529,000	0.53	Non Accountal of Records
<b>INVESTMENT DEPARTMENT</b>			
1	Non-accountal of various items - Rs 0.710 million	0.71	Non Accountal of Records
2	Irregular payment of honorarium – Rs 0.092 million	0.09	Violation of Rules
<b>IRRIGATION DEPARTMENT</b>			
1	Irregular expenditure on extra items of work – Rs 25.630 million	25.63	Violation of Rules
2	Excess payment to contractors by allowing extra premium - Rs 13.050 million	13.05	Violation of Rules
3	Excess execution of items of work - Rs 59.611 million	59.61	Violation of Rules
4	Irregular awarding work of Excavation of leading channels – Rs 12.694 million	12.69	Violation of Rules
5	Sanctioned works not yet awarded – Rs 135.502 million	135.50	Violation of principle of propriety
6	Irregular award of work on de-silting - Rs 3.050 million	3.05	Violation of Rules
7	Non-clearance of suspense account – Rs 60.742 million	60.74	Violation of Rules



8	Un-authorized clearing of Form-70 & 73 without transfer entry – Rs 9.844 million	9.84	Violation of Rules
9	Un-adjusted stock manufacturing account – Rs 193.400 million	193.40	Violation of Rules
10	Irregular execution of work over sanctioned estimate – Rs 42.140 million	42.14	Violation of Rules
11	Defective / incomplete works – Rs 7.640 million	7.64	Violation of principle of propriety
12	Abnormal delay in start of work – Rs 26.583 million	26.58	Violation of principle of propriety
13	Abnormal delay for making payment to contractor – Rs 2.302 million	2.30	Violation of principle of propriety
14	Irregular appointment of staff – Rs 0.151 Million.	0.15	Violation of Rules
15	Non observing codal formalities for various works - Rs 212.822 million	212.82	Violation of Rules
16	Irregular expenditure without making escalation chart – Rs 715.467 million	715.47	Violation of Rules
17	Irregular expenditure on purchase of spare parts - Rs 2.719 million	2.72	Violation of Rules
18	Non-maintenance of consumption account - Rs 67.273 million	67.27	Improper record maintenance
19	Irregular expenditure on repair of machinery – Rs 51.635 million	51.63	Violation of Rules
20	Irregular refund of security deposit – Rs 23.540 million	23.54	Violation of Rules
21	Irregular expenditure on non-schedule items – Rs 4.974 million	4.97	Violation of Rules
22	Irregular awarding work of silt clearance – Rs 2.779 million	2.78	Violation of Rules
23	Irregular allow huge amount on carriage - Rs 48.863 million	48.86	Violation of Rules
24	Less booking of expenditure/not debited to Form-78 - Rs 12.227 million	12.23	Misclassification of Expenditure
25	Un-authorized re-named/re-designated and shifting of post from Deputy Director Computer, Karachi to Executive Engineer, Mirpurkhas		Weakness of Internal Controls
26	Non-accountal of call deposit into Bank – Rs 18.272 million	18.27	Non Recovery

27	Non-accountal of articles – Rs 5.700 million	5.70	Non Accountal of Records
28	Un-due financial favor to contractor by awarding work	25.34	Doubtful payments
<b>LIVESTOCK AND FISHERIES DEPARTMENT</b>			
1	Non-recovery of stamp duty - Rs 275,553/-	0.28	Non Recovery
2	Non - Recovery of Outstanding amount on account of Sale of Sugarcane –Rs0.371million	0.37	Non Recovery
3	Irregular Expenditure by Transgression of Power - Rs0.702million	0.70	Violation of Rules
4	Non - Maintenance of Log Book of Govt. Vehicles - Rs5.724 millions	5.72	Non Accountal of Records
5	Misclassification of Expenditure - Rs6.625millions	6.63	Misclassification of Expenditure
6	Expenditure on Controlled Atmosphere Shed Work - Rs15.400Millions	15.40	Violation of Rules
<b>LOCAL GOVERNMENT DEPARTMENT</b>			
1	Non-recovery of 40% share collected by m/s maxim marketing Rs0.429 million	0.43	Non Recovery
2	Doubtful drawl of cheques from the bank Rs0.799 million	0.80	Doubtful payments
3	Variation between cash book and bank statement Rs1.038 million	1.04	Violation of Rules
4	Irregular payment of legal fee Rs3.754 million	3.75	Violation of Rules
5	Irregular expenditure incurred on allowing premium Rs 5.046 million.	5.05	Violation of Rules
6	Non-deduction of shrinkage allowance- Rs 7.857 million.	7.86	Non Recovery
7	Irregular advance payment of C.P fund Rs 8.253 million.	8.25	Violation of Rules
8	Irregular expenditure non-scheduled items Rs10.552 million.	10.55	Violation of Rules
9	Irregular expenditure incurred on advertisement charges Rs19.433 million.	19.43	Violation of Rules
10	Irregular refund of security deposit before completion of work Rs 20.225 million.	20.23	Violation of Rules

11	Irregular expenditure incurred on purchased of crushed/ stones Rs 35.919 million.	35.92	Violation of Rules
12	Irregular payment to m/s Maxim Marketing Rs42.214 million.	42.21	Violation of Rules
13	Irregular payment of extra lead Rs 158.372 million.	158.37	Violation of Rules
14	Outstanding amount of Board of Revenue not cleared - Rs 7041.58 million	7,041.58	Violation of principle of propriety
<b>MINORITIES DEPARTMENT</b>			
1	Irregular appointment in violation of rules	-	Violation of Rules
<b>ORGAN OF STATE</b>			
1	Irregular expenditure on security guards for Rs 1.42 million	1.42	Violation of Rules
<b>PLANNING AND DEVELOPMENT</b>			
1	Payment made through cash instead of cheques –23.54 million.	23.54	Violation of Rules
2	Irregular advance payment -Rs. 1.14 million	1.14	Violation of Rules
<b>POPULATION WELFARE DEPARTMENT</b>			
1	Non recovery of outstanding government dues Rs 526,279.	0.53	Non Recovery
2	Non- maintenance of consumption account Rs 454,618	0.46	Improper record maintenance
3	Irregular expenditure without supporting vouchers Rs226,000/--	0.23	Violation of Rules
4	Non-accountal of various articles Rs227,500	0.23	Non Accountal of Records
5	Irregular payment of salary Rs9.003 million	9.00	Violation of Rules
6	Irregular purchase of machinery & equipment by passing members of different Committees – Rs 1.084 million	1.08	Violation of Rules
7	Irregular purchase of machinery equipment inviting bogus quotations – Rs 199,400	0.20	Fraudulent Payment
8	Non-completion of new building of PWTI Karachi and incurrence of - Rs7.005 million.	7.01	Violation of principle of propriety

9	Drawl of funds on pre-receipt bill-Rs2.00 million	2.00	Violation of principle of propriety
<b>PUBLIC HEALTH ENGINEERING DEPARTMENT</b>			
1	Expenditure beyond work order specifications-Rs 0.176 million	0.18	Violation of principle of propriety
2	Un-authorized refund of security deposit to contractors-Rs 266,544/-	0.27	Violation of Rules
3	Irregular expenditure incurred on non-scheduled items without approval of competent authority-Rs 1.258 million	1.26	Violation of Rules
4	Payment without supporting vouchers – Rs 1.632 million	1.63	Violation of Rules
5	Non-accountal of various articles - Rs 1.981 million	1.98	Non Accountal of Records
6	Unauthorized payment without pre-audit of bills by Divisional Accounts officer-Rs 3.499 million	3.50	Violation of Rules
7	Un-due creation of liabilities-Rs 4.576 million	4.58	Doubtful payments
8	Non-completion of works approved through ADP even after 100% financial progress		Weakness of Internal Controls
<b>RURAL DEVELOPMENT DEPARTMENT</b>			
1	Excess payment to contractor due to allowing higher rate then scheduled rate on barrow pit excavation amounting to Rs 0.248 million	0.25	Violation of Rules
<b>SERVICES, GENERAL ADMINISTRATION AND COORDINATION DEPARTMENT</b>			
1	Non-withholding of sales tax - Rs155,205.	0.16	Non Recovery
2	Expenditure without supporting vouchers – Rs523,547.	0.52	Violation of Rules
<b>SOCIAL WELFARE DEPARTMENT</b>			
1	Irregular expenditure on account of furniture and service stamps Rs0.309	0.31	Violation of Rules
2	Irregular expenditure on account of seminar Rs 0.712 million	0.71	Violation of Rules
3	Unauthorized expenditure incurred on POL for other office vehicles-Rs 0.196 million	0.20	Violation of Rules
<b>STEVTA</b>			

1	Excess payment on account of electricity charges -Rs548,268/-	0.55	Violation of Rules
2	Irregular payment to staff working on detailment-Rs 1.620 million	1.62	Violation of Rules
3	Non-accountal of store articles-Rs 610,606/-	0.61	Non Accountal of Records
<b>SUPPLY &amp; PRICES DEPARTMENT</b>			
1	Irregular expenditure on purchase of POL Rs 0.591 million	0.59	Violation of Rules
2	Unauthorized expenditure on purchase of furniture without open tender- Rs 200,000	0.20	Violation of Rules
<b>TOURISM DEPARTMENT</b>			
1	Improper maintenance of cash book and non-reflecting of closing balance of Rs2,39,1740/-	2.39	Improper record maintenance
2	Non-accountal of various articles Rs 3.184 million	3.18	Non Accountal of Records
<b>UNIVERSITIES, BOARDS AND INSTITUTES</b>			
1	Irregular award of scholarship without obtaining Deed of Agreement, Guarantee to HEC, Declaration of Assets, Certification of Financial Soundness and Surety BOND amounting to Rs203.374Million	203.37	Violation of Rules
2	Irregular payment of honorarium amounting to Rs 4.489Million	4.45	Violation of Rules
3	Irregular payment of Ph.D. allowance amounting to Rs 17.752Million	17.75	Violation of Rules
4	Irregular expenditure over the civil works disregarding the schedule rates amounting to Rs 130.683Million	130.68	Violation of Rules
5	Irregular sanctioning of rates allowing contractor to save 6% income tax	0.06	Violation of Rules
6	Irregular award of scholarship to Manager Sports amounting 1.036 million	1.04	Violation of Rules

7	Loss to the university due to flawed agreement with the HMBL bank and allowing excess expenditure in contrary to agreed term amounting Rs 3.978 million	3.98	Violation of Rules
8	Irregular acquisition of loan from SULTAN QABOOS IT CHAIR amounting Rs 19 million.	19.00	Violation of Rules
9	Un-authorized payment of allowances Rs 34.202 million	34.20	Violation of Rules
10	Irregular Payment on account of Remuneration to Examination Centers Rs15.172 million	15.17	Violation of Rules
11	Irregular Payment on account of Remuneration to Codifier Rs1.476 million	1.48	Violation of Rules
12	Non-accountal of various articles amounting Rs 21.074million	21.07	Non Accountal of Records
13	Non-deposit of flood relief money - Rs 1.364 million/=	1.36	Non Recovery
14	Non-deduction of 10% Security Deposit amounting Rs 2.139 million/-	2.14	Non Recovery
15	Non-recovery of outstanding dues from ex-Assistant Professor amounting Rs 1.603 million	1.60	Non Recovery
16	Non-refund of un-used money to HEC amounting Rs 10.644 million	10.64	Non Recovery
17	Unjustified Prepayment and other Receivable Amounting to Rs11.014 million	11.01	Doubtful payments
18	Unjustified transaction under head scholar ship payable to student Rs3.318 million	3.32	Doubtful payments
19	Unjustified Refund of Earnest money amounting to Rs13.964 million	13.96	Doubtful payments
20	Double payment of Salary to Project Director amounting Rs 604,373/-	0.60	Fraudulent Payment
21	Non-recording of earnest money and security deposit in cash book to Rs9.920 million	9.92	Accounting Error
22	Non-reconciliation of electricity charges – Rs1.700 million	1.70	Accounting Error

23	Non-reconciliation of challan with bank.Rs2 million.	0.20	Accounting Error
24	Bogus expenditure on account of Building & Structure of Rs1.008 Million	1.01	Fraudulent Payment
25	Irregular expenditure without sanctioning and proper details amounting Rs 946,800/-	0.95	Violation of Rules
26	Payment without agreement with the supplier amounting Rs7.8million	7.80	Violation of Rules
27	Irregular payment of residential telephone charges amounting to Rs 12.527million	12.53	Violation of Rules
28	Irregular expenditure amounting Rs 5.165million	5.17	Violation of Rules
29	Irregular advance payment of POL to the PSO and other vendors amounting Rs 7.049 million	7.05	Violation of Rules
30	Irregular approval of rate analysis amounting Rs 34.653 million	34.65	Violation of Rules
31	Execution of earth work without soil test amounting Rs 45.087 million	45.09	Violation of principle of propriety
32	Irregular payment without check measurement Rs 21.030 Million	21.03	Violation of Rules
33	Excess expenditure over Capital component amounting Rs 8.2122 million	8.21	Violation of Rules
34	Excess expenditure over Machinery Equipment amounting Rs 2.906 million	2.91	Violation of Rules
35	Irregular appointment of Audit Officer		Violation of Rules
36	Irregular payment of stipend to the foreign scholar after completion of study period Rs 891,000/- Euro @ 110 Pak Rupees	110.00	Violation of Rules
37	Irregular payment of house building advances without codal formalities Rs 10.870 million	10.87	Violation of Rules
38	Irregular expenditure on transport for students amounting to Rs 34.483 million	34.48	Violation of Rules
39	Irregular Refund of Security Deposit-Rs1.047 million	1.05	Violation of Rules
40	Payment without check	16.26	Violation of Rules

	measurement of work done by XEN Rs 16.263 million		
41	Irregular expenditure amounting Rs 2.414million	2.41	Violation of Rules
42	Irregular past payment to HESCO on account of Electricity charges without a proper justification amounting to Rs1 million	1.00	Violation of Rules
43	Non-adjustment of expired cheque– Rs11.483 million	11.48	Violation of principle of propriety
44	Irregular expenditure on POL – Rs 1.861 million	1.86	Violation of Rules
45	Purchase of Substandard Papers & Duplex Boards by the Paper Department Rs439.848 million.	439.85	Violation of Rules
46	Loss of Rs11.637 million due to the difference of Earnings of Investment on less Profit Rates of the Funds of Boards Invested in the Various Banks	11.64	Violation of principle of propriety
47	Irregular Expenditure on account of Printing of examination forms & other Misc form Rs8.391 million	8.39	Violation of Rules
48	Irregular Deduction of Withholding tax amounting to Rs 0.348 million	0.35	Violation of Rules
49	Un-authorized payment of Property Tax Rs0.871million	0.87	Violation of Rules
50	Irregular Investment In Various Investment Schemes Rs 183 Million	183.00	Violation of Rules
51	Unauthorized Expenditure / Misuse Of Expenditure Rs 229,300/- From The Head Of Account Merit Scholarship / Medal Award.	0.23	Violation of Rules
52	Irregular award of scholarship without obtaining Deed of Agreement, Guarantee to HEC, Declaration of Assets, Certification of Financial Soundness and Surety BOND Rs 107.723 million	107.72	Violation of Rules
53	Irregular expenditure without sanctioning and proper details amounting Rs 47.257 million	47.26	Violation of Rules
54	Irregular purchase without obtaining quotations amounting to Rs 0.150 million	0.15	Violation of Rules



55	Irregular purchase of land without lease agreement amounting Rs 6.250 million	6.25	Violation of Rules
56	Unauthorized retention of caution money amounting to Rs11.288 million	11.29	Violation of Rules
57	Excess award of Contract than engineer's estimate amounting to Rs7.925 million	7.93	Violation of Rules
58	Excess Payment to Contractor on account of Stamp Duty and Arithmetical Error Adjustment Rs9.743 million	9.74	Violation of Rules
59	Excess Expenditure over& above Budget Allocation Rs 45.049Million	45.05	Violation of Rules
60	Loss to Institute due to Non Obtaining 4% Rebate from contractor on account of Extra item of work Rs 0.551 million	0.55	Violation of principle of propriety
61	Wasteful expenditure due to establishing university in politically disturbed area amounting Rs 609.531 million	609.53	Wasteful Expenditure
62	Wasteful expenditure over consultancy charges amounting Rs 2.331 million	2.33	Wasteful Expenditure
63	Un-authorized use of green number plate on vehicles		Weakness of Internal Controls
64	Non-transfer of security deposit from Building Department to the University amounting Rs 1.438 million.	1.44	Non Recovery
65	Extra favor given the scholar by allowing her to get admission beyond scholarship validity date.		Weakness of Internal Controls
66	Less-deduction of Sales Tax amounting to Rs 1.567 million/-	1.57	Less Recovery
67	Expenditure misclassified Rs 12.770 million	12.77	Misclassification of Expenditure
68	Non-accountal of various articles amounting Rs 2.325 million	2.33	Non Accountal of Records
69	Non-deposit of auction money amounting Rs 682, 000/-	0.68	Non Recovery

70	Non Accountal of Outstanding advances under actual income & expenditure statement Rs 24.696 million	24.70	Non Accountal of Records
71	Non Deduction of Conveyance allowance to House allotees Rs 0.499 million	0.50	Non Recovery
72	Non-accountal of various articles amounting Rs 8.65 million	8.65	Non Accountal of Records
73	Non-deduction of Income Tax amounting to Rs 63,999/-	0.06	Non Recovery
74	Less affixing/Non-recovery of Stamp Duty amounting Rs2.862 million	2.86	Non Recovery
75	Non-maintenance of Contractor Ledger		Non Accountal of Records
76	Un-justified Retained Lump Sum Amount in Budget Proposal on Account Of Salary Rs 319.624 million	319.62	Non Recovery
77	Unjustified payment of Convocation Bonus amounting Rs 3.887 million	3.89	Doubtful payments
78	Unjustified provision for the purchase of items by including higher rates amounting Rs 6.098 million	6.10	Doubtful payments
79	Unjustified payment of Special Area Allowance Rs 679,667/-	0.68	Doubtful payments
80	Unjustified advance payment to the Director Finance for utility bills amounting Rs 300,000/-	0.30	Doubtful payments
81	Undue benefit to the staff member by allowing advance payments Rs 671,000/-	0.67	Doubtful payments
82	Unfair awarding of contract Of Rs2.98Million	2.98	Doubtful payments
83	Doubtful Transfer of funds - Rs167.288 million	167.29	Doubtful payments
84	Unfair awarding of contract Of Rs119.892 Million	119.89	Doubtful payments
85	Doubtful Payment of -Rs1.716 Million was made to chief programmer RSU without its proper justification.	1.72	Doubtful payments
86	Unjustified Difference between cash	462.15	Doubtful payments

	book & bank statement Rs462.152 million		
87	Unjustified expenditure on account of Endowment fund Rs2.878 million	2.88	Doubtful payments
88	Un-justified payment of Pay & allowances to contractual employees Rs360.384 million	360.38	Doubtful payments
89	Unjustified creation of endowment fund amounting to Rs 467.470 million	467.47	Doubtful payments
90	Irregular re-employment of retired officers		Violation of rules
91	Irregular implementation of financial and other statues		Violation of rules
92	Appointment of employees beyond 70 years for Rs 62.76 million	62.76	Violation of rules
93	Irregular appointment of assistant professors and professors		Violation of rules
94	Irregular appointment of assistant professors and professors		Violation of rules
96	Short fall in revenue realization for Rs 26.10 million	26.10	Weakness of internal control
97	Irregular/Unjustified Expenditure for Rs 571.05 million	571.05	Violation of rules
<b>WOMEN DEVELOPMENT DEPARTMENT</b>			
1	Defiance of the orders of supreme court of Pakistan by Director, Women Development Department		Weakness of Internal Controls
2	Irregular expenditure incurred on account of conference workshop/ seminar/symposia Rs 686,249	0.69	Violation of Rules
3	Non-achievement of targets Rs 22.00 million	22.00	Violation of principle of propriety
4	Irregular expenditure without third party monitoring Rs 4.486 million	4.49	Violation of Rules
5	Wasteful expenditure without/ prior to occasion demand Rs 2.452 million	2.45	Wasteful Expenditure
6	Irregular expenditure of furniture & machinery Rs 2.245 million	2.25	Violation of Rules
7	Irregular payment without obtaining sales tax invoice Rs 309728	0.31	Violation of Rules
8	Doubtful drawl of money from DDO bank account Rs 560,823	0.56	Doubtful payments

9	Excess expenditure Rs 454,500	0.46	Violation of Rules
10	Unauthorized retention of vehicles by other offices		Weakness of Internal Controls
11	Irregular allotment of vehicle beyond entitlement		Weakness of Internal Controls
<b>WORKS &amp; SERVICES DEPARTMENT</b>			
1	Un-Authorized payment of honorarium – Rs 0.20 million	0.20	Violation of Rules
2	Non-recovery of professional tax - Rs 0.05 million	0.05	Weakness of internal control
<b>YOUTH AFFAIRS DEPARTMENT</b>			
1	Irregular Expenditure for Organizing Youth Festival - Rs0.700Million	0.70	Violation of Rules
2	Irregular Expenditure without Inviting Open Tender - Rs0.490Million	0.49	Violation of Rules
3	Blockage of the Government Money - Rs 0.572Million	0.57	Violation of principle of propriety
4	Recovery of allowance due to non-entitlement Rs0.168 million	0.17	Non Recovery
5	Irregular expenditure incurred under the project “inspire” – Rs0.3 million-	0.30	Violation of Rules
6	Non-transparency in purchase and utilization of POL - Rs0.494 million	0.49	Violation of principle of propriety
7	Non-accountal of items purchased under the project “career counseling for youth”- Rs0.114 million	0.11	Non Accountal of Records
8	Irregular expenditure on youth activities without observing codal formalities- Rs-0.679million.	0.68	Violation of Rules
9	Irregular loans-Rs 0.386 million	0.39	Violation of Rules
<b>TOTAL AMOUNT OF IRREGULARITIES</b>		<b>18,889.88</b>	

## Annexure-2

### Para- 2.4.14

Sr.#	Name of office	Para #	Year	Particulars	Rupees in Million
1	Statisticians Agriculture Research Institute, Tandojam	02, 03, 09	2010-11	Other miscellaneous articles, Fertilizers, stationary	0.94
2	DG Agriculture Research Sindh, Tandojam	03, 06, 08	2010-11	Cost of other store, Uniform & Liveries, Repair of Furniture	0.31
3	Agriculture Chemist Soil Research Institute	03, 04, 06	2010-11	Stationary material, other store items, purchase of consumable items,	0.27
4	Principal Agriculture Training Institute Jacobabad	02	2010-11	Cost of other store	0.07
5	Director Plant Protection, Hyderabad	01, 02 & 04	2011-12	Purchase of Machinery Equipment, Purchase of different consumable items, Printing and Stationary	2.89
6	Agronomist Research Institute, Tandojam	02 & 04	2011-12	Cost of other store, purchase of different consumable items	1.70
7	Director Agriculture Rice Research Institute, Dokri	01, 03, 04	2011-12	Cost of other store Printing & Stationary, purchase of different consumable items	1.33
8	Wheat Research Institute, Sakrand	02, 07	2011-12	Other miscellaneous Cost of other store	1.24
9	Director Information	02, 06	2011-12	Printing of booklet Cost of other store	1.22

	Agriculture Extension, Hyderabad			,others	
10	Entomologist Agriculture Research Institute, Tandojam	01, 02 & 04	2011-12	Cost of other store, purchase of different consumable items, Stationary & Printing	1.14
11	Director General Agriculture Extension Sindh, Hyderabad	02, 03, 04, 07, 08, 09, 11, 12	2011-12	Purchase of Hologram Lamp, Printing charges Uniform & Liveries, Cost of other store, Repair of furniture, Purchase of stationary, Purchase of hardware, Purchase of stationary article	0.75
12	Director Quaid-e-Awam Agriculture Research Institute Naudero, Lakrana	01, 04, 08, 11 & 12	2011-12	Purchase of different consumable items, Cost of other store	0.55
13	Oilseed Botanist Agriculture Research Institute, Tandojam	03	2011-12	Printing charges	0.53
14	Deputy Director Rice Research Station, Thatta	02, 07	2011-12	Cost of other store Other items	0.48
15	Wheat Botanist Wheat Research Station, Agriculture Research Sindh, Tandojam	01, 06, 08	2011-12	Purchase of fertilizers & seeds Purchase of stationary Other miscellaneous	0.45
16	Cotton Botanist,	04, 05	2011-12	Cost of other store	0.42

	Agriculture Research Institute, Tandojam			Stationary & printing	
17	Sugar Can Specialist Research Station, Sujawal	02, 03	2011-12	purchase of different consumable items, Cost of other store	0.37
18	Chemist Soil Agriculture Research Institute, Tandojam	02, 06	2011-12	Other miscellaneous Printing & stationary	0.35
19	Principal Agriculture Training Institute, Sakrand	04, 07, 08,	2011-12	Cost of other store Purchase of miscellaneous articles Purchase of stationary articles	0.31
20	Soil Fertility Officers Agriculture Research Institute, Tandojam	01,03	2011-12	Cost of other store, other miscellaneous	0.26
21	Agriculture chemist (soil fertility), Tandojam	02, 05	2011-12	Printing article Cost of other store	0.23
22	Programme Monitoring Unit, Karachi	06, 13	2011-12	Purchase of different consumable item, Stationary articles	0.22
23	Director Agriculture Research Institute, Tandojam	08	2011-12	Various articles	0.19
24	Principal Agriculture Training Institute, Jacobabad	01	2011-12	Purchase of fertilizers	0.18
	<b>Total</b>				<b>16.40</b>

## **Annexure-3**

### **Para No 8.4.5**

#### **Cadet College Sanghar**

1. Copy of rules and regulations of college.
2. Cash Books in grant in aids
3. DR Book, Remittance Book
4. M.B construction of Auditorium
5. complete Cash Vouchers
6. Photo copies of audit evidences.
7. Monthly Accounts upto 2010-2011
8. M.S Account of all schemes executed upto 2010-11
9. Estimates with PC-I of the executed schemes
10. Deposit Registers
11. PWD Advance Registers
12. Contractor's Ledgers
13. List of works of ADPs and Non-ADP Schemes
14. Register of Works upto 2010-11
15. List of T&P Machinery supplied and installed
16. NIT files
17. Register of Budget and expenditure
18. Progress Reports
19. Record related to Revenue Receipts collected upto 2010-11
20. List of Registered Contractors
21. List of Contractors who participated upto 2010-11
22. Detail of all Bank accounts alongwith bank statements and balance certificate from bank authorities upto 2010-11.
23. Pay Bills/supplementary bills of all officers and officials
24. Difference Bills
25. Statement of Total budget/grant allocation and distribution head wise
26. Budget (original, additional, supplementary) along with budget estimate received from sub-ordinate including approved distribution
27. Releases
28. Detail of Funds/ grant receipt from provincial and federal Government and issues register
29. Fixed Assets Register
30. Work completion reports



31. List of authorized signatories
32. Cheque Register
33. Counterfoils of cheques
34. Detail of Legal cases (NAB, FIA, Anticorruption, Ombudsman) if any
35. Detail of promoted staff (officers/ officials)
36. Detail of Retired employees / Death cases
37. List of contractual employees
38. Tender Register
39. Bidding documents of contractors
40. Stock Register
41. Personal Files of officers/ officials
42. Acknowledgement of cheques
43. Sale of Tender Register
44. Previous audit inspection reports
45. Internal audit report
46. Position of annual physical verification of store/ stock
47. Dead stock register
48. List of vehicles and machinery equipment (on road, off road)
49. Log book/ POL ceiling/POL Consumption account/ History sheet of machinery and vehicle etc
50. Repair and Maintenance register of Vehicles/ buildings
51. Repair and Maintenance register of machinery
52. Service book and personal files of officers/ officials along with movement register
53. Contingent register
54. Loans and advance registers
55. Sanctioned/ Working strength of officers/officials.
56. D.D.O check book (Register/ counterfoils and bank statements)
57. List of telephone offices/residence (telephone ceiling)
58. List of officers/ officials
59. Stationary register
60. Consumable article registers
61. List of Missing/ Un-serviceable store/stock/ items
62. List of payment from A.G Sindh/DAOs
63. List of advances with advance registers
64. List of retired, remove from service/ expired officers/ officials
65. Security of cashier/ store keeper.
66. All record of Diary forms.

67. All record of agriculture and non-agriculture lands of college.
68. All record of riding clubs
69. All record of sports with annual events
70. Detail regarding donation from students and other sources
71. All record of fruit forms of college.
72. Detail of all investments.
73. List of officers who held charge of DDO during audit period.
74. Detail of all payments to Pakistan Navy.
75. Detail of all residential colony of officers/officials along with allotments.
76. Scholar ship amounting to Rs 6.20 million.

**Non Formal Education, Karachi**

1. Enhancing girls enrolment through reopening of 400 closed schools through Rural Support Programs (RSP) amounting Rs 125 million.
2. Supplementing the Federal Program of Non Formal Education in Sindh through RSPs amounting Rs 86.10 million.
3. Extension and Rehabilitation of Pir Illahi Bakhsh Literacy Tower, Sukkur amounting Rs 22 million.
4. Establishment of Adult Literacy Centres in Sindh amounting Rs 10 million.

## Annexure-4

### Para No.8.4.8

S. No.	Name of Office	Particular	Para #	Year	Pointed out During	Rupees in million
1.	Sir Syed Govt. Girls College, Nazimabad Karachi	Increased rent	2	2011-12	Jul 12	0.05
2.	Cadet College, Petaro	Mobilization Advance	1	2011-12	Jul 12	40.60
3.	Cadet College, Petaro	Outstanding dues of staff	5	2004-12	Jul 12	1.29
4.	Sindh Education Foundation Karachi	Non adjustment of advances	4	2011-12	Sept 12	2.86
5.	Govt. Islamia Sc. College, Sukkur	Overpayments	4	2011-12	Sept 12	0.02
6.	Govt. Superior Sc, College, Khairpur	Conveyance Allowance	5	2011-12	Sept 12	0.33
7.	Govt. Superior Sc. College Khairpur	Unattractive are allowance	1	2011-12	Sept 12	2.56
8.	SETT Project (CIDA) Karachi	Income Tax		2011-12	Dec 12	0.02
9.	Cadet College, Petro	Outstanding dues	7	2011-12	Jul 12	0.24
10.	Govt. Premier College No. 2 Karachi	Income Tax	1	2011-12	Aug 12	0.01
11.	Govt. Boys Degree College, Tharo Shah	Income Tax	4	2009-11	Mar 12	0.03

12.	Govt. Boys Degree College, Tharo Shah	Non adjustment of advances	14	2009-11	Mar 12	0.12
13.	Principal Cadet College Larkana	Non imposition of penalty on delay in contractual work	13	2007-08 to 2010-11		2.85
14.	Principal Cadet College Larkana	Short realisation of fees	02	2007-08 to 2010-11		2.43
15	Principal Cadet College Larkana	Unjustified expenditure during vacations	11	2010-11		1.84
<b>TOTAL</b>						<b>55.25</b>

## Annexure-5

### Para No 8.4.15

S. No.	Name of Office	Particular	Para #	Year	Rupees in million
1.	DG, Provincial Institute of teachers Education (PITE) Nawabshah	Various items	10	2011-12	0.31
2.	Sindh Education Foundation, Karachi	Store Articles	7	2011-12	1.32
3.	Govt. College for Women, Shahrah-e-Liaquat, Karachi	Material	6	2011-12	0.04
4.	Govt. College of Technology, Hyderabad	Material	6	2011-12	0.03
5.	Sir Syed Govt. Girls College, Karachi	Material	7	2011-12	0.03
6.	Jamia Millia Govt. Degree College (Morning) Karachi	Material	7	2011-12	0.17
7.	Govt. Degree College Stadium Road, Karachi	Store Items	7	2011-12	0.03
8.	Govt. S.M. Arts & Commerce College No.1, Karachi	Store Items	6	2011-12	0.05
9.	Govt. Degree College, Gulshan-e-Iqbal Block 7, Karachi	Various Items	1	2011-12	0.02
10.	Zubaida Girls College, Hyderabad	Store Items	6	2011-12	0.12
11.	Govt. Boys Degree College, Kali Mori, Hyderabad	Store Items	7	2011-12	0.04
12.	Govt. Islamia Science College, Sukkur	Store Articles	1	2011-12	0.12
13.	Govt. Girls Degree	Various	10	2009-11	0.02

	College, Sukkur	Articles			
14.	Govt. Post Graduate Degree College. Sukkur	Various Articles	10	2011-12	0.03
15.	Govt. Degree College, Ghotki	Stationary Items	4	2011-12	0.05
16	Govt. Boys Degree College, Kotri	Store Items	6	2011-12	0.05
17.	Govt. Boys Degree College, Thatta.	Various Articles	5	2011-12	0.09
18.	Govt. Boys Degree College, Tando Allahyar	Store Items	6	2011-12	0.05
19.	Govt. Boys Degree College, Matli	Store Items	6	2011-12	0.05
20.	Govt. Girls Degree College, Matli	Store Items	6	2011-12	0.05
21.	Shah Latif Degree College, Kambar	Store Articles	4	2011-12	0.04
22.	Govt. C&S College, Shikarpur	Stationary & Printing Material	3	2011-12	0.03
23.	Govt. Girls Degree College, Shikarpur	Printing Material	5	2011-12	0.07
24.	Govt. Girls College Shahdadkot	Store Article	4	2011-12	0.10
25.	Govt. Boys Degree College, Larkana	Store Article	3	2011-12	0.04
26.	Govt. Girls Degree College, Naushero Feroz	Printing Articles	3	2010-11	0.09
27	Secretary Education Karachi	Stationery Articles	7	2011-12	0.45
28	Secretary Special Education, Karachi	Printing and Publication article	4	2011-12	0.05
29	Sindh Education reform Support Unit	Printing materials	4	2011-12	0.16
<b>TOTAL</b>					<b>3.70</b>

## Annexure-6

### Para # 10.4.1

Sr. #	Name of office	Particulars	Year	Para #	Rupees in million
01	DG Environmental Protection Agency Karachi.	Up-gradation of Laboratories (ROH&ROS)	2009-10	34	10.00
		Copy of agreement, TORs & cheques	2009-10	09	1.00
		<b><u>Travelling Allowance</u></b> Tour program & copies of cheque.	2009-10	04	0.33
		<b><u>Stationery Charges</u></b> Demand Notice & Copy of challan	2009-10	02	0.50
		<b><u>Purchase of Transport</u></b> Approval of committee, Delivery invoice & acknowledgement	2009-10	03	0.56
		<b><u>Salaries Record</u></b> List of paid staff, Acknowledgement receipt, Copies of cheque, Purpose of payment.	2010-11	16	2.37
02	Secretary Environment & Alternative Energy Department.	Complete Record	2006-07 to 2009-10	01	129.88
<b>Total</b>					<b>144.64</b>

## Annexure-7

### Para 11.4.1

S. No	Name of office	Para #	Rs in million
1.	Excise and Taxation Office (Property Tax-I) Hyderabad	3	0.14
2.	-do-	5	0.07
3.	-do-	1	8.33
4.	-do-	4	0.11
5.	-do-	7	0.05
6.	-do-	8	0.03
7.	Excise and Taxation Office (Property Tax-II) Hyderabad	3	0.07
8.	-do-	1	0.10
9.	-do-	4	0.07
10.	-do-	7	0.03
11.	-do-	2	0.08
12.	-do-	6	0.03
13.	-do-	8	0.02
14.	Sr.Deputy Director Excise and Taxation Office Mirpurkhas	4	0.07
15.	-do-	5	0.06
16.	-do-	6	0.05
17.	Excise and Taxation Office Sanghar	5	0.07
18.	-do-	4	0.08
19.	-do-	6	0.05
20.	Excise and Taxation Office Matiari.	3	1.25
21.	-do-	4	0.55
22.	Excise and Taxation Office Larkana	11	0.80
23.	-do-	3	0.44
24.	Excise and Taxation Office Shikarpur.	2	1.38
25.	Excise and Taxation Office Dadu.	4	0.40
26.	Excise and Taxation Office Shikarpur.	7	1.60
27.	Excise and Taxation Office Larkana.	1 & 2	0.44
28.	Excise and Taxation Office Shikarpur.	1	1.38
29.	Excise and Taxation Office Dadu.	1	0.40
	<b>Total</b>		<b>18.15</b>



## Annexure-8

### Para No. 12.4.11

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	DAO, Sukkur	SAR-48 AIR-1	Non-deduction of income tax	0.42
2	DAO Sukkur	SAR-52 AIR-4	Non-deduction of sales tax	2.40
3	DAO Larkana	09	Non-deduction of sales tax	0.33
4	DAO Larkana	08	Non-deduction of income tax and stamp duty	0.02
5	DAO Thatta	03,02	Non-deduction of sales tax and income tax	0.07
6	DAO Ghotki	01	Non-deduction of income tax	0.18
7	DAO Badin	11,12	Non-deduction of income tax	0.17
8	DAO Mirpurkhas	12	Non-deduction of income tax	0.13
9	DAO Mithi	04,01	Non-deduction of sales tax and income tax	13.59
10	DAO Khairpur	13	Non-deduction of sales tax and income tax	0.16
11	DAO Dadu	14	Non-deduction of sales tax	0.20
<b>Total</b>				<b>17.67</b>

## Annexure-9

### Para 14.4.3

<b>Office</b>	<b>Financial Year</b>	<b>Rs in million</b>
District Forest Officer Afforestation Tando Muhammad Khan	Establishment and management conservation beats in which land preparation/development charges were 6400/acre and 2400/acre, thus Rs 880,000 work of land preparation/development	1.56
District Forest Officer Afforestation Tando Muhammad Khan	land preparation/development charges	12.98
the DFO (Silviculture Research)	-do-	37.84
Chief Conservator of Forest, Hyderabad, DFO (Silviculture Research)	-do-	2.38
DFO (Silviculture Research)	-do-	0.18
	<b>Total</b>	<b>54.94</b>

## Annexure-10

### Para 14.4.13

Si No.	Name of Office	Rs in million
1	DFO (A) Division, Thatta	0.29
3	DFO (A) Sukkur	0.08
4	DFO (Coastal) Karachi	0.56
5	DFO (GBA) Mirpur Mathelo	0.01
6	DFO (RM) Karachi	0.29
7	DFO (Silviculture Research)	0.04
8	Divisional Forest Office (Direction) Hyderabad	0.29
9	Divisional Forest Officer (A) Nawabshah	0.02
10	Project Director, Hyderabad	0.05
11	Agha Tahir Durrani, DFO (Jul to Dec-11	0.01
12	Irfanuddin Ahmed, DFO (Jan. to Jun 12	0.01
13	Riaz Dayo, DFO	0.02
14	Gulsher Mahar, RFO	0.02
15	S. Mehmood Raza Shah, DFO	0.02
16	Riaz Dayo, DFO, Khairpur	0.02
17	Gulsher Mahar, RFO Khairpur	0.02
18	S. Mehmood Raza Shah, DFO Khairpur	0.02
19	Javed Ahmed Mahar, DFO (Jul 11 to Jun 12)	0.02
20	Gul Hassan Daudpoto, DFO (Jul 11 to Jun 12)	0.02
21	RAZA Muhammad Sheikh, DFO	0.11
22	Sher Mahar, RFO	0.02
23	Muhammad Arif Domki, DFO (Jul 11 to Jun 12)	0.03
24	Muzzaffar Talpur, P.D	0.05
25	M.siddique Samo, Suprt	0.01
26	Nisarahmed Khaskheli	0.01
	<b>Total</b>	<b>2.04</b>

## Annexure-11

### Para 15.4.12

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	JPMC Hospital Karachi	24	Various items	0.75
2.	Director Tuberculosis Control Program Sindh Hyderabad,	13	Drugs & Medicines	0.35
3.	Gambat Institute of Medical Sciences, Gambat	16	Stamp duty was short recovered @ 0.20% instead of 0.30% under ADP Scheme No.1263	0.14
4.	Shahdadpur Institute of Medical Sciences, Shahdadpur	01	Purchase of Medicines and Machinery & equipment and	0.07
5.	Shahdadpur Institute of Medical Sciences, Shahdadpur	17	Purchase of Machinery & equipment and Furniture	0.03
6.	P.D Control of Diarrhea Disease Hyderabad	03	Purchase of Machinery & ORS	0.02
7.	Civil Hospital, Karachi	13	Execution of various works	0.01
8.	MS Qatar Hospital, Orangi Town, Karachi	6	Under various heads	0.96
9.	Secretary Health Sindh, Karachi	4 , 5 , 16 & 18	Under various heads	1.42
10.	Director Malaria Control programme Hyderabad	02 & 11	Under various heads	0.91
11.	Provincial Programme Director Maternal Neonatal and child health (MNCH) Karachi	12	Under various heads	0.17
<b>Total</b>				<b>4.83</b>

## Annexure-12

### Para No. 15.4.13

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	JPMC Hospital Karachi	11	Less deposit of CT Scan & MRI fees	11.97
		21	Recovery of rent from canteens, pharmacy, shops, bank etc in the premises of Hospital	8.39
		22	Un-recovered Special All.	1.40
		27	Income tax not deposit	0.17
		20	Security Deposit was not deposit despite lapse of more than 03 years	8.63
2.	M.S Peoples Medical College Hospital Nawabshah	02 & 04	Various allowances and 5% house maintenance charges	0.50
3.	Director Cum Chest Specialist, Institute of Chest Disease Kotri	06	Recovery of House rent , Orderly allowance and Rural Compensatory Allowance	0.22
4.	Gambat Institute of Medical Sciences, Gambat	01	Recover of Sr. Post Allowance from Director due to non-entitlement	0.16
5.	M.S Services Hospital, Karachi	02	Age examination and Medical fitness cases	0.06
6.	M.S Civil Hospital, Khairpur	12	Tender fee	0.06
7.	College of Nursing Jamshoro	07	Conveyance allowance from those who provided with govt. vehicles	0.05
8.	Sindh AIDS Control Program	4.1.5	Conveyance allowance from those who provided with govt. vehicles	0.04
<b>Total</b>				<b>31.65</b>

## Annexure-13

### Para No. 15.4.14

Sr. #	Name of office	Para #	Particulars	Rupees in million
1.	P.D Accident & Emergency Centre and Ancillary Service Complex, Civil Hospital, Karachi	05	Various works	15.39
2.	Program Manager, Hepatitis Prevention & Control Program Sindh, Hyderabad	01	Purchase of various items	6.61
3.	Provincial Programme Manager, Enhanced HIV/AIDS Control Program, Sindh, Karachi	01	Payment to various NGOs for their services in awareness in people regarding HIV/ AIDS	1.39
4.	JPMC Hospital, Karachi	33	Various items	0.39
5.	M.S Liaquat University Hospital, Hyderabad	10	Purchase of various items	0.80
6.	Director, Institute of Skin Diseases Sindh, Karachi	07	1% income tax deducted instead of 3.5%	0.33
7.	M.S Chandka Medical College Hospital, Larkana	01	Various purchase	0.23
8.	Director Cum Chest Specialist, Institute of Chest Disease Kotri	07	Purchase off various items	0.17
9.	M.S Civil Hospital, Karachi	12	Purchase off various items from M/s Braun Pak (Pvt) Ltd	0.08
10.	M.S Sindh Govt. Hospital, Korangi-5, Karachi	11	Purchase of X-Rays	0.04
<b>Total</b>				<b>25.43</b>

## Annexure-14

### Para No.16.4.4

S.#	Name of Office	Para#	Particular	Rupees in million
1	Senior Superintendent of Police, Mirpurkhas	19	Vouchers of various development works	8.26
2.	SSP / Principal Shaheed Benazir Bhutto Elite Police Training Centre, Razzakabad, Karachi	11	Vouchers of Transport & Feeding Charges	1.03
3.	Deputy Inspector General Sukkur Range Sukkur	04	Secret Charges.	0.48
4.	Superintendent, District Jail Sukkur.	13	Various Heads	0.15
5.	Senior Superintendent of Police, Traffic Zone-II, Sindh Karachi (F.Y. 2010-2011)	08	Various records	-
6.	Superintendent Central Prison Larkana	08	Various records	-
7.	Superintendent District Prison Mirpurkhas	06	Various records	-
8.	Superintendent District Prison Shaheed Benazirabad (Nawabshah)	05	Various records	-
<b>Total</b>				<b>9.92</b>

## Annexure-15

### Para No.16.4.9

<b>Sr. No.</b>	<b>Name of Office</b>	<b>Para No.</b>	<b>Rupees in million</b>
1.	Superintendent of Police, Garden Headquarter Karachi	03	226.72
2.	Addl: Inspector General of Police, Special Branch, Sindh Karachi	06	45.46
3.	Superintendent of Police, RRF-II/ SPG Karachi	03	45.30
4.	Superintendent of Police, RRF-I/ SPG Naval Base Karachi	01	42.80
5.	Principal Traffic Training Institute, Karachi (2010-2011)	21	20.68
6.	Inspector General of Prisons Sindh, Hyderabad	03	6.92
7.	DIGP, Commandant Pool RRF/ SPG Karachi	08	2.35
8.	SSP Crime Branch-II CCP, Karachi	01	1.96
9.	Senior Superintendent of Police, Traffic Zone-II, Sindh Karachi (F.Y. 2010-2011)	06	0.28
<b>Total</b>			<b>392.47</b>



## Annexure-16

### Para No.16.4.10

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	I.G Sindh Police, Karachi	01	drugs & medicines for the purpose of blood screening program for Hepatitis C of police personals	21.90
2.	District Officer Frontier constabulary Sindh, Karachi	01	Uniform & liveries	6.95
3.	Senior Superintendent of Police Security VVIP-I	1&3	Repair of Building	2.44
4.	Senior Superintendent of Police, Shikarpur	03	Feeding	1.72
5.	Senior Superintendent of Police, Kamber @ Shahdadkot.	03	Repair of Building	1.58
6.	Senior Superintendent of Police, Kashmore @ Kandhkot	04	Feeding	1.26
7.	DIGP, Commandant Pool RRF/ SPG Karachi	01, 02	Plant & Machinery, Hardware	1.08
8.	Senior Superintendent of Police Tando Mohammad Khan	07	Repair of vehicle	1.05
9.	Senior Superintendent of Police, Tando Allahyar	03, 08	Feeding items, Repair of Building	1.04
10	Deputy Inspector General, Sukkur Range.	02	Repair of Building	0.99
11.	Superintendent of Police, Hyderabad	03	Repair of Building	0.90

12.	Senior Superintendent of Police, Jacobabad.	02	Feeding	0.85
13.	Senior Superintendent of Police, Larkana	09	Feeding items	0.56
14.	Superintend of Police Bin Qasim Town Karachi	01	Feeding	0.42
15.	Senior Superintendent of Police, Saddar Town, Karachi	02	Feeding	0.39
16.	Deputy Inspector General, Larkana Range.	02 & 03	Purchase of Furniture and Repair of vehicles	0.36
17.	Superintend of Police Jamshed Town Karachi	01	Feeding	0.32
18.	Senior Superintendent of Police, Gadap Town, Karachi	02	Feeding	0.299
19.	Superintend of Police Orangi Town Karachi	03	Feeding	0.25
20.	Deputy Inspector General, Hyderabad Range.	03	Purchase of Hardware	0.23
21.	Senior Superintendent of Police, Lyari Town, Karachi	03	Feeding	0.17
22.	Principal Police Training College, Saeedabad Karachi	02 & 04	Stationery and Feeding	0.39
<b>Total</b>				<b>45.15</b>

## Annexure-17

### Para No. 16.4.11

<b>S.#</b>	<b>Name of Office</b>	<b>Para#</b>	<b>Rupees in million</b>
1.	Senior Superintendent of Police, Hyderabad	01	79.48
2.	Senior Superintendent of Police, Jamshoro	01	15.33
3.	Senior Superintendent of Police, Sukkur	01	4.99
4.	Senior Superintendent of Police, Shaheed Benazir Abad (Nawabshah)	01	4.24
5.	Senior Superintendent of Police, Larkana	05	1.96
6.	Senior Superintendent of Police, Mitiari	01	1.61
7.	Senior Superintendent of Police, Ghotki	14	1.48
8.	Senior Superintendent of Police Tando Mohammad Khan	11	1.24
<b>Total</b>			<b>110.33</b>

## Annexure-18

### Para No 16.4.12

S.#	Name of Office	Para#	Rupees in million
1.	Senior Superintendent of Police, Shaheed Benazir Abad (Nawabshah)	02	24.620
2.	DIGP West Zone, Investigation-I, Karachi	02	18.066
3.	DIGP, Commandant Pool RRF/ SPG Karachi	03	15.947
4.	Senior Superintendent of Police, Larkana	01	15.312
5.	Senior Superintendent of Police, Mirpurkhas	07	12.383
6.	Deputy Inspector General Of Police Technical & Transport	02	7.108
7.	SSP / Principal Shaheed Benazir Bhutto Elite Police Training Centre, Razzakabad, Karachi	03	4.896
8.	Principal Police Training College, Saeedabad Karachi	08	4.536
9.	Senior Superintendent of Police, Ghotki	17	3.892
10.	SP Crime & Investigation Sukkur	02	3.408
11.	Superintendent of Police, Hyderabad	02	3.013
12.	District Officer Frontier constabulary Sindh, Karachi	05	2.984
13.	Senior Superintendent of Police, Naushero Feroze (Under Flood Relief Fund 2010-11)	01	2.500
14.	Senior Superintendent of Police, Khairpur (Under Flood Relief Fund 2010-11)	01	2.481
15.	Senior Superintendent of Police, Tando Allahyar	07	2.251
16.	Senior Superintendent of Police, Kashmore (Under Flood Relief Fund 2010-11)	01	2.093
17.	Senior Superintendent of Police Tando Mohammad Khan	03	1.828
18.	Superintendent of Police, RRF-II/ SPG Karachi	02	1.548
19.	I.G. Police Sindh, Karachi	08	1.165
20.	Superintendent of Police, RRF-I/ SPG Naval Base Karachi	03	1.134
21.	Senior Superintendent of Police, Jacobabad	01	1.109

	(Under Flood Relief Fund 2010-11)		
22.	Senior Superintendent of Police, Sukkur (Under Flood Relief Fund 2010-11)	01	0.947
23.	Senior Superintendent of Police, Dadu (Under Flood Relief Fund 2010-11)	01	0.933
24.	Superintendent of Police, Sindh Reserve Larkana (2010-2011)	01	0.855
25.	Superintendent District Prison Mirpurkhas	06	0.624
26.	Principal Traffic Training Institute, Karachi (2010-2011)	01	0.481
27.	Superintendent Central Prison Larkana	20	0.495
28.	Principal Police Recruit Training Centre, Khairpur	07	0.333
29.	Superintendent District Jail Jacobabad	08	0.360
30.	Superintendent of Police, Sindh Reserve Mirpurkhas (2010-2011)	02	0.254
31.	Superintendent District Prison Shaheed Benazirabad	08	0.164
32.	Senior Superintendent of Police, CID Hyderabad (2010-2011)	03	0.131
33.	Medical Superintendent, Regional Police Hospital, Hyderabad	05	0.115
	<b>Total</b>		<b>137.97</b>

## Annexure-19

### Para No 16.4.14

<b>Sr.#</b>	<b>Name of office</b>	<b>Para # of AIR</b>	<b>Rupees in million</b>
1.	Senior Superintendent of Police, Khairpur	10	1.85
2.	Senior Superintendent of Police Tando Mohammad Khan	08	1.23
3.	Senior Superintendent of Police, Ghotki	10	0.97
4.	Senior Superintendent of Police, Mirpurkhas	13	0.97
5.	I.G.P Sindh Karachi	10	0.69
6.	Deputy Inspector General Of Police Technical & Transport	04	0.51
7.	Senior Superintendent of Police, Traffic Zone-II, Sindh Karachi (F.Y. 2010-2011)	02	0.42
8.	SP Crime & Investigation Sukkur	03	0.41
9.	Senior Superintendent of Police, Jacobabad (Under Flood Relief Fund 2010-11)	02	0.40
10.	DIGP West Zone, Investigation-I, Karachi	05	0.33
11.	SSP/Traffic District West (Zone-IV), Karachi	05	0.32
12.	Principal Traffic Training Institute, Karachi (2010-2011)	08	0.31
13.	Senior Superintendent of Police, Sukkur (Under Flood Relief Fund 2010-11)	02	0.30
14.	Senior Superintendent of Police, Shaheed Benazir Abad (Nawabshah)	06	0.29
15.	Superintend of Police Bin Qasim Town Karachi	02	0.27
16.	Senior Superintendent of Police, Security VIP-I, Karachi	02	0.24
17.	Superintend of Police Investigation Zone IV Karachi	03	0.21
18.	Superintend of Police SITE Town Karachi	05	0.20
19.	Superintendent of Police Gadap Town, Karachi	01	0.20
20.	Superintendent of Police East Zone, Karachi	02	0.19
21.	Superintend of Police Orangi Town Karachi	02	0.18

22.	Senior Superintendent of Police, Tando Allahyar	04	0.18
23.	Superintendent of Police, Head Quarter Hassan Square East, Karachi	05	0.18
24.	Senior Superintendent of Police, Saddar Town, Karachi		0.27
25.	Senior Superintendent of Police, Investigation-II, Karachi	03	0.17
26.	Senior Superintendent of Police CID (CTU) Mirpurkhas	05	0.16
27.	Superintendent of Police, RRF-I/ SPG Naval Base Karachi	07	0.16
28.	Superintendent of Police, RRF-II/ SPG Karachi,	07	0.16
29.	Superintend of Police Kemari Town Karachi	07	0.14
30.	Sr. Superintendent of Police, ACLC, Karachi	03	0.14
31.	Senior Superintendent of Police, Hyderabad	07	0.11
32.	SSP / Principal Shaheed Benazir Bhutto Elite Police Training Centre, Razzakabad, Karachi	06	0.11
33.	Superintendent of Police, Sindh Reserve Larkana (2010-2011)	04	0.10
34.	Principal Police Recruit Training Centre, Khairpur	06	0.10
35.	Superintend of Police Baldia Town Karachi	05	0.08
36.	Superintendent of Police, Special Branch Sukkur	05	0.08
37.	Senior Superintendent of Police, Investigation-III, Karachi	05	0.05
38.	Medical Superintendent Police Hospital Karachi	12	0.07
<b>Total</b>			<b>12.79</b>

## Annexure-20

### Para No.16.4.21

Sr. #	Name of office	Para #	Particulars	Rupees in Million
1.	Inspector General of Prisons Sindh, Hyderabad	01	Less deduction of I. Tax	14.63
		04	5% house maintenance charges	0.10
		05	Tender fee	0.04
		07	Professional Tax	0.06
2.	Senior Superintendent of Police, Naushero Feroze	02	Unjustified recovery of electricity charges	6.97
3.	Superintendent of Police, Traffic Zone-V, Karachi	15	Unjustified conveyance allowance	0.14
4.	Superintendent Central Prison Larkana	01	House Rent Allowance	0.50
		02	Conveyance Allowance	1.26
		04	Recovery of Gas Charges	0.35
		03	Unjustified recovery of electricity charges	0.15
5.	Superintendent District Prison Sanghar	01	House Rent Allowance	0.60
		02	Conveyance Allowance	1.44
		04	Recovery of Gas Charges	0.08
		03	Unjustified recovery of electricity charges	0.79
6.	Superintendent District Prison Shaheed Benazirabad (Nawabshah)	02	Conveyance Allowance	0.57
		01	Unjustified recovery of electricity charges	0.42



7.	Superintendent District Jail Jacobabad	01	House Rent Allowance	0.26
		02	Conveyance Allowance	0.54
		04	Recovery of Gas Charges	0.13
		03	Unjustified recovery of electricity charges	0.24
			<b>Total</b>	<b>29.47</b>

## Annexure-21

### Para 19.4.2

Sr. #	Name of office	Para #	Description	Rupees in million
1.	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	06	Expenditure record of Run Distributaries	254.43
		32	Tendering process, estimate etc	-
2.	Secretary, Irrigation Department	41	A03970-Others (clearance of liability)	-
			A13470-Others	210.05
		42	Re-appropriation orders	40.25
		26	Expenditure record of Bunds (F.Y 2010-11)	144.42
		24	East Division Khairpur & Rice Canal Division record of F.Y 2010-11	12.26
3.	Saifullah Magsi Branch Division, Shahdadkot	02	Measurement Books for flood fighting & evacuation of Rainy water	21.48
		03	Contract bids and comparative statement	15.60
4.	Drainage Division, Sanghar	13	Earthwork and construction of CC lining	21.13
5.	Naseer Division, Hyderabad	47	Expenditure record of 6 works	13.41
<b>Total</b>				<b>733.03</b>

## Annexure-22

### Para 19.4.3

Sr. #	Name of office	Para #	Description	Rupees in million
1.	Begari Division, Jacobabad	06	Advance to Mechanical Division G.B Sukkur	26.18
2.	Northern Dadu Division, Larkana	02	Advance to various suppliers /contractors	17.97
		05	Advance to Mechanical Division, Jamshoro	7.50
3.	Upper Pinyari Division, Hyderabad	08	Advance to Feeder Division, Hyderabad	5.72
4.	Southern Division, Dadu	04	Advance to Right Bank Mechanical Division, Larkana @ Jamshoro	5.50
5.	Thar Irrigation Division, Mirpurkhas	09	Advance to Lower Sindh Mechanical Division for de-silting work	5.20
6.	Lower Pinyari Division, Sujawal	06	Advance to Feeder Division, Hyderabad	5.12
7.	Begari Sindh Feeder Division, Kashmore	01	Advance to Mechanical Module Strength (GB) Sukkur	4.50
8.	Naseer Division, Hyderabad	10	Advances for de-silting works	3.52
9.	Jamrao Division, Mirpurkhas	04	Advance to Central Sindh Mechanical Division, Jamshoro (F.Y 2010-11)	3.50
<b>Total</b>				<b>84.71</b>

## Annexure-23

### Para No.19.4.4

<b>Sr. #</b>	<b>Name of office</b>	<b>Para # of AIR</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	North Dadu Drainage Division, Larkana	01	Construction and repair of canal works (F.Y 2010-11)	17.32
2.	Jamrao Division, Mirpurkhas	01	De-silting work (F.Y 2010-11)	11.01
3.	Upper Pinyari Division, Hyderabad	01	Purchase of Gunny Bags	3.90
4.	Irrigation West Division, Khairpur	04	Engaging Excavator	3.62
5.	Nara Project Division, Sanghar	04	Various works	1.58
6	Sakro division Mirpur Sakro	05	Various works	0.50
<b>Total</b>				<b>37.93</b>

## Annexure-24

### Para 19.4.5

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Small Dam Division Kohistan-I, Dadu	04	29.60
2.	PD, Lining of Distributaries & Minors in Sindh, Hyd.	09	101.77
3.	Secretary, Irrigation Department, Karachi	03	58.96
4.	Thar Irrigation Division, Mirpurkhas	04	6.95
5.	Small Dam Division, Nangarparkar	04	6.63
6.	Chotiari Reservoir (I) Division, Sanghar	04	4.32
7.	Drainage Division, Sanghar	05	1.36
8.	Kotri Barrage Division, Jamshoro	13	0.13
9.	Rice Canal Division, Larkana	11	0.17
	<b>Total</b>		<b>209.89</b>

## Annexure-25

### Para # 19.4.6

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Small Dam Division Kohistan-I, Dadu	02	58.77
2.	PD, Lining of Distributaries & Minors in Sindh, Hyd	05	502.02
3.	Secretary, Irrigation Department, Karachi	04	53.65
		09	12.05
4.	Drainage Division, Thatta	01	35.78
5.	Drainage Division, Larkana	06	116.32
6.	Drainage Division Sanghar	10	17.46
7.	RBOD Division-III, Thatta	02	9.58
8.	Chotiari Reservoir (I) Division, Sanghar	07	5.49
9.	Irrigation West Division, Khairpur	08	5.30
10.	Naseer Irrigation Division, Hyderabad	16	3.13
11.	Drainage Division, Larkana	02	1.42
12.	Irrigation East Division, Khairpur	07	0.81
13.	Small Dam Division, Nangarparkar	10	0.66
14.	Rice Canal Division, Larkana	02	0.53
<b>Total</b>			<b>822.97</b>

## Annexure-26

### Para 19.4.8

<b>Sr. #</b>	<b>Name of division</b>	<b>Para # of AIR</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	Secretary, Irrigation Department, Karachi	14	Higher pay package to consultants (F.Y 2010-11)	20.90
		29	Borrow pit excavation (F.Y 2010-11)	13.46
		01	Borrow pit excavation (F.Y 2010-11)	4.14
		12	Higher pay package to consultants (F.Y 2010-11)	3.57
		08	Borrow pit excavation (F.Y 2010-11)	2.51
		06	Borrow pit excavation (F.Y 2010-11)	1.84
		24	Excess payment by showing excess quantity (F.Y 2010-11)	0.18
		27	Excess payment on compaction earthwork (F.Y 2010-11)	0.15
		21	Paid excess premium by tempering	2.21
		24	Allowing Higher rate	1.44
		26	Payment of premium on non-schedule items	0.98
		28	Allowed excess/higher rate	0.57
2.	Irrigation Division, Hyderabad	05	Excess rate by mis-calculation	13.50
		17	Allowing higher rate	4.72

		38	Excess hour claim	0.71
		37	Payment on bogus bills	4.54
		18	Allowing excess days	0.12
3.	Project Director, Lining of Distributaries and Minors in Sindh, Hyderabad	19	Less deduction of previous paid amount	3.23
		22	Payment of rent a car for 30 months instead of 14 months	2.24
		27	Allowed excess rate by mis-calculation	0.29
4.	Irrigation East Division, Khairpur	01	Allowed excess/higher rate	0.99
5.	Barrage Division, Sukkur	31	Allowed excess rate by mis-calculation	0.38
6.	Rice Canal Division, Larkana	21	Allowed excess rate by mis-calculation	0.16
7.	Right Bank Tube Well Division, Rato Dero	10	Over calculation of amount	0.01
8.	Tube Well Division, N. Feroze	10	Excess payment by mis-calculation	0.01
09	Irrigation Sakro division Mirpur Sakro	03	Allowed excess/higher rate	0.62
<b>Total</b>				<b>83.47</b>



## Annexure-27

### Para No. 19.4.9

<b>Sr. #</b>	<b>Name of division</b>	<b>Para of AIR</b>	<b>Rupees in million</b>
1.	Nasrat Division, Shaheed Benazirabad	01	9.02
		03	1.99
2.	Jamrao Division, Mirpurkhas (F.Y 2010-11)	13	7.50
3.	Secretary, Irrigation Department, Karachi	13	7.46
4.	Rice Canal Division, Larkana	05	4.14
5.	Kandhkot Division, Kashmore	04	2.90
6.	Upper Pinyari Division, Hyderabad	09	2.61
7.	Begari Division, Jacobabad	08	2.56
8.	Drainage Division, Larkana	10	1.63
09.	Dad Division, Shaheed Benazirabad	07	1.22
10.	Rohri Division, Moro	08	1.00
11.	Irrigation West Division, Khairpur	07	0.70
12.	Guddu Barrage Division, Kashmore	11	0.60
13.	Barrage Division, Sukkur	16	0.57
14.	Irrigation East Division, Khairpur	06	0.34
15.	Store Division, Hyderabad (F.Y 2010-11)	11	0.27
<b>Total</b>			<b>44.51</b>

## Annexure-28

### Para 19.4.20

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Saifullah Mangsi Branch Division, Shahdadkot	08	0.07
2.	Small Dam Division Kohistan-I, Dadu	10	0.27
3.	Drainage Division, Thatta	10	2.20
4.	Drainage Division, Sanghar	04	1.20
5.	Begari Sindh Feeder Division, Kashmore	02	1.08
6.	Small Dam Division, Nangerparkar	07	0.78
7.	Barrage Division, Sukkur	28	0.52
8.	Chotiari Reservoir (I) Division, Sanghar	10	0.47
9.	Naseer Irrigation Division, Hyderabad	13	0.38
10.	Lower Pinyari Division, Sujawal	02	0.35
11.	Nara Project Division, Sanghar	06	0.03
12.	Irrigation East Division, Khairpur	11	0.13
13.	Nasrat Division, Shaheed Benazirabad	10	0.12
14.	Southern Division, Dadu	06	0.11
15.	Project Director, Lining of Distributaries & Minors in Sindh	30	0.10
16.	Upper Pinyari Division, Hyderabad	07	0.08
17.	Right Bank Tube Well Division, Rato Dero	06	0.05
18.	Jamrao Division, Mirpurkhas (F.Y 2010-11)	05	0.03
19.	Rice Canal Division, Larkana	19	0.11
<b>Total</b>			<b>8.08</b>

## Annexure-29

### Para 19.4.25

<b>Sr. #</b>	<b>Name of division</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	Guddu Barrage Division, Kashmore	03	Outstanding dues against SNGPL for rent of crossing gas pipeline	2.36
		04	Dues against WAPDA on account of water charges for cooling system of thermal power	1.94
2.	Upper Sindh Mechanical Division Sukkur	06	Dues against West Division Khairpur and Barrage Division Sukkur	2.55
3.	Kotri Barrage Division, Jamshoro	14	Water charges against Jamshoro Power Company & H.D.A (WASA)	361.19
4.	Director, Area Water Board, Mirpurkhas	04	Water charges against various agencies for non-irrigation purpose	54.98
		05	60% share of Abiana from Farmer's Organization	8.91
		02	Water charges against town committees	8.90
		06	60% share of Abiana from Farmer's Organization	8.08
		08	Abiana charges against Jamrao Division	6.78
		09	60% share of Abiana from Farmer's Organization	4.78
5.	Director, Area Water Board, Ghotki	04	60% share of Abiana from Farmer's Organization	19.20
		03	Water charges against Pano Akil Cant	4.43
		07	60% share of Abiana from	6.94

			Farmer's Organization	
6.	Feeder Division, Hyderabad	08	Outstanding dues against Jamrao Division Mirpurkhas for de-silting work	3.60
		05	Outstanding dues against Irrigation Drainage Div. Badin for de-silting work	1.86
		11	60% share of abiana from Farmers' Organization	0.70
		06	Outstanding dues against Akram Division Badin for de- silting work	0.41
		01	Outstanding dues against Kotri Barrage Division for de-silting work	0.40
<b>Total</b>				<b>498.01</b>

### Annexure-30

#### Para No. 19.4.27

<b>Sr. #</b>	<b>Name of office</b>	<b>Para #</b>	<b>Rupees in million</b>
1.	Drainage Division, Thatta	02	4.59
2.	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	17	3.83
3.	Drainage Division, Sanghar	08	3.02
4.	Secretary, Irrigation Department, Karachi	22	1.57
5.	Barrage Division, Sukkur	29	0.61
6.	Chotiari Reservoir (I) Division, Sanghar	02	0.83
7.	Thar Irrigation Division, Mirpurkhas	03	0.36
8.	Southern Division, Dadu	05	0.25
9.	Small Dam Division, Nangarparkar	03	0.20
10.	Kandhkot Division, Kashmore	01	0.26
11.	Irrigation Naseer Division, Hyderabad	31	0.14
12.	Upper Pinyari Division, Hyderabad	03	0.12
13.	Rice Canal Division, Larkana	20	0.10
	<b>Total</b>		<b>15.88</b>

## Annexure-31

### Para 19.4.28

<b>Sr. #</b>	<b>Name of division</b>	<b>Para #</b>	<b>Particulars</b>	<b>Rupees in million</b>
1.	Guddu Barrage Division, Kahmore	01	Income tax & professional tax	7.05
2.	RBOD Division-II, Hyderabad @ Jamshoro	07	Income tax	11.39
3.	Barrage Division, Sukkur	21	Miscellaneous deposits	9.37
4.	Drainage Division, Thatta	06	Miscellaneous PW deposits	8.44
5.	Feeder Division, Hyd.	04	Income tax	7.84
6.	Naseer Division, Hyderabad	14	Income tax	7.70
7.	Irrigation East Division, Khairpur	10	Income tax	4.98
8.	Store Division, Hyderabad	09	Income tax (F.Y 2010-11)	1.23
09.	Upper Sindh Mechanical Division, Sukkur	01	Miscellaneous deposits and income tax (F.Y 2010-11)	1.18
10.	Right Bank Tube Well Division, Rato Dero	11	Cash deposits & Miscellaneous deposits	0.86
11.	Thar Irrigation Division, Mirpurkhas	11	Income tax & professional tax	0.11
12.	Small Dam Division, Nangarparkar	06	Stamp duty	0.03
13.	Nara Project Division, Sanghar	07	Income tax & stamp duty	0.01
14.	Project Director, Lining of Distributaries & Minors in Sindh, Hyderabad	26	Tender fee	0.30
		29	Tender fee	0.17
15.	Saifullah Mangsi Branch Division, Shahdadkot	07	Tender fee	0.08
<b>Total</b>				<b>60.74</b>

## Annexure-32

### Para 20.4.5

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR No.</b>	<b>Repair &amp; Maintenance Head:</b>	<b>Rupees in million</b>
01.	Director, Poultry Production & Research Sindh, Karachi	07	Machinery & Equipment, Furniture and Transport	3.29
02.	Deputy Project Director, Poultry Production Sindh, Hyderabad	07	Machinery & Equipment	0.70
03.	Director, Central Veterinary Diagnosis Laboratory, Tandojam	07	Vehicles	0.64
04.	Deputy Director, Poultry Production Sindh, Sukkur	04 & 05	Machinery & Equipment and Furniture	0.64
05.	Assistant Director, Animal Husbandry (PS), Kotdigi	05	Machinery & Equipment and Vehicles	0.25
06.	Superintendent, Live Stock Experiment Station, Umerkot	02	Vehicles	0.24
07.	Project Director, Vaccine Production Unit, Tandojam	09	Transport	0.20
08.	Deputy Director, Live Stock, Animal Husbandry, Khairpur	08	Vehicles	0.09
<b>Total =</b>				<b>6.05</b>

### Annexure-33

#### Para 20.4.9

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR No.</b>	<b>Particulars</b>	<b>Rupees in million</b>
01.	Director, Animal Breeding, Hyderabad	01 & 07	Medicines & Various items	9.54
02.	Director, Animal Husbandry, Hyderabad	01 & 10	Medicines & Various Items	8.70
03.	Deputy Director, Live Stock, Animal Husbandry, Khairpur	01	Medicines	2.26
04.	Deputy Director, Poultry Production Sindh, Sukkur	07	Poultry Medicine	1.52
05.	Director, Central Veterinary Diagnosis Laboratory, Tandojam	06	Furniture	0.83
06.	Director, Poultry Production and Research Sindh, Karachi	01	Vaccine & Medicines	0.49
<b>Total =</b>				<b>23.34</b>



## Annexure-34

### Para No 20.4.17

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR No.</b>	<b>Particulars</b>	<b>Rupees in million</b>
01.	Project Director, Vaccine Production Unit, Tandojam	12	Various Items	19.93
02.	Director, Central Veterinary Diagnosis Lab, Tandojam	01 & 05	Cost of Other Store and Hardware, Computer Stationary and Uniform	13.98
03.	Director, Poultry Production and Research Sindh, Karachi	02, 03 & 06	Machinery & Equipment not delivered, Drinker / feeders, Masks, Poultry Vaccine & Vitamins & Lab Chemicals not accounted for	8.93
04.	Deputy Director, Live Stock, Animal Husbandry, Khairpur	05	Register of Medicines	3.12
05.	Assistant Director, Animal Husbandry (PS), Kotdigi	01 & 03	Non Accountal of Medicines	3.06
06.	Farm Superintendent, Govt. Red Sindhi Cattle Farm, T.M. Khan	02 & 07	Cost of Other account and Register of Other account	2.53
07.	Director, Animal Husbandry, Hyderabad	03	Various Items	2.52
08.	Director, Animal Breeding, Hyderabad	02 & 10	Miscellaneous Articles and Stationary Articles	1.77
09.	Project Director, Live Stock and Dairy Development, Dadu	01	Expense Register of Medicine	1.46
10.	Officer Incharge, Live Stock Experiment	01	Tractor & Trolley purchased but delivery was not made	1.18

	Station, Karachi			
11.	Deputy Project Director, Breed Improvement Centre, Rohri	01	Cost of Other Store	0.85
12.	Director General, Live Stock, Hyderabad	04	Miscellaneous Articles	0.46
13.	Deputy Project Director, Poultry Production Sindh, Hyderabad	12	Other Miscellaneous	0.46
14.	Deputy Director, Poultry Production Sindh, Sukkur	02	Other Miscellaneous	0.34
15.	Deputy Director, Animal Husbandry, Karachi	01	Cost of Other Store items and Other Miscellaneous	0.23
16.	Director General, Live Stock, Sukkur	02	Miscellaneous Articles	0.13
17	Director Fisheries Research & Development Karachi.	13	Non-accountal of crockery items	0.50
18	Director Fisheries, Inland Hyderabad.	05	Non-accountal of stationery articles	0.10
<b>Total =</b>				<b>61.55</b>

## Annexure-35

### Para No.25.4.2

<b>Sr. #</b>	<b>Name of Office.</b>	<b>Para #</b>	<b>Rupees in million</b>
01	District Population Welfare Office, Dadu	01	8.74
02	District Population Welfare Office, Jacobabad.	02	7.90
03	District Population Welfare Office, Shikarpur	01	7.46
04	District Population Welfare Office, Sukkur.	08	6.96
05	District Population Welfare Office, Larkana	01	5.29
06	District Population Welfare Office, Kashmore @ Kandhkot	01	5.13
07	District Population Welfare Office, Shahdadkot@ Kambar	02	4.52
08	District Population Welfare Office, Nausheroferoz	09	3.37
09	District Population Welfare Office,	01	3.28
10	District Population Welfare Office, Tando Allah Yar	02	2.77
11	District Population Welfare Office, Ghotki	04	2.06
12	District Population Welfare Office, Thatta	01	1.26
13	District Population Welfare Office, Jamshoro	02	1.00
	<b>Total</b>		<b>59.74</b>

## Annexure-36

### Para No.25.4.3

<b>Sr. #</b>	<b>Name of Office.</b>	<b>Para #</b>	<b>Rupees in million</b>
01	District Population Welfare Office, Larkana	03	0.78
02	District Population Welfare Office, East Karachi	02	0.66
03	District Population Welfare Office, Shahdadkot@ Kambar	03	0.36
04	District Population Welfare Office, Sukkur.	02	0.36
05	District Population Welfare Office, Ghotki	03	0.32
06	District Population Welfare Office Jamshoro	05	0.18
07	District Population Welfare Office, Nausheroferoz	03	0.12
08	District Population Welfare Office Kashmore @ Kandhkot	07	0.11
09	District Population Welfare Office, Jacobabad.	03	0.10
10	District Population Welfare Office, Tando Allah Yar	04	0.07
	<b>Total</b>		<b>1.62</b>

**Annexure-37**

**Para No. 26.4.7**

<b>Sr.#</b>	<b>Name of offices</b>	<b>Para #</b>	<b>Rupees in million</b>
01	XEN, PHE, Kamber Shahdadkot.	03	10.92
02	XEN, PHE, Sukkur.	03	8.26
03	XEN, PHE, Mirpurkhas.	08	8.11
04	XEN, PHE, Matiari.	04	2.87
05	XEN, PHE, Shikarpur.	03	1.17
06	XEN, PHE, Division-I, Hyderabad.	05	0.62
07	XEN, PHE, Jamshoro.	13	2.67
08	XEN, PHE, Mithi.	03	9.78
09	XEN, PHE, Khairpur-II	05	10.62
10	XEN, PHE, Umerkot.	03	1.72
11	XEN, PHE, Shaheed Benazirabad	04	34.63
	<b>Total</b>		<b>91.37</b>

**Annexure-38****Para 33.3.2**

<b>S.#</b>	<b>Name of Office</b>	<b>Para #</b>	<b>Audit of FY</b>	<b>Description</b>	<b>Rs in million</b>
1	Benazir Bhutto Shaheed University Lyari	17	2011-12	Non-production of record regarding the investment of caution money	-
2	Benazir Shaheed University Lyari	25	2011-12	Non-production of record regarding the investment of university development fund	-
3	Benazir Bhutto Shaheed University Lyari	40	2011-12	Non-production of record	6.10
4	Benazir Bhutto Shaheed University Lyari	42	2011-12	Non-production of record regarding insurance of vehicles	0.40
5	Benazir Bhutto Shaheed University Lyari	05	2011-12	Non-production of record regarding the purchase of vehicles	34.30
6	Benazir Bhutto Shaheed University Lyari	11	2011-12	Non-production of record regarding the stipend	1.45
7	Benazir Bhutto Shaheed University Lyari	15	2011-12	Consumption account for POL for generators not maintained	0.39
8	Quaid-e-Awam, University	26	2011-	Non-production	107.77

	of Engineering Science & Technology		12	of measurement books regarding construction of modern library	
9	Shah A. Latif University Khairpur	24	2010-11	Non-maintenance of Leave Account	-
10	Shah Latif Univeristy Khairpur	30	2010-11	Non-production of certificate of defalcation of losses	-
<b>Total</b>					<b>150.41</b>

## Annexure-39

### Para 33.3.3

S.#	Name of Office	Para #	Audit of FY	Description	Rs in million
1	BISE Sukkur	07	2011-12	Non-accountal of PACCA Certificates due to non-production of relevant stock register	5.97
2	Sindh Text Book Board Jamshoro	22	2011-12	Non-maintenance of consumption account	0.49
3	Sindh Text Book Board Jamshoro	41	2011-12	Non-production of record	
4	Sindh Text Book Board Jamshoro	35	2011-12	Non-maintenance of Tender Opening Register	700
5	Sindh Text Book Board Jamshoro	34	2011-12	Non-maintenance of Dead Stock Register	0
6	Sindh Text Book Board Jamshoro	28	2011-12	Non-production of Income Tax, Sales Tax deduction record	33.27
7	Sindh Text Book Board Jamshoro	29	2011-12	Doubtful award of tender of transportation for supplied books in all over Sindh- Relevant record not produced	1.70
8	Sindh Text Book Board Jamshoro	32	2011-12	Improper maintenance of cash book	
<b>Total</b>					<b>741.43</b>



**Annexure-40**

**Para 34.4.4**

Memo #	Head of account	Expenditure booked	Vouchers produced	Unidentified expenditure
		(Rupees in million)		
10	Repair of Transport	0.10	0.06	0.04
	Rent of building	0.35	0.000	0.35
	Travelling allowance	0.03	0.000	0.03
	POL Charges	0.33	0.000	0.33
40	Purchase of Machinery & Equipment	1.06	0.87	0.19
63	Printing & Publication	0.16	0.14	0.02
	POL Charges	0.20	0.11	0.09
	Others	0.10	0.05	0.05
	M&R Transport	0.03	0.02	0.01
	Conference/ Seminar	0.42	0.26	0.17
	Stationery	0.01	0.000	0.01
	M&R M&E	0.01	0.000	0.01
	M&R Furniture	0.01	0.000	0.01
	Entertainment & Gifts	0.01	0.000	0.01
<b>Total</b>		<b>2.82</b>	<b>1.51</b>	<b>1.32</b>